INFORMATION

Subject: 2019 Budget – Peak Period Pricing and Member Guest Public Tracking

Background:
The Board and various committees have recommended management implement the following for 2019.

    a. <u>Peak Period Pricing</u>. Specifically, for Public amenities increase the Public rates as a method of pricing demand elasticity, in order to lower Public's visitation impact whilst not lowering overall revenues. The end objective being to improve the Members experience during peak demand periods, without reducing overall revenues generated. Private Amenities is discussed below as well.

    b. <u>Customer Type Tracking (Member Guest Public)</u>. Specifically, for Public amenities, tracking product sales/revenue channels by customer types: Member, Guest, and Public.

This information paper details managements planned implementation logistics and other information related to the subjects.

Public Amenities Peak Period Pricing and Customer Type Tracking
The Association's governing documents specifically allow for excess capacity at Public amenities to be sold to the Public, with the end result a revenue source which ultimately lowers the annual assessment for all owners/members.

Downhill Ski, Cross Country Ski and Snowplay have been identified as the three main amenities which experience 'at or beyond comfortable capacity' during peak demand periods. While certain summer public amenities experience high demand levels during holiday periods, the demand peak is generally not due to Public utilization.

Downhill and Cross Country Ski have a number of lines of business within their respective operations, with the core three being Tickets, Rentals, and Ski School. Within each of these operations there are a myriad of product offerings including, age range, time of day, and ability level. The point of sale (POS) transactions are already complex and time consuming. Addressing the objectives of a. and b. produce a significantly additional layer of complexity in transacting as well as, communication to all customers.
There is an operational high level of concern that these new objectives will heavily burden POS line times and negatively impact all customer types transaction experience. Management has performed extensive research regarding solution options to meet the objectives. Managements recommendation is the following:

    DH and XC
    Tickets – create unique products for Peak and NonPeak periods, by age range, and for multi-day. This increases core products setup from 24 to 72 products.
    Rentals and Ski School – no change in products, add Discounts for Member and Guest. Each product price will be date variable, ie nonpeak lower than peak. The Discount% with be greater for Member during Peak, in order to not peak price members.

    Snowplay
    Tickets – create Peak and NonPeak period pricing for Public only, by age range

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For Customer Type Tracking at DH/XC/Snowplay

Card Required to receive discount will be a mantra/marketing message.   POS cashiers will have the ability to lookup customers in system, however, this slows the process down, impacting all customers. Tickets will attached card ID to all Member and Guest transactions, Public n/a.

For Rental and Ski School, a customer is attached for all transactions, and tracking of Member/Guest will be through the Discount. The tracking in the Discount complexes data mining but is achievable.

> **Know management would prefer NOT to implement Member/Guest/Public tracking of Rental and Ski School due primarily to the increase complexity of transacting with all customers, all for data tracking.   Management deems the information is sufficiently intuitive based on Tickets mix of customer types.**

Downhill Ski: Online Advance Sales and Public Capacity Limit

Downhill sells tickets and lesson packages in advance. The Guest products will not have a validation ability. Member products sold through our POS online (one store) do have a validation ability. Public tickets sold online in advance via 3rd party channel (liftopia) will continue, as this is a key non-peak excess capacity sales platform.   A phase 2, involving selling Public during Peak online, with a capacity limit is being research, though not anticipated until the 19/20 season. A Public ticket capacity maximum of 1000 is being implemented for 18/19 season at Downhill Ski. The aggressive 18/19 Peak Period pricing for Public is expected to have a demand impact.

Private Amenities

For Private Amenities, there is no general Public access. There is Guest accompanying a Member and Guests Unaccompanied (utilizing Guest Card). In 2018, a new pricing product was introduced to specifically track the guests using Guest Card access. The 2018 pricing for daily amenity access was $6 Member $8 Guest with Member and $12 Guest Card. For 2019, the proposed pricing for daily amenity access is $8 Member $10 Guest with Member and $15 Guest with Guest Card. Guest on Guest Card can be a variety of sub-guest types including; extended family members not on property ownership record, friends of the member, and short-term renter of a property. Management does not recommend a higher pricing for peak demand periods at this time. Management does recommend for 2019 eliminating the one fee works for the day at any private amenity. For many years, paying the daily entry fee of $6 or $8 or other, allowed access to all private amenities for that day.   Management recommends this be eliminated and the fee is good onlyh for the amenity initially accessed and the fee tendered accordingly. For example, if a Guest on Guest Card accesses Trout in AM for $15, then goes to Marina for PM, another $15 fee will be required for entry to Marina.

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the Objectives > The Lodge and Pizza on the Hill

First, these are homeowner association restaurants. The 'Public' utilization of these two, even during peak periods is estimated at 15% or less by management. Adding a discount for Members would be discounting the majority of sales. For example, if we did a 5% discount at the Lodge for Members, this would be approximately $85,000 in discount impact, hitting the bottom line. This estimate excludes the banquet event revenues. These two operations are on an F&B specific POS system (Aloha), which is not integrated with our main POS membership POS system (RTP). Other complexities include, is the member tracking discount for entire table or just the member, for all items, or just main entree, exclude or include alcohol, how about happy hour discount on discount. Guests a different discount than members. The dining close out can get quite cumbersome, complex quickly. There are ample options to understand member utilization, including survey and perhaps at some point a Tahoe Donner loyalty program, that encourages presenting and ID to be tracked. As for peak period pricing, this would equate to ramping up prices on members, further this is not common in the industry. Concluding, management does not recommend implementing Member/Guest/Public tracking at the Lodge or Pizza for 2019.

The best advice I have for senior leaders trying to develop and implement a data culture is to stay very true to the business problem: What is it and how can you solve it? If you simply rely on having huge quantities of data in a data lake, you're kidding yourself. Volume is not a viable data strategy. The most important objective is to find those business problems and then dedicate your data-management efforts toward them. Solving business problems must be a part of your data strategy. …. Rob Casper, chief data officer, JPMorgan Chase

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