

# INSIGHTS ON DYNAMIC PRICING IN THEME PARKS



How do different dynamic pricing strategies in theme parks affect consumer trust, perceived value, and brand loyalty?



*In a recent study, Professors Ady Milman and Asli D.A. Tasci of Rosen College of Hospitality Management explore how theme park visitors respond to dynamic pricing strategies. Their research highlights the impact of pricing knowledge on consumer trust, perceived value, and brand loyalty, offering crucial insights for theme park operators looking to balance effective revenue management with customer satisfaction.*





atmosphere, and overall value—the way pricing is communicated and implemented becomes a crucial component of the guest experience. Understanding how these pricing strategies affect customer loyalty and perceptions is critical for maintaining a competitive edge in an industry driven by repeat visits and word-of-mouth recommendations.

A recent study conducted by Professor Ady Milman and Professor Asli D.A. Tasci's research team at the Rosen College of Hospitality Management dives into the nuances of dynamic pricing in theme parks and its effects on consumer trust, perceived value, and brand loyalty. Recognizing that consumer behavior is influenced not just by how much they pay but also by how the pricing structure is framed, the researchers sought to uncover how

understanding which pricing models elicit the most positive consumer responses, theme park operators can better tailor their pricing strategies to boost customer satisfaction and encourage brand loyalty. The findings from this study are likely to have broader implications beyond theme parks, providing valuable insights for any industry where dynamic pricing is increasingly common. The work of Professors Milman and Tasci offers a critical exploration of how thoughtful pricing practices can contribute to both short-term revenue and long-term brand success.

### KEY PRICING SCENARIOS EXPLORED

This Rosen College study introduced participants to six distinct dynamic pricing scenarios to gauge their reactions. In the first scenario, no dynamic pricing was used, and

## THE RESEARCH OFFERS VALUABLE TAKEAWAYS FOR THEME PARK OPERATORS LOOKING TO IMPLEMENT DYNAMIC PRICING STRATEGIES WITHOUT ALIENATING THEIR CUSTOMER BASE.

transparency and the purpose behind price increases—such as contributions to charitable causes or sustainability initiatives—might affect visitors' willingness to pay premium prices and attitudes toward the brand.

The research was carried out through a scenario-based randomized online experiment, which exposed participants to six different dynamic pricing models. The scenarios ranged from traditional, non-dynamic pricing (where consumers do not know of price variations) to dynamic pricing models where consumers are informed if they are paying more or less, and where extra costs are directed towards charity or sustainability efforts. This method allowed the researchers to gather valuable data on how consumers' trust, perceived value, and loyalty fluctuate depending on the pricing model used and the transparency of the pricing information provided.

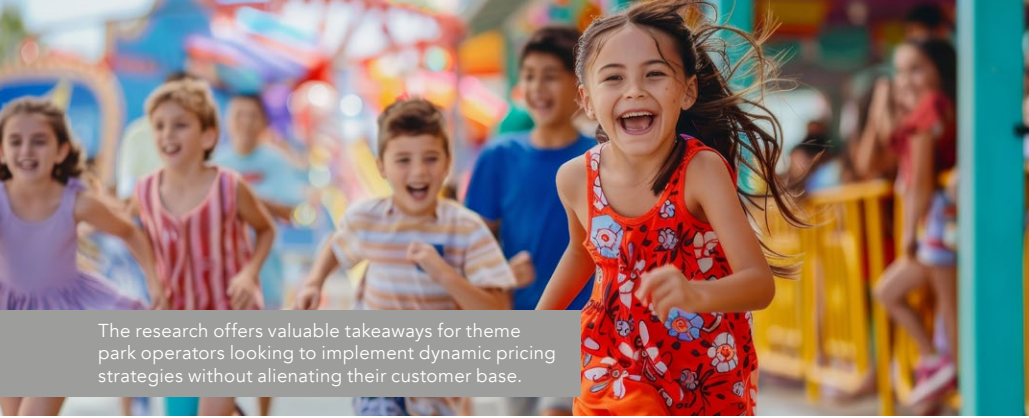
Contextually, this research is particularly relevant as the hospitality and theme park industries continue to adopt more sophisticated revenue management strategies to maximize profits while still aiming to build long-term relationships with consumers. By

visitors had no knowledge of paying more or less, which mirrors traditional pricing structures where there is no awareness of price variations. The second scenario involved dynamic pricing without informing visitors whether they were paying more or less compared to others. In the third scenario, dynamic pricing was used, and visitors were explicitly told they were paying less than others. The fourth scenario involved dynamic pricing where visitors were informed that they were paying more. The fifth scenario saw visitors paying more, but with the knowledge that the extra cost was directed toward charitable causes. Lastly, the sixth scenario involved dynamic pricing where visitors paid more, with the additional funds supporting sustainability initiatives within the theme park. Each of these scenarios provided insights into how pricing knowledge affects consumer behavior.

### CONSUMER TRUST AND DYNAMIC PRICING

When it comes to consumer trust, the research revealed some fascinating patterns. Trust was highest in Scenario 1, where there was no dynamic pricing and visitors had no knowledge of paying more or less. Essentially, consumers

**D**ynamic pricing has become a staple in various industries, including travel, entertainment, and hospitality. It allows businesses to adjust prices based on factors like demand, time of consumption, and customer segmentation. For theme parks, where consumer experiences are at the heart of the business, pricing strategies not only impact revenue but also shape visitors' perceptions of value, trust, and brand loyalty. As these parks often compete on more than just attractions—such as customer service,



The research offers valuable takeaways for theme park operators looking to implement dynamic pricing strategies without alienating their customer base.

felt more comfortable with a stable and predictable pricing structure.

On the other hand, Scenario 4 (dynamic pricing where visitors knew they paid more) saw the lowest trust levels. Visitors were less inclined to trust the brand when they were aware they had paid more, even if they understood the reasoning behind the price fluctuations. Interestingly, this trust deficit improved slightly when the extra payment was directed towards sustainability efforts, suggesting that while consumers may be wary of paying more, they are more accepting if they know their money is contributing to a positive environmental impact.

**PERCEIVED VALUE: WHAT REALLY MATTERS?**

Perceived value followed a similar trend to trust. Once again, Scenario 1 ranked highest, as visitors felt they received fair value when there

efforts (Scenarios 5 and 6), their perceived value didn't drastically improve compared to simply knowing they paid more. This highlights that while altruistic causes are important, the personal impact on a visitor's wallet remains a significant factor in their perception of value.

**THE INFLUENCE ON BRAND LOYALTY**

Brand loyalty—measured through intentions to recommend the park and revisit it in the future—was similarly influenced by pricing knowledge. Scenario 3, where visitors knew they paid less, fostered the highest loyalty. This underscores the importance of perceived fairness and value in cultivating repeat customers.

Conversely, brand loyalty took a hit when visitors knew they paid more under dynamic pricing (Scenario 4). The frustration of paying a premium diminished their willingness to recommend the park or plan a return visit.

experience more when they are unaware of paying more or less. As such, keeping pricing policies less overt could help prevent negative reactions associated with price discrepancies.

Additionally, the study highlights the potential for marketing campaigns centered around sustainability and charitable initiatives. While paying more for such causes didn't significantly boost perceived value or trust, the slight improvement in consumer sentiment suggests that these initiatives can still enhance the brand's image if communicated effectively. Theme parks might also consider broadening the scope of dynamic pricing beyond daily or weekly fluctuations, perhaps using more personalized, behavior-based pricing models that are harder to detect and therefore less likely to incite consumer resentment.

Finally, the study also touches on the importance of international research into dynamic pricing, as consumer reactions may vary across cultures and regions. For instance, visitors in one country might be more inclined to accept charitable or sustainability-based premiums than those in another, offering opportunities for more tailored pricing strategies.

**NAVIGATING THE DYNAMIC PRICING LANDSCAPE**

Dynamic pricing is undoubtedly a powerful tool for revenue management, but it comes with inherent risks to consumer trust, perceived value, and brand loyalty. As the study from Professors Milman and Asli D.A. Tasci shows, theme park visitors generally prefer stable pricing models and tend to react negatively when they know they've paid more. However, these effects can be mitigated through strategic pricing policies, transparency, and a focus on sustainability.

For theme park operators, the challenge lies in finding the balance between maximizing revenue and maintaining consumer goodwill. By carefully crafting their pricing strategies and keeping customer perceptions in mind, parks can build stronger relationships with their visitors while ensuring long-term profitability.

In summary, this research provides essential guidance for the theme park industry, showing that while dynamic pricing can be effective, it must be approached with care and consideration of the consumer experience.

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was no knowledge of paying more or less. On the flip side, perceived value was lowest in Scenario 4, where visitors were aware they had paid a premium.

However, the study also introduced the concept of social value—how consumers perceive the broader benefits of their purchase. Scenario 3, where visitors knew they paid less, resulted in the highest social value scores. Knowing they got a deal, visitors felt their purchase had more value, leading to higher satisfaction with the overall experience.

Notably, when visitors knew their extra payment was for charity or sustainability

Interestingly, however, willingness to pay a price premium wasn't significantly affected by any of the scenarios, suggesting that while visitors might grumble about dynamic pricing, they are still open to paying more under certain circumstances.

**THE BIGGER PICTURE: IMPLICATIONS FOR THEME PARK OPERATORS**

The research offers valuable takeaways for theme park operators looking to implement dynamic pricing strategies without alienating their customer base. One key recommendation is to maintain pricing transparency while keeping certain price fluctuations discreet. Consumers tend to trust and value their



# RESEARCHERS IN FOCUS

## RESEARCH OBJECTIVES

Dr. Ady Milman and Dr. Asli D.A. Tasci investigated how different dynamic pricing strategies in theme parks affect consumer trust, perceived value, and brand loyalty under varying conditions.

## REFERENCES

Milman, A, Tasci, A.D.A., & Panse, G, (2023) A comparison of consumer attitudes toward dynamic pricing strategies in the theme park context. *International Journal of Hospitality & Tourism Administration*, 24(3), 335–357. [doi.org/10.1080/15256480.2021.1988879](https://doi.org/10.1080/15256480.2021.1988879)

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## PERSONAL RESPONSE

**How do you think the insights from your research on consumer trust and perceived value under different dynamic pricing scenarios can help theme parks balance profitability with maintaining brand loyalty?**

Unfair pricing and deceptions are to be avoided as they can break the fragile consumer trust, which would deter value perception, loyalty, and therefore, profitability. Conversely, support for the cause of sustainability can justify higher prices that could otherwise be perceived as unfair. In any case, understanding consumers is a key before applying any pricing strategy.

## Dr. Ady Milman



Dr. Ady Milman is a Professor and Linda Chapin Endowed Chair in Tourism Management at the Rosen College of Hospitality Management at UCF.

His teaching and research expertise includes theme park and attraction management, consumer behavior, experience management, and more. He is frequently invited to speak internationally, is a recipient of several awards, and serves on editorial boards.

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Dr. Asli D.A. Tasci is a Professor in the field of tourism and hospitality marketing at UCF Rosen College of Hospitality Management. After receiving her doctoral degree (destination marketing) from Michigan State University in 2003, she worked in Turkey, Hong Kong, and the USA. Her research interests include tourism and hospitality marketing, particularly consumer behavior. She completed several studies measuring destination image and branding with a cross-cultural perspective.

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