

# DECISION PAPER



## 2019 / 2020 Winter Season – Fall Sale Prices

### Downhill Ski (DH) & Cross Country Ski (XC) - Season Passes and Group Rates Snowplay (SP) – Group Rates

August 14, 2019

#### **ISSUE:**

Management desires to launch the Fall season sale of winter 2019/2020 season pass rates on September 10, to be on sale September 10 through November 30. Group business rates for DH XC and SP also need to establish due to the typically longer-range planning by groups. These 2019/2020 winter prices need to be review and approved by the Board.

#### **SUMMARY:**

The following is a review of the ten highest volume products with 2019-2020 recommendations. This product mix accounts for 60% of the total season pass revenue. The effective revenue gain assuming similar volumes is 13% over the 2018-2019 season. Similar detail for all pass and program products is available in the attachments.

Sale Date Range >	2018 / 2019 Season						2019 / 2020 Season						Price Change by Sale Time Frame					
	Spring (5/1 to 6/15)		Fall (9/1 to 11/30)		Winter (12/1 +)		Spring (3/19 to 5/1)		Fall (9/10 to 11/30)		Winter (12/1 +)		Spring'19 vs Spring '18		Fall'19 vs Fall '18		Win'19 vs Win '18	
Product	Spring Price	Ratio of Member to Public	By Date Price Change	Fall Price	By Date Price Change	Winter Price	Spring Price	Ratio of Member to Public	By Date Price Change	Fall Price	By Date Price Change	Winter Price	\$	%	\$	%	\$	%
XC Unlim, AD (18-59) Pass - Member	\$ 239	76%	\$ 15	\$ 254	\$ 20	\$ 274	\$ 274	74%	\$ 5	\$ 279	\$ 10	\$ 289	\$ 35	15%	\$ 25	10%	\$ 15	5%
XC Unlim, AD Pass (18-59) - Public	\$ 314		\$ 25	\$ 339	\$ 30	\$ 369	\$ 369		\$ 5	\$ 374	\$ 15	\$ 389	\$ 55	18%	\$ 35	10%	\$ 20	5%
XC Unlim, SR Pass (60-69) - Member	\$ 204	76%	\$ 15	\$ 219	\$ 15	\$ 234	\$ 234	76%	\$ 5	\$ 239	\$ 5	\$ 244	\$ 30	15%	\$ 20	9%	\$ 10	4%
XC Unlim, SR Pass (60-69, 69+) - Public	\$ 269		\$ 25	\$ 294	\$ 15	\$ 309	\$ 309		\$ 5	\$ 314	\$ 15	\$ 329	\$ 40	15%	\$ 20	7%	\$ 20	6%
DH Unlim, AD Pass - Member	\$ 204	60%	\$ 15	\$ 219	\$ 214	\$ 229	\$ 229	61%	\$ 5	\$ 234	\$ 5	\$ 239	\$ 25	12%	\$ 15	7%	\$ 10	4%
DH Unlim, AD Pass - Public	\$ 339		\$ 20	\$ 359	\$ 354	\$ 374	\$ 374		\$ 20	\$ 394	\$ 20	\$ 414	\$ 35	10%	\$ 35	10%	\$ 40	11%
DH 6 & Under Pass - Member	\$ 20	80%	\$ -	\$ 20	\$ 20	\$ 20	\$ 25	63%	\$ -	\$ 25	\$ -	\$ 25	\$ 5	25%	\$ 5	25%	\$ 5	25%
DH 6 & Under Pass - Public	\$ 25		\$ -	\$ 25	\$ 25	\$ 25	\$ 40		\$ 9	\$ 49	\$ -	\$ 49	\$ 15	60%	\$ 24	96%	\$ 24	96%
Combo AD Pass - Member	\$ 334	81%	\$ 15	\$ 349	\$ 384	\$ 399	\$ 399	83%	\$ 10	\$ 409	\$ 10	\$ 419	\$ 65	19%	\$ 60	17%	\$ 20	5%
Combo AD Pass - Public	\$ 414		\$ 20	\$ 434	\$ 45	\$ 479	\$ 479		\$ 100	\$ 579	\$ 20	\$ 599	\$ 65	16%	\$ 145	33%	\$ 120	25%

# DECISION PAPER



## DETAILS:

Pricing tiers based upon how early the customer purchases the pass product is an industry and regional standard. Spring sale is complete, this Decision Paper is for Fall sale, and pricing for in-season, starting December 1. We will seek Board approval for all daily rates at the October 2019, Board meeting.

Season Passes and season programs represent as a % of operation's total revenues, per Budget 2019 are as follows:

\$ 88,000 / 2.25%	Downhill Ski
\$306,000 / 29%	Cross Country Ski

Group business is minor for both, as well as, for Snowplay.

Total pass/program sales for winter:

\$194,000 for 14/15

\$212,000 for 15/16

\$452,000 for 16/17 *record pass sales, large snow year*

\$467,000 for 17/18 *record pass sales, despite low snow year*

\$632,000 for 18/19 *new record pass sales*

In the spring of 2019, we sold \$230,000 in 2019/2020 season pass sale promotion, coming out of a record setting season. In the spring of 2018, we sold \$89,000 in 2018/2019 season pass sale promotion, coming off a lackluster season. We sold \$103,000 in the spring of 2017. We sold \$65,000 in spring 2016. These spring customers locking in the lowest price being offered.

The Spring/Fall/Winter pass sales mix varies by season, on average: 20% S / 35% F / 45% W

All Member prices are less than Public, and the mix (Member or Public, child/adult/senior) influences the yield (Revenue/Quantity) at each location.

We have researched our competitive set offerings, estimated cost increases, as well as, our product suite. We have proposed changes to pass rates to address rising cost pressures, while keeping pass rates competitive, and choosing to increase **Daily** rates (forthcoming in Fall for approval). Raising daily rates will also directly address peak period demand pressures. Further, passholders are our most loyal customers and are pre-committing for the season.

# DECISION PAPER



Competitive set notables include:

**CURRENTLY:**

Royal Gorge XC Adult (23-64) **\$249** currently on website through 10/31  
Tahoe Donner XC Pub Adult (18-59) \$314 2018 fall, \$369 2019 spring price  
Tahoe Donner XC Pub Adult (18-59) \$374 2019 fall price (recommended)  
Tahoe Donner XC Mem Adult (18-59) \$254 2018 fall, \$274 2019 spring price  
Tahoe Donner XC Mem Adult (18-59) \$279 2019 fall price (recommended)

Royal Gorge XC Senior (65-74) **\$219** currently on website through 10/31  
Tahoe Donner XC Pub Senior (60-69) \$294 2018 fall, \$309 spring price  
Tahoe Donner XC Pub Senior (60-69) \$314 2019 fall (recommended)  
Tahoe Donner XC Mem Senior (60-69) \$219 2018 fall, \$234 spring price  
Tahoe Donner XC Mem Senior (60-69) \$239 fall price (18/19 recommended)

Lots of pro/cons to be higher/lower could be discussed here.

- TD and RG had challenging 17/18 seasons and great 18/19 seasons. Competitor RG has increased price by 4% for the 19/20 adult pass. Certainly, some customers purchase at TD or RG more independent of price, with location, convenience, grooming, trails system being several other decision factors. Recommendation is a minor increase to last season's spring rate, for the fall sale period.
- Royal Gorge charges a \$25 processing fee for child/super senior free passes. The Board approved a service fee of \$20 in April 2018 for TD comp passes. Recommendation is to increase the service fee this fall.
- Tahoe Donner XC grooming targets quality grooming of trail system every night (marketing/quality of service product offering). Tahoe Donner has a strong loyal mid-week passholder customer base. Royal Gorges' grooming has not been considered on par to TD the last few seasons.

All Season Pass and Program products rate recommendations are presented as **Attachment A** for Board review and approval. We estimate the net impact of these recommended season pass Fall price changes to generate an incremental \$100,000/14% in revenues for 19/20 season, at same volumes as 18/19.

Detailed pass sales report for 2018/2019 Season **Attachment B** provided here, will be removed from what is posted online due to confidential nature of details.

Competitor information is presented as **Attachment C** for reference.

# DECISION PAPER



## RECOMMENDATION:

**Resolve for Tahoe Donner Association to establish 2019/2020 winter season pass/program/group sales pricing for Fall and in season sale (9/10/2019 to spring 2020) as indicated on Attachment A.**

Prepared by: Michael R. Salmon, Director of Finance 8/10/2019

Reviewed by: Miguel Sloane, Director of Operations 8/10/2019

Board Meeting Date: 8/24/2019

General Manager Approval to Place on the Agenda: \_\_\_\_\_