

## Museum Admission and RAL Pricing

Before I get to my main topic of RAL pricing, I would like to discuss train pricing in general. I believe all prices should be set to encourage and reward membership. With the proper pricing structure, the membership will sell itself to the patron before they arrive, given it will generally represent a substantial cost savings. This allows us to increase membership and gather contact information for further fundraising and marketing (discounts when new locomotives are brought online, etc.)

For instance, modify locomotive cab rides, as follows:

- General Price - 30 Adult / 15 Youth
- Member Price - 20 Adult / 10 Youth

Call it another 'member discount' and list it as a benefit of membership, similar to the magazines and the free train rides.

With regard to RAL, I suggest a general INCREASE IN RATES. I am still looking for the charge record for the rental I did in 2014, but I am fairly certain the price is little changed, if any. Given the increased fuel and oil prices, the engineer stipend and the higher prices of locomotive parts and every other cost increase, the old prices cannot be sustained. There is no future in them - they appear to be trading away the useful life of the locomotives for temporary cash flow. Prices need to reflect a reasonable return that can pay to properly maintain and repair each locomotive and the track they use. Yes, some will complain that an increase would make it less 'affordable' but frankly this isn't about selling a staple, it is selling an experience. The same people that would complain about the cost likely have no problem paying ridiculous prices to attend a concert or go to Disneyland. You can't even rent a decent hotel room for some of these prices. I saw the arguments that went into setting the museum admission price, and there was one argument that a higher price established a perception of higher value. If this logic held for museum admissions, then it should certainly be valid here.

Concurrent with raising rates is simplification of rates, or said differently, elimination of the four available discounts. The price should be simple to understand and simple to ring up. Put any discount in the base rate, or save them for temporary promotional offers.

Specific recommendations:

1. Eliminate 'plans' - that seems to be an unnecessary decision/lookup for the customer. The customer will want to drive a specific locomotive so let them make that decision and be done. Simply list prices for each locomotive. This allows more flexibility in pricing individual locomotives for increased operating cost and/or popularity. It also eliminates the problem of having no locomotives available for a given 'plan'. The current list shows four plans and eight

- locomotive, six of which are out of service rendering no locomotives in two of the plans. This does not convey a favorable message about the future of the museum. Better to show just the locomotives presently in service with their specific prices.
2. Eliminate 1/2 hour rate - I can't see the wisdom of this, especially when a half hour RAL is performed with a cold locomotive. I recall a half hour rental I was involved with on the 1100, which was started just for that RAL and then shutdown afterward. When done, the patron said 'I should have gone for the hour' before getting in a brand new Land Cruiser with a \$5000+ mountain bike strapped to the back. He was there for the experience and would have purchased the full hour had the rate schedule not kneecapped itself
  3. Eliminate walk-in discount for running locomotive
  4. Eliminate multi hour discounts (see next point). I don't believe it is beneficial to encourage multi-hour rentals, at least not in the near term. Given the available RAL time slots have been dramatically reduced from years past, I believe it would be better to focus on getting more RAL customers instead of more RAL hours. The more customers we have the better the organic advertising will grow as they all tell their friends about RAL. More customers, more members. I'm not suggesting multi-hour rentals should be refused, just saying no need to incentivize them.
  5. Show two hourly rates per locomotive, one for the general public and one for members. Discount member prices 20%. No additional discounts apply unless part of a specific promotion. I suggest listing member rates specifically because it shows far better than 'members get 20% off'. Never a good idea to show a higher number than you intend the customer to consider
  6. Don't set rates to induce purchase of the cheapest plan. The current rates have almost 200% difference between the base and the top. Raise the base to bring it closer together which will encourage 'upgrades'
  7. Revisit rates yearly before each season and adjust for CPI (at least)

I suggest the following RAL Pricing example. Note one intention of the pricing structure is to make it obviously beneficial to join the society for every RAL patron, given a membership can be purchased for \$25 and that would save a minimum of \$70 on a one hour rental. This means the actual prices paid in most circumstances should be the member price. In fact, I wouldn't expect anyone to pay the public list price. Most people will do the math but the RAL scheduler can push the membership savings, too.

- SP 1100

- Member price per hour: \$280 (a \$55 increase of current list)
- Public price per hour: \$ 350

- SP 2873

- Member price per hour: \$ 340 (a \$65 increase of current list)
- Public price per hour: \$ 425

- WP 707 (included to illustrate example)
  - Member price per hour: \$ 360 (a \$35 increase of current list)
  - Public price per hour: \$ 450
  
- WP 1503
  - Member price per hour: \$ 400 (no increase over current list)
  - Public price per hour: \$ 500