

Revamping Your COVID Offer: Concept, Price & Capacity

Industry Topic Specialist

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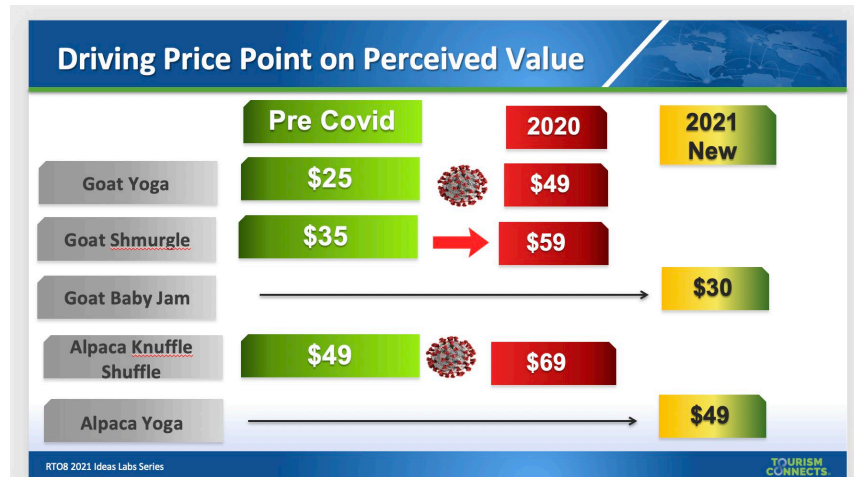
Specialist Highlights

- Introduced new experiences (Alpacha Yoga and Baby Goat Jam) to fill the price void associated with increasing prices (refer to Driving Price Point on Perceived Value image).
- Added a new access fee to visit their property, via a “Pay what you can” donation. This added a new revenue stream based on the customer determining the value and generated more income than anticipated.
- Constantly identify and develop new experiences and products based on the expressed interests of customers. New offers for 2020 included Goat Zoom calls, Cuddlegrams and Lunch in the Alpacha Pen; Photo Op Tours will start in 2021.
- Being open for business when others were closed resulted in the farm becoming an anchor attraction in the area and cultivated new visitation.

Discussion Ideas & Tips

COVID-19 restrictions in 2020 resulted in higher costs to operate; but also, for Haute Goat in the small community of Port Hope, a more engaging guest experience that allowed them to increase their price!

This summary highlights the discussions with 11 tourism operators and destination management professionals regarding ideas and approaches to pricing.



Tactical Practical Take Aways

- Operating during a pandemic does not require businesses to discount. Consumers are willing to pay if they see value in the experience being provided. The key is to understand what customers value and charge accordingly.
- Review the elements of the experience being offered and where the points of differentiation and value are. Look at these from various perspectives as different markets may place different value on certain elements.
- Learning and connecting with the owners (and staff) who are passionate and able to talk knowledgeably to guests generates authentic value guests are willing to pay for.

- Businesses selling product direct and through 3rd party partners may want to restrict them from selling into high demand periods, if the business is able to sell out those time periods on their own.

New thoughts shared by the group

- COVID-19 has forced operators to work with smaller groups, which has revenue challenges yet is delivering a better, more intimate and engaging experience that guests are willing to pay more for and is attracting new visitors. In particular, the millennial generation (born 1981-1994) is more interested in engaging experiences than stuff.
- Operators should periodically review the experience they offer along with the price. As COVID-19 evolutions occur that improve the experience take time to determine if you are able to increase the price. If the incremental changes are not significant enough to warrant a price increase, hold your prices, but if visitor feedback is confirming the value, increase your prices now for 2021, consumers will not be shocked with price increases in this climate.
- Appealing to the local market is setting businesses up for success when people start travelling. Residents have a much better idea now of the experiences available in their area and will be recommending them to friends and family when they come to visit.
- A seasonal product, such as Haute Goat's Baby Goat Jam can provide some interesting pricing opportunities. With a limited supply over a short duration, there is an opportunity to push price if the demand is high. Use social media to generate excitement for a seasonal product as well as to assess demand.
- Businesses open through COVID-19 have had to adapt and learn and have used this time to test new approaches to pricing scenarios, attracting new markets and working in partnership with other businesses, which has positioned them well for the future.

Comments shared in previous sessions

The following tips and ideas were generated at a previous session.

Offer a variety of price points

- Providing experiences at a range of prices from entry level to a VIP experience provides the ability for customers to sample an experience at a price point they are comfortable with and move to a higher priced offer once they are more familiar with the company and its offer.
- At the start of COVID-19, many performing arts companies provided free virtual experiences in hopes of keeping their current customers and patrons interested. Monetizing virtual offers is now emerging and opens the door to new audiences and a great entry-level product / price point.

Consider significant jumps in price

- During the pandemic when the costs of operating are higher many consumers realize, operators need to raise their prices more than usual. While customers are not necessarily willing to pay more for costs related to personal, protection equipment (PPE), investments in outdoor dining or other experiential elements will be seen positively and likely result in less resistance to significant price increases.

Pay what you want as a pricing strategy

- Haute Goat successfully added a 'Pay what you can' donation approach for general admission their farm. Westben Centre for Creativity used this same method to build their subscriber base while closed for COVID-19. Both resulted in new revenue streams.
- "Pay what you want" is typically a component of a social responsibility strategy (i.e., admission by donation with half going to a specified charity). It is possible that during the pandemic, people are open to a "pay what you want" strategy with no charity partnership as they appreciate that

businesses are going through tough times and there is a societal desire to support local businesses.

Test different promotional strategies

- Consumers have varying perceptions when it comes to promotional strategies and businesses may find it of benefit to test different approaches: setting future rates well in advance and offering an early booking discount, providing a value add to an early booking, or using the current season's rate for the next season, to determine the one that works best.

Look to new types of customers

- A new market is likely to view the price of your product from a different lens. They may spend more (or less). Fells Meadows, an accommodator that specialized in the retreat market, successfully repositioned their offer to attract families.
- Conduct a competitive review to understand the price of similar offerings when setting the price for a new audience.

- The education market is often overlooked. Identifying if your offer could be of value to teachers, as an education session to enrich their online learning could provide virtual programs for teachers and parents home-schooling, generating a new revenue stream that could cultivate a future on-site guest.
- If targeting a new market, consider partnering with a business that already has that market. This is the approach Haute Goat is taking with their new VIP experience that is 10 times the price of their standard product. While some of their existing customer may be interested in the product, the company is likely to get a faster response to the new experience if targeted through others already attracting the new market.

"If you've really developed a wonderful experience, there is no reason not to charge a premium price. Sometimes people are more prone to see it as a high-quality experience if you are bold with your pricing."

Debbie Nightingale
Haute Goat, Co-Owner & Operator

Additional Helpful Links

Stanford Business School article: [Pay what you want pricing and charitable giving](#)

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