

INTRODUCTION TO REVENUE MANAGEMENT IN CAMPSITES

www.camping-master.eu

Prof.dr. SANDRA JANKOVIĆ

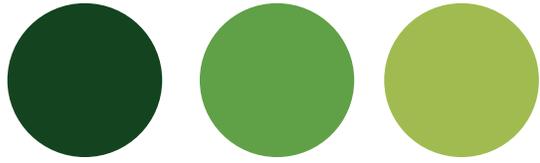
FACULTY OF TOURISM AND
HOSPITALITY MANAGEMENT,
UNIVERSITY OF RIJEKA





Welcome

In this Course introduction into Revenue management in campsites will be presented



RESEARCH SHOWS

- The Price change of only 1% can increase profits by as much as 10%
- With a well-formed pricing policy, you can achieve a larger share of the market, have more satisfied guests, achieve a higher level of capacity utilization, but also higher income.
- The decision on the price level is very complex and largely depends on demand, costs, competition and the perception of the value of the product
- How to determine the **right price, optimal price?**
- Can revenue management help us?
- Is it possible to implement revenue management in campsites?



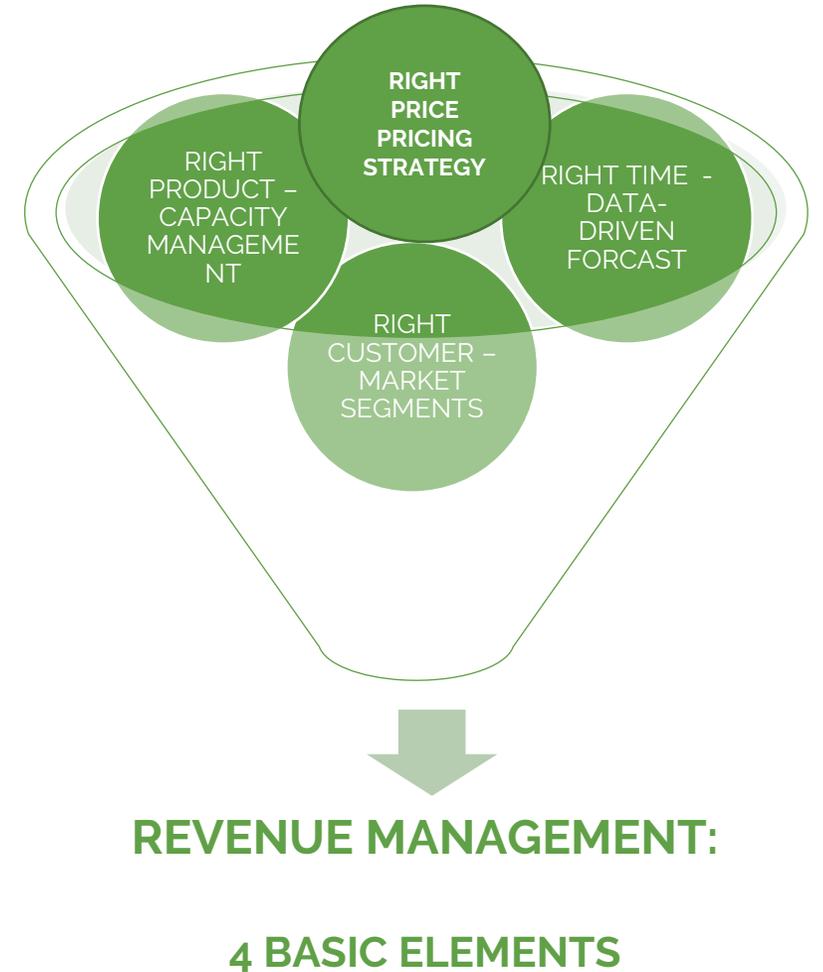
CONTENT

- DEFINITION OF REVENUE MANAGEMENT
- THE MAIN ELEMENTS OF REVENUE MANAGEMENT
- DEVELOPMENT OF REVENUE MANAGEMENT
- WHY ARE CAMPSITES THE GOOD CANDIDATS FOR REVENUE MANAGEMENT?
- INTERNAL AND EXTERNAL MEASURES OF REVENUE MANAGEMENT
- INSTRUMENTS OF STRATEGIC AND TACTIAL REVENUE MANAGEMENT



BASIC DEFINITION

selling the right **product** to
the right **customer** at the
right **time** for the right **price**





MORE DEFINITIONS

Constellation of tools and actions dedicated toward the achievement of an **optimal level of the hotel's net revenues** and **gross operating profit (GOP)** by offering the **right product (room)** to the **right customers (guest)** via the **right distributions channel, with the right channel cost,** at the right **time** at the right **price** with the right **communication.** (7 *elements*)

The art and science of predicting real-time customer demand level

Use of data analysis to make accurate forecasts for overall profits.

Matching the demand to an existing supply by charging different prices and offering the optimal capacity for each demand category in such a way that the maximum revenue is generated.



MORE DEFINITIONS

The strategic use of performance data, local market data, competitor rates and other applied analytics to help predict demand in order to maximize profit.

Matching supply and demand by dividing customers into different segments based on their purchase intentions and allocating capacity to the different segments in a way that maximizes a particular firm's revenues. Include variety of processes, actions and techniques sometimes difficult to summarize.

Constellation of tools and actions dedicated toward the achievement of an **optimal level**

● ● ● THE RIGHT PRODUCT

- It is determined by the guest and the campsite
- The right product delivers value to the right customer by satisfying their needs, wants, and demands
- The real product is what the customer is willing to pay - adaptation to guests' requirements



● ● ● THE RIGHT CUSTOMER

- It is about the right market segment (leisure, business, congress, wellness, sport,... guests) that we want to attract with certain marketing instruments, and thus reject the inquiries of other guests. (the requirements of the minimum length of stay can be used).
- Not all customers are equally profitable for the campsite: some guests are too expensive because they have too high demands, which the campsite cannot easily and profitably satisfy.
- **Do we choose our own guests or is the choice up to the guest???**



THE RIGHT CHANNEL

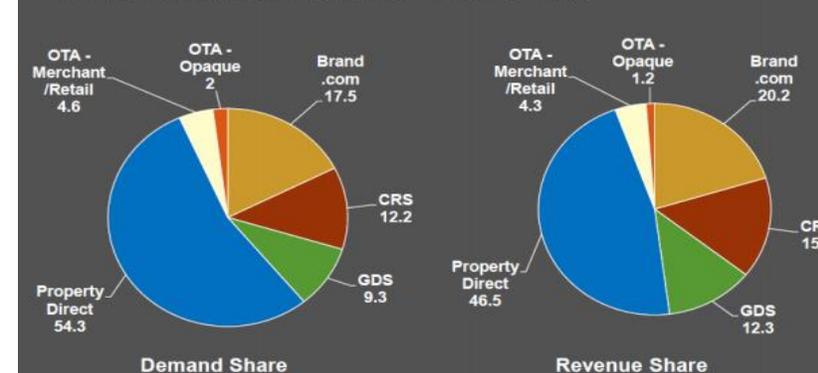
- Travel agencies (traditional or online-OTA such as Expedia, Booking.com, Priceline, Hotels.com, OneTrevel, ...)
- GDS - global distribution system; Online reservation system
- Each distribution channel provides access to different guests and requires different costs
- The right one is the one that ensures access to the right customer at the **lowest cost**



2018: marketing budget 3.4 mild \$;
830 mil\$ for IT development



Demand & Revenue Share by Channel for Chain Hotels
All Scales less Independents, Annual 2010 – Preliminary Results



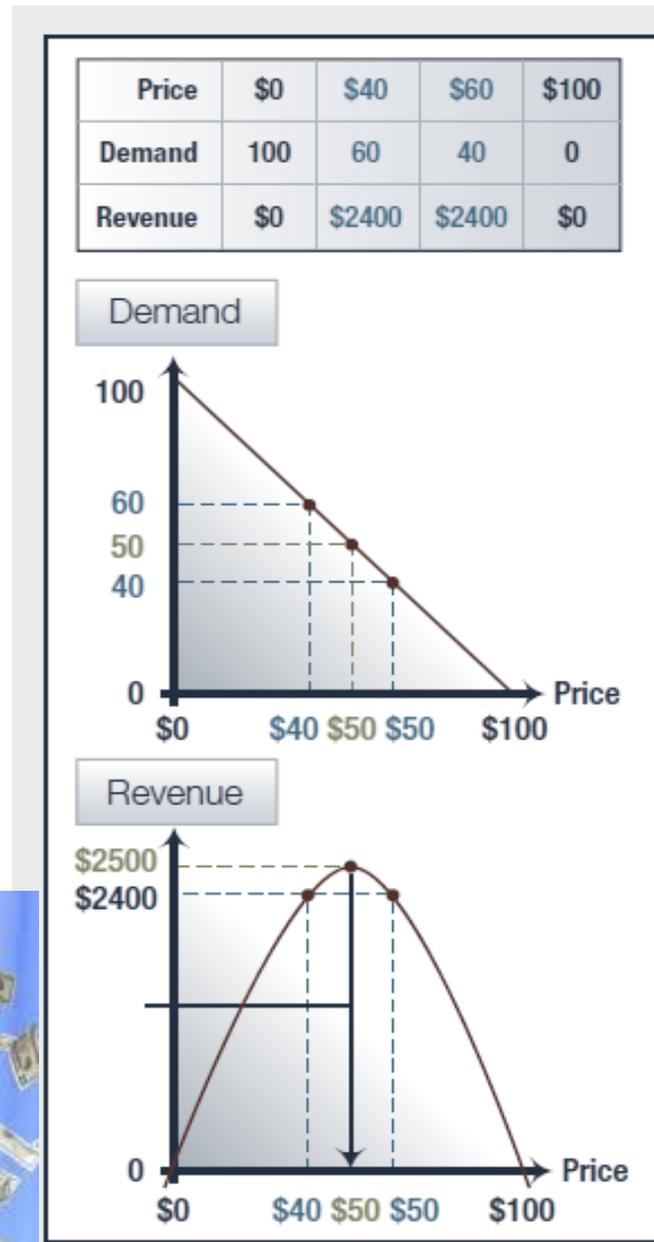
● ● ● THE RIGHT TIME

- One of the most important concepts of revenue management
- The offer must be published at the right time:
- The right time depends on the booking pattern of different market segments: some segments book 2 weeks before departure, while some much earlier!
- Adjust the promotion time cost



THE RIGHT PRICE

- The most important instrument - it is directly related to income
- By changing the price level over time and defining different prices for different market segments (price structure) and the conditions applicable to each price level, the campsite can attract the RIGHT customer and generate high revenues.
- The right price is the price that the guest is willing to pay and the campsite wants to offer.
- **Danger:** overcharging the price the guest paid does not reflect the value he received.
- PRICE ELASTICITY: how much can we raise the price of a room without reducing demand?



● ● ● THE RIGHT COMMUNICATION

- The way guests perceive the product and the price
- The information posted on the website and the way the price is presented can influence the guests' perception of the value they can get by consuming the campsite's product, as well as the fairness of the price conditions.
- Influence on the price/value ratio as well as customer satisfaction.



The right room, right Booking Now.

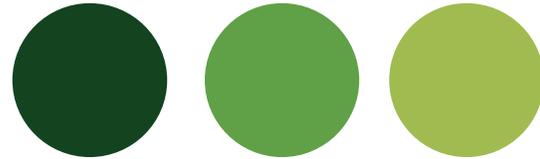


THE GOAL OF THE REVENUE MANAGEMENT



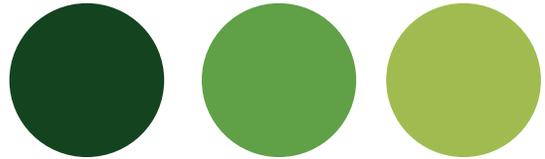
OPTIMAL LEVEL OF REVENUE AND GOP

- Maximizing Revenue does not mean always maximizing the GOP
- Accepting additional customers may require additional employment, which can cause GOP decreasing
- 100% capacity utilization can sometimes jeopardize personalized service, cause long queues, ... Consequence: negative impact on guest satisfaction, increased number of complaints, i.e. cost of poor quality.



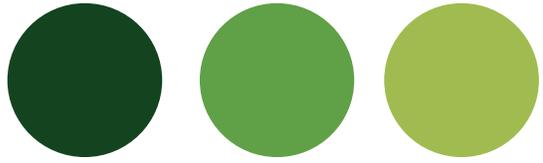
REVENUE MANAGEMENT HISTORY

- A relatively new discipline created in the 80s by the application of YIELD MANAGEMENT in the airline industry
- Airline industry – 1978 marks changes in the legal regulation of air traffic in the USA
- Adoption of the Act on Deregulation of Air Traffic;
- The main reason for the creation of YM in airline is to stimulate demand in order to adjust the supply: Increasing demand for less popular flights, while at the same time making big profits on highly popular flights
- RM allowed the carriers to protect their high-yield sector while simultaneously competing with new airlines in the low-yield sector



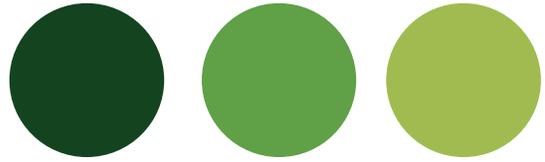
REVENUE MANAGEMENT HISTORY (2)

- In the meanwhile Revenue Management has become an industry standard with sophisticated tools in place.
- The revenue gains from applying Revenue Management have been estimated between 10 and 30 per cent and no Airline will survive without some form of Revenue Management.
- Other (service) industries like hotels, campsites, car rentals, cruise lines, restaurants and so forth followed and adopted the Revenue Management principles to their needs.
- RM softwars are being developed; individual hotels develop their own solutions for the implementation of RM techniques
- The most successful hotels know exactly what their core competencies are, who are the guests of their hotel, how to approach them, how to exceed their expectations, which distribution channels to use.



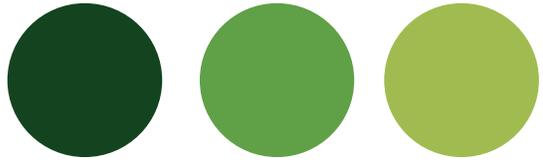
REVENUE MANAGEMENT TODAY

- Some RM techniques are older than this discipline, but integrated and adapted to new conditions (overbooking)
- Campsites that implemented RM manage their costs well but are primarily focused on generating revenue.
- Revenue management always considers profit percentages in the right perspective, which means that campsite might increase variable costs by a larger percentage than revenue. However, they still result in a higher EBITDA in absolute value, which means an increase in overall profitability. This principle stands even in the light of the recent rise in energy costs and inflation.
- Cost optimization is a delicate balance between total cost reduction without compromising service quality with an eye on profit increases.
- A strong revenue management strategy seeks to maximize room revenue using factors such as location, brand reputation, market conditions.
- When revenue management is well-implemented, the result is always a higher EBITDA for increased profit based on absolute values.



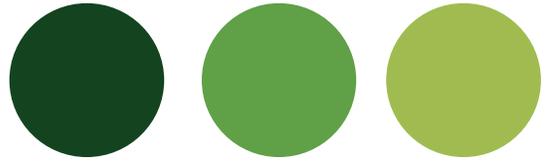
RM SOFTWARE

- There is a large number of RM software for hotels on the market;
- Some hotel chains develop their own solutions for the implementation of RM technique
 - IDEAS – REVENUE SOLUTIONS
 - <https://ideas.com/solutions/products/ideas-revenue-management-systems/>
 - ORMS (Opera Revenue Management Systems) MICROS-Fidelio
 - <https://eu-sitecore.microsdc.com/en/Solutions/Products-N-Z/OPERA-Revenue-Management-System.aspx>



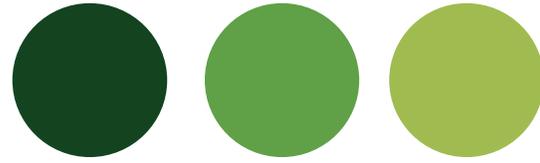
WHAT MAKES CAMPSITE SUITABLE TO APPLY RM?

- Fixed capacity (campground, mobile homes)
- Perishable product
- High fixed costs and low variable costs
- Product can be priced differently
- Demand evolves
- Product can be sold in advance
- Market can be segmented



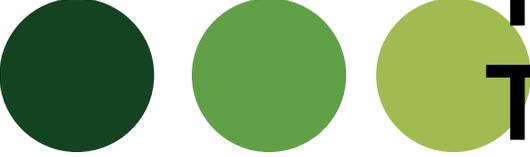
CAMPSITES ADVANTAGES

- With regard to limited capacity, campsites have an additional advantage over traditional hotels, as they have greater opportunities to increase their housing units at relatively lower costs. This should not be interpreted as a limit to the principle of applicability of Revenue Management but, in fact, an advantage that can best be realized through Revenue Management as through the analysis of data (forecast, booking pace, average profitability) do the right choices.
- Also with regard to segmentation, it is interesting to note the advantages that campsites and holiday parks have compared to hotels, opportunities that are not always caught. The “bad habits” of thinking that the product offer is static and the market particularly closed, tends to prevent the development of different travel proposals and not to sufficiently promote itself to an incremental market.
- If we analyze the product diversification of the Resort and Camping Village we understand how much diversity of customers a village can accommodate and how these offer segments are not likely to go each other in conflict with different rates (the so-called Rate Leakage).



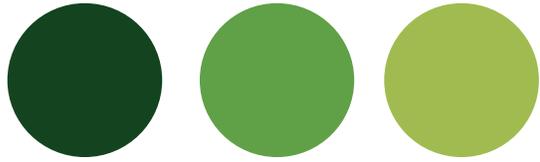
How to Implement Revenue Management in the Campground

- **First step:** analyse the configuration of the management systems in place and review existing data reports. Based on this establish KPIs unique to campgrounds to allow for objective measurement and analysis of results.
- **Dynamic pricing:** based on the historical performance of campsite, develop a demand calendar, with an initial rate structure. Just as hotels are measuring booking pace and demand curves based on which future occupancy levels are calculated. However, campsites are normally a hybrid business model, including Static and Touring lodging types with different booking patterns to take into account. Based on the forecast rates need to be yielded for each individual lodging unit independently, optimizing the total campsite revenue.
- **Demand Calendar & Forecasting:** show all relevant and required data in one single report. This includes data as on the books statistics, pick-up pace, competitive market benchmarking information and price comparisons. This allows to make well informed decisions and forecast accurately.
- **Use online reservations:** online reservations **are a must.** It frees up time for staff. It makes easier to fend off negotiation attempts, compared to a real person talking to the customer. It is easy to adjust rates, and the customer only sees the price, that have been set now, regardless of what it was in the past. Rates are determined based on the supply and demand at the time the customer makes the reservation, not months before.
- **Fix your website:** if your website reads something like "prices start at..." this allows you to have variations without surprising the customer. If you have a good online reservation system, it will be able to give them the real time rate. You simply state that "Prices vary based on demand. For best prices, please book early."



The Future of Revenue Management = TOTAL REVENUE MANAGEMENT (TRM)

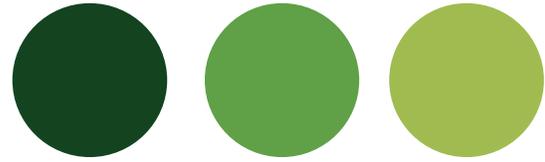
- TRM is the revenue management of all revenue sources in a hotel (campsite): restaurant, bar, spa, gym, sport facilities, ...
- TRM comprises both strategical and tactical procedures and aims to identify & optimise the customer journey.
- Installing a **Revenue culture**, right from the start, is of outmost importance for successfully deploying TRM.
- Furthermore, to increase benefits from a TRM system, it is vital to **optimise** the buying process and measure total spend, consider different type of customers, their purchasing power, needs and habits
- While the benefits of technology are undeniable, the variety of systems used in different departments may present a challenge for implementing a TRM process. **System integration** is required to ensure that cross departmental data processing necessities are met and total spend can be accurately mapped.
- **Forecasting** is an essential business-planning tool that allows a view of how business is likely to perform in the future and it determines the fine-tuning of long term strategies and the deployment of short term tactics.
- **Optimisation**, another key element, compliments the forecast outcome and is the ongoing process of controlling product availability and price to ensure revenue and profit growth,



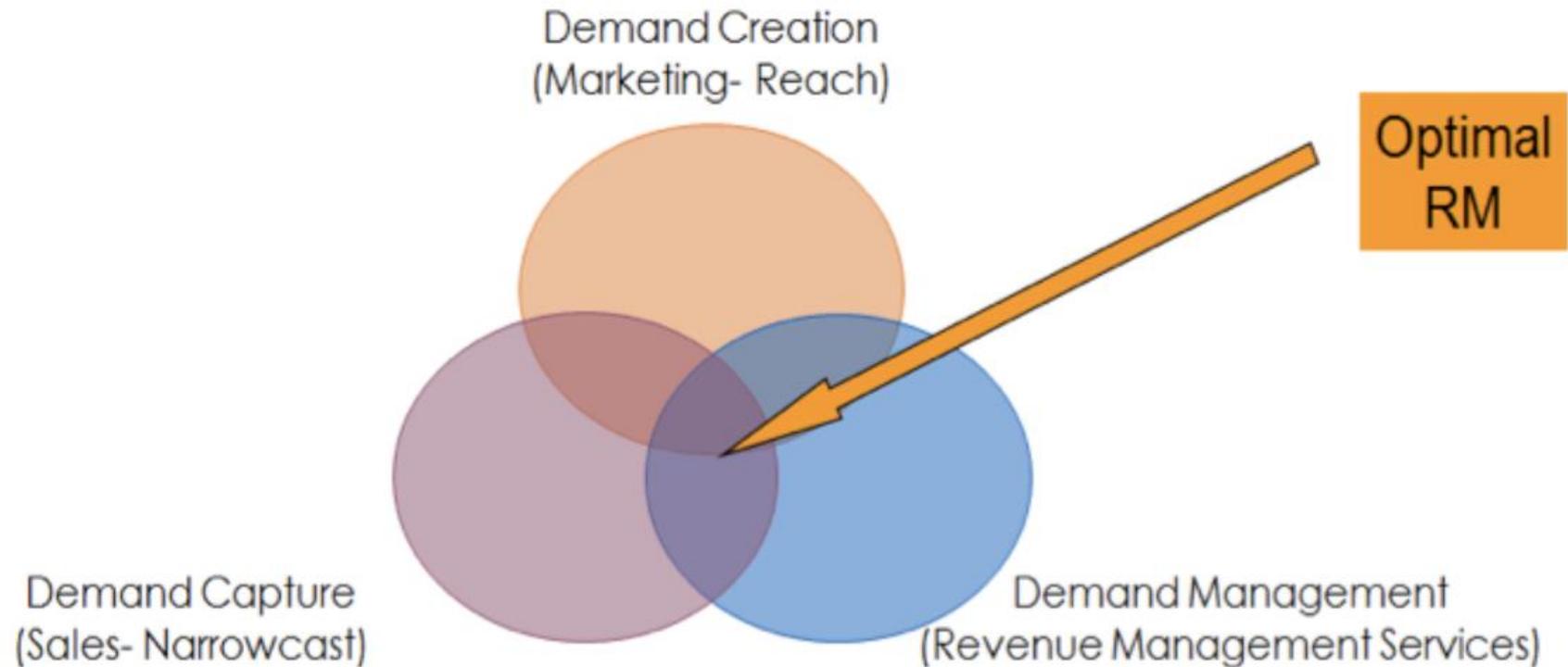
TRM REQUIREMENTS

REQUIREMENTS FOR A TOTAL REVENUE MANAGEMENT PROCESS

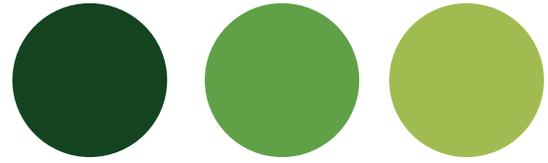
REVENUE CULTURE 	MARKET SEGMENTATION 	SEAMLESS TECHNOLOGY 	FORECASTING (by Revenue Stream) 	OPTIMISATION (by Revenue Stream) 
<p>Required for ensuring all stakeholders have a common vision of what needs to be achieved, why, and in what way.</p> <p>Key focus in communication while being part of the bigger picture will motivate & incite involvement. It will ultimately create an environment that celebrates opportunities, transparency and diversity.</p>	<p>Required for optimizing the buying process and measure total spend. Focus on behavioural patterns as well as contribution of each segment in all revenue streams & cost of sale in order to gain insight and understanding of who the customers are, which segment is more profitable and when, & offer direction in developing the Optimum Business mix.</p>	<p>Required for ensuring constant communication between all outlets and provide with accurate, timely and complete information for successful optimization while enabling and supporting better management forecasts.</p>	<p>Required as it drives the fine-tuning of long term strategies and the deployment of short term tactics.</p> <p>Key emphasis on data collection quality as the accuracy of forecasts will determine key decisions on strategies to adopt for all revenue streams. The ability to anticipate demand patterns and preference requirements will facilitate the design and availability of services and products</p>	<p>Required in order to continually monitor demand for the purpose of limiting or increasing supply and adjust prices and product availability accordingly. Key element is the profit elements that influence performance in all revenue streams in order to decide for potential reformulation of adopted strategies</p>



RM & MARKETING & RESERVATION DEPARTMENT



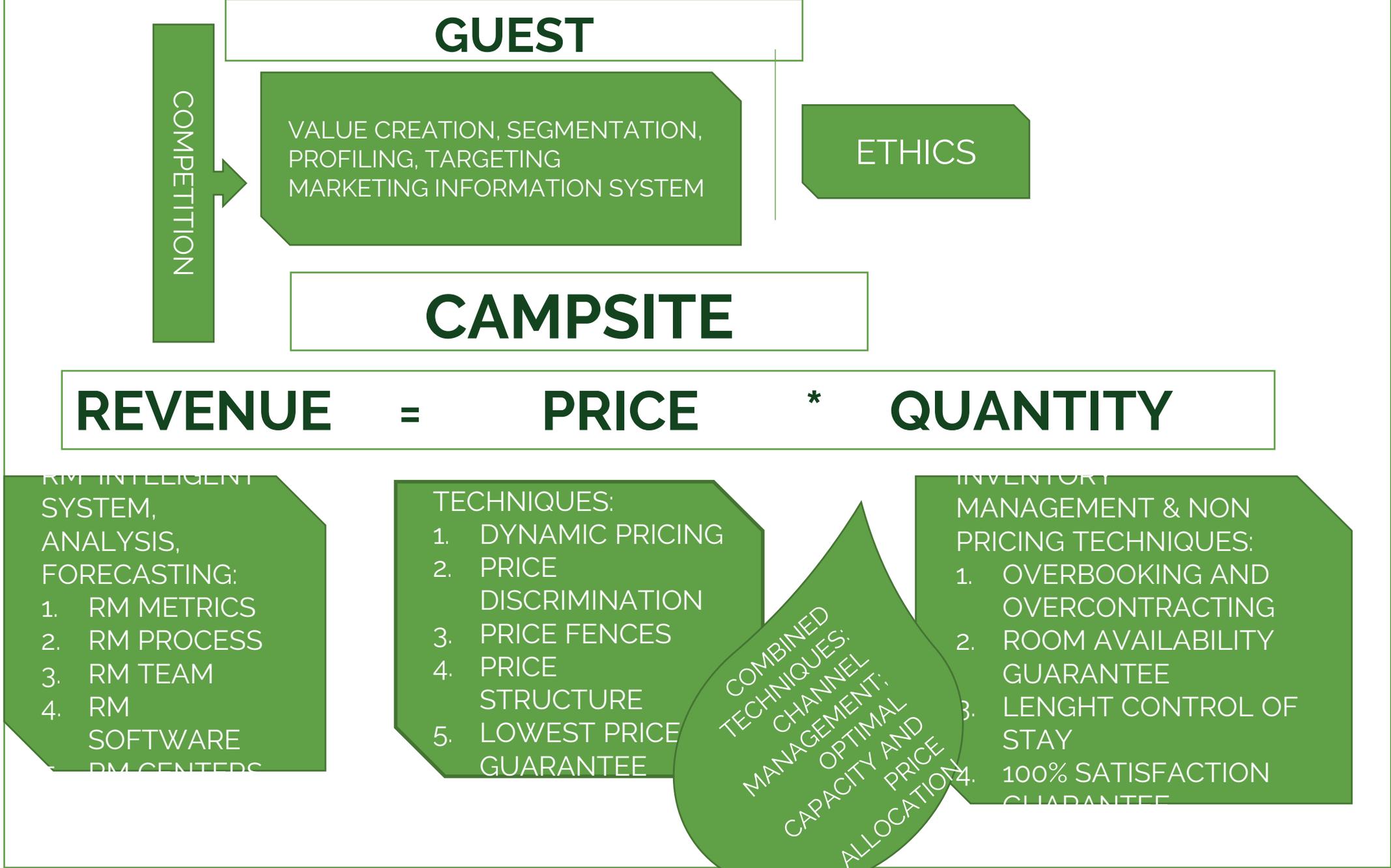
A business process designed to optimize the financial performance of your operation through all market conditions

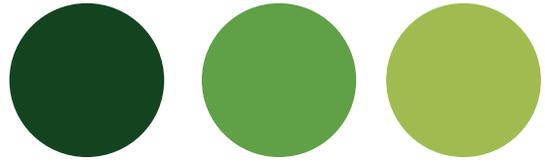


RM PROFESSION DEVELOPMENT

- <https://www.youtube.com/watch?v=QQ67vU8acFo>
- https://www.youtube.com/watch?v=hCfzVa3Br_U

RM SYSTEM

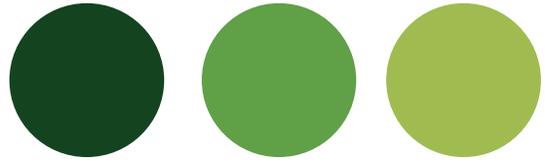




PERFORMANCE MEASURES IN REVENUE MANAGEMENT

There are **internal and external measures** (indicators, standards) based on which managers can evaluate business results in Revenue management department.

- **Internal measures** are usually associated with primary products or services, which means in the hotel industry with the sold accommodation unit (room, chair, campground, mobile home, ...).
- **External measures** usually reflect the business in the context of the overall market as well as the competition.

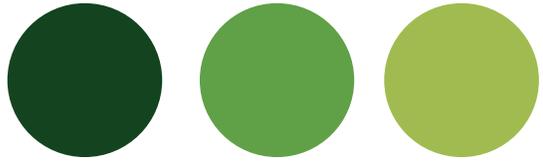


PERFORMANCE MEASUREMENT

**IF YOU CAN NOT MEASURE, YOU CAN NOT
MANAGE.**

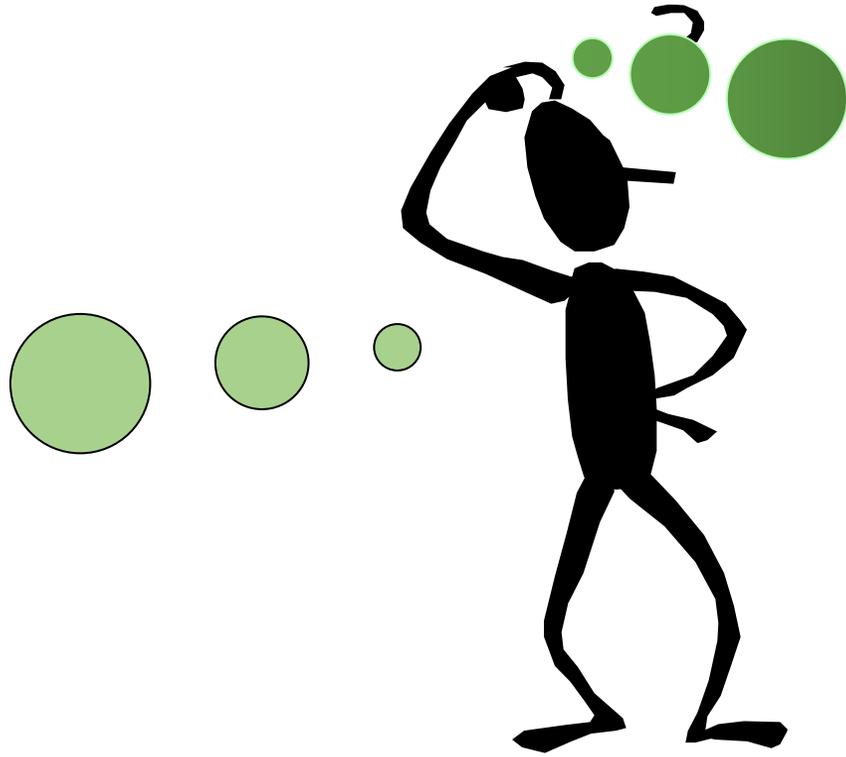
WHAT YOU MEASURE IS WHAT YOU GET.

**IF YOU CAN NOT MEASURE WHAT YOU WANT,
WANT WHAT YOU CAN MEASURE.**



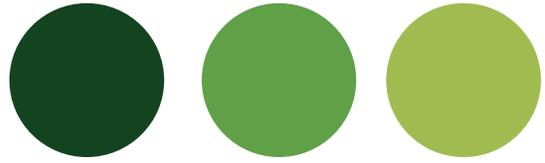
USALI

UNIFORM
SYSTEM
OF
ACCOUNTS
FOR THE
LODGING
INDUSTRY



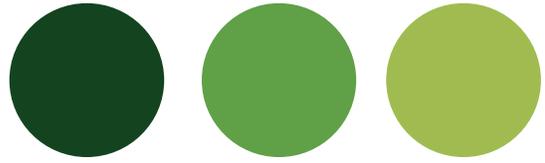
HOW TO
IMPLEMENT
USALI IN
CAMPSITES?





USALI today

- First published in 1926 by Hotel Association of NYC, USALI provides hotel owners, managers and other interested parties with operational information pertinent to the lodging industry.
- A unique methodology for recording and presenting business results in lodging industry.
- A reporting standard in the world hotel industry designed for reporting at the FACILITY level (hotel, camp, marina, agency, ..) taking into account responsibility centers and their results. Not suitable for reporting at the hotel corporation level (consolidated report)
- The first successfully organized attempt to establish a reporting system in hotel
- **Accounting is the language of business, USALI - allows you to speak the same dialect**
- It is applied since 1926; the founder of the Hotel Association of New York City
- Book USALI - XI edition, 2014, AHLE
- In 2018, HFTP acquired the copyright to the USALI.



P&L structure

REVENUE OF PROFIT CENTERS

- DIRECT COSTS OF PROFIT CENTERS

= **SEGMENT CONTRIBUTION MARGIN**

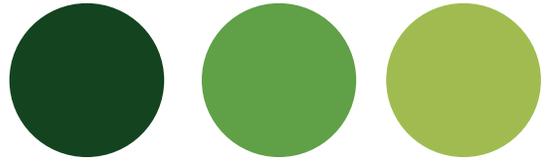
- COST CENTERS (CONTROLABLE COSTS IN CAMPSITE)

- = **CAMPSITE GOP (EBDIT)**

- NON CONTROLABLE FIXED COSTS IN CAMPSITE

= **CAMPSITE INCOME**

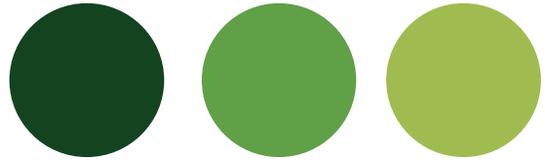
ELEMENTS	NET REVENUE	DIRECT COSTS	WAGES & SALARIES	OTHER DIRECT COSTS	CONTRIBUTION MARGIN
PROFIT CENTERS					
REVENUE CENTERS					
TOTAL					
COST CENTERS					
TOTAL CONTROLABLE COSTS					
GOP					
NON CONTROLABLE COSTS					
EBITDA					
EBIT					



INTERNAL MEASURES

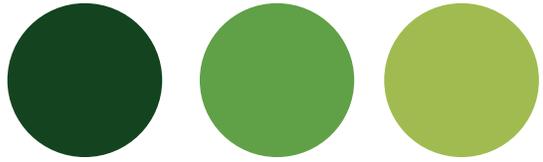
There are two groups of accommodation units in campsites:

- **RA - RENTAL ACCOMMODATION** include all rental units such as mobile homes, glamping accommodation and bungalows operated by campsites.
- **CP – CAMPING PITCHES** designed for camping equipment of individual guests (tents, caravans, motorhomes ...) and pitches occupied by tour operators camping equipment, such as mobile homes, caravans or tents.
- INTERNAL MEASURES, if possible, should be calculated for both: RA and CP!



INTERNAL MEASURES: TOP & BOTTOM LINE MEASURES

- REVENUE IN CAMPSITES:
 - By profit centres: . Accommodation, F&B, Wellness, Sport, ...
 - By services in accommodation department (RA, CP, long-term rental)
 - By market segments
 - By distribution channels
- OCCUPANCY: $\text{sold capacity (RA\&CP)} / \text{available capacity (RA\&CP)}$ - according to open and calendar days
- ADR (*AVERAGE DAILY RATE*): $\text{Accommodation revenue (RA\&CP)} / \text{sold capacity (RA\&CP)}$
- RevPAC (*REVENUE PER AVAILABLE CAPACITY*): $\text{Accommodation revenue (RA\&CP)} / \text{available capacity (RA\&CP)}$
- TRevPAC (*TOTAL REVENUE PER AVAILABLE CAPACITY*): $\text{Total Campsite revenue} / \text{total available capacity}$

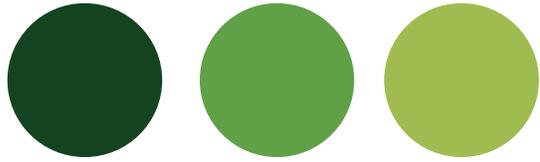


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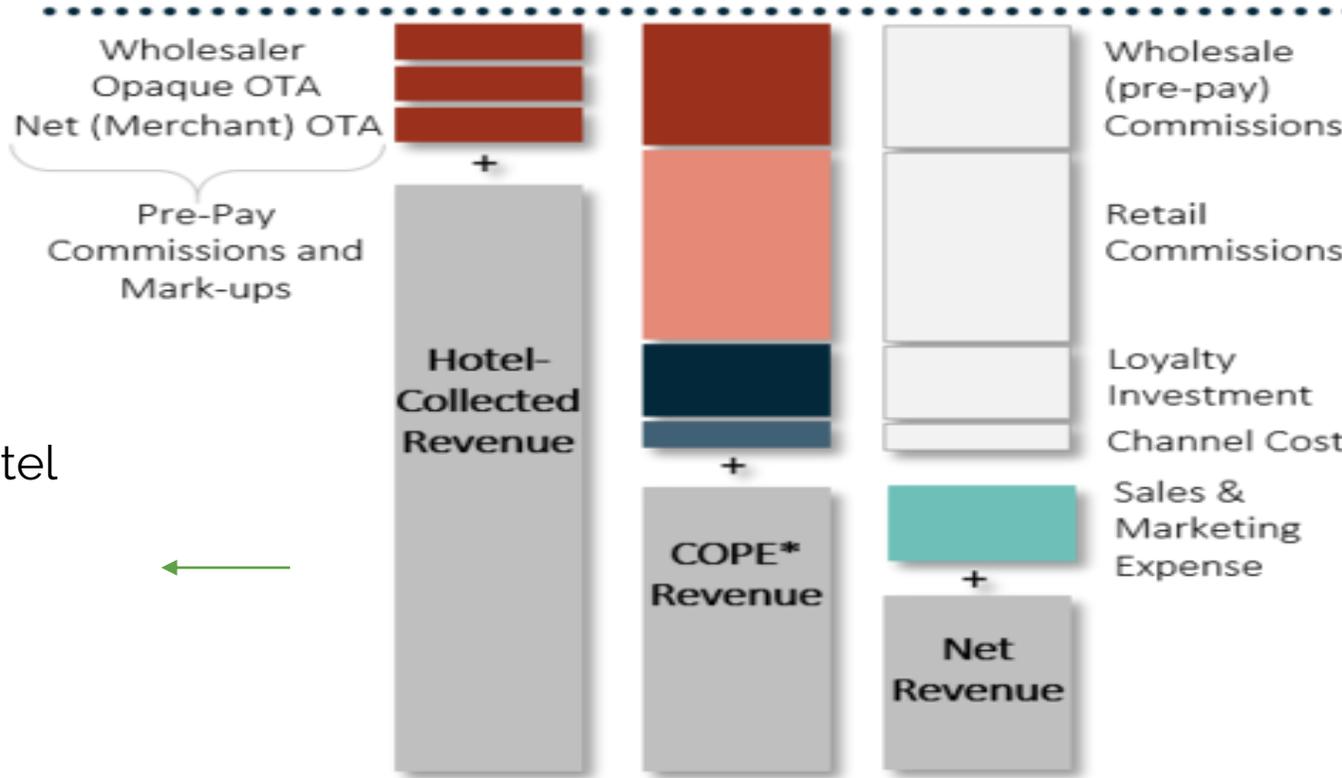
- REVENUE BY OVERNIGHT: total revenue / number of overnights
- LENGTH OF STAY: number of overnights/ number of guests (RA&CP)
- MULTIPLE OCUPANCY FACTOR: number of overnights / sold capacity
- % CONTRIBUTION MARGIN
- GOP & %GOP
- GOPAC (*GROSS OPERATING PROFIT PER AVAILABLE CAPACITY*)
- OPERATING COST PERCENTAGE

- **COPE (Contribution to Operating Profit and Expense)**

- **NRevPAC (Net Revenue Per Available Capacity)**
 - More transparent than RevPAR!



Guest-Paid Revenue



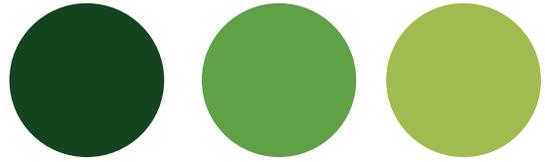
Reflects the revenue the hotel collects and appears on the P&L statement. This does not include transaction costs or commissions expenses and markups.

COPE Revenue (Contribution to Operating Profit and Expense)

Reflects the Guest-Paid Revenue after removing all direct acquisition costs such as commissions, transaction fees and channel costs

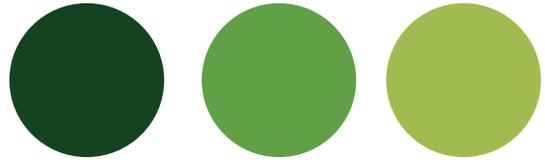
Net Revenue

Reflects revenue after additionally removing Sales and Marketing expense



EXTERNAL MEASURES

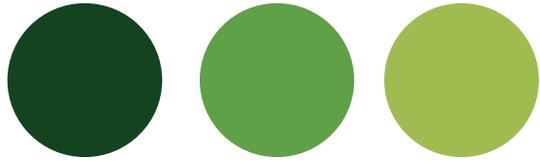
- **Market Penetration Index (MPI) or utilization (occupancy) index:** indicates its own market share in relation to its competitors, giving a picture of its own share in the total occupancy of a selected market (e.g. destination) and tells how big a part of the pie the campsite achieves on the market. It is calculated by dividing one's own utilization by that of the competitive set, multiplied by 100. If the MPI is below 100, it indicates poor occupancy compared to competitors, while an index above 100 indicates better utilization than the competition.
- **Average Rate Index (ARI) or average price index:** indicates the realized price in relation to the competition. It is calculated by dividing your own ADR by the competitor's ADR and multiplying by 100.
- **Revenue Generated Index (RGI) or RevPAR Index:** shows whether the campsite generates more revenue per available room than its competitors.



COMPETITIVE SET

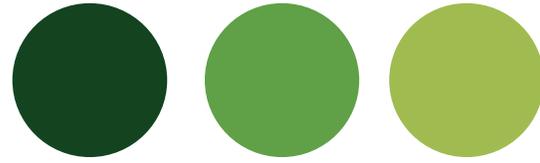
COMPETITIVE SET – a group of campsites selected as competitors

- **Criteria for determining the competitive set: do the campsites included in the competitive set target the same group of guests?**
- **The following criteria can help with this: geographic location, characteristics, price, number of mobile homes and lots, additional services, brand affiliation**



COMP SET SAMPLE

Your Campground	Variable	Camp 1	Camp 2	Camp 3	Camp 4
0	Size	1	-2	2	0
0	Location	-2	-2	2	1
0	Mini Golf	2	-3	-1	1
0	Pool	-3	1	-1	2
0	Fire Pits	2	1	2	-2
0	BBQ	2	-2	2	-2
0	Retail	-1	1	1	-1
0	Shower Facilities	3	1	1	-1
0	Nearby Attractions	2	-2	2	-1
0	Proximity to Restaurants	1	1	1	2
0	Security	1	-1	2	-1
0	Total Score	8	-7	13	-1
3	Rank	2	5	1	4
\$34	Price Point G,W,S	\$38	\$29	\$39	\$36

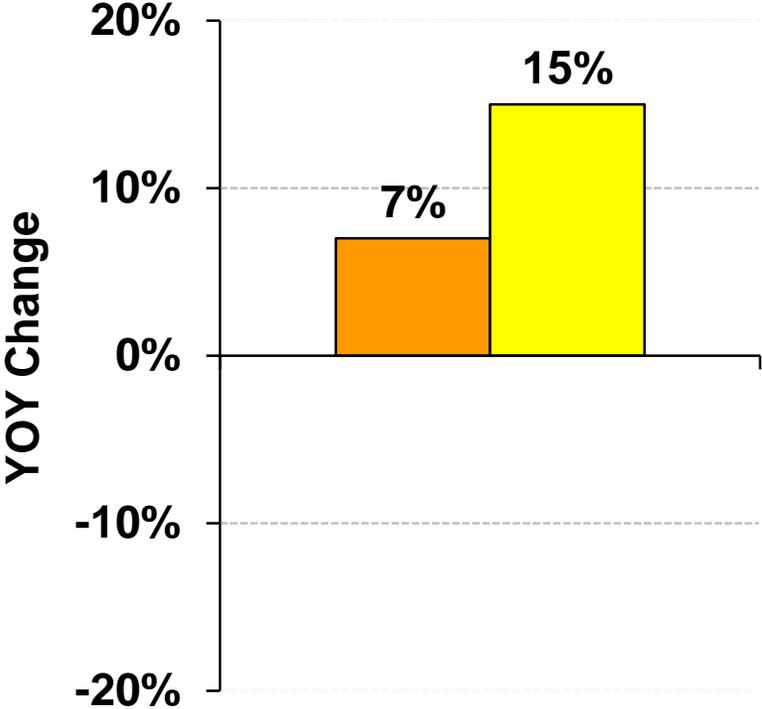


Comp Sets - Who, Why and What

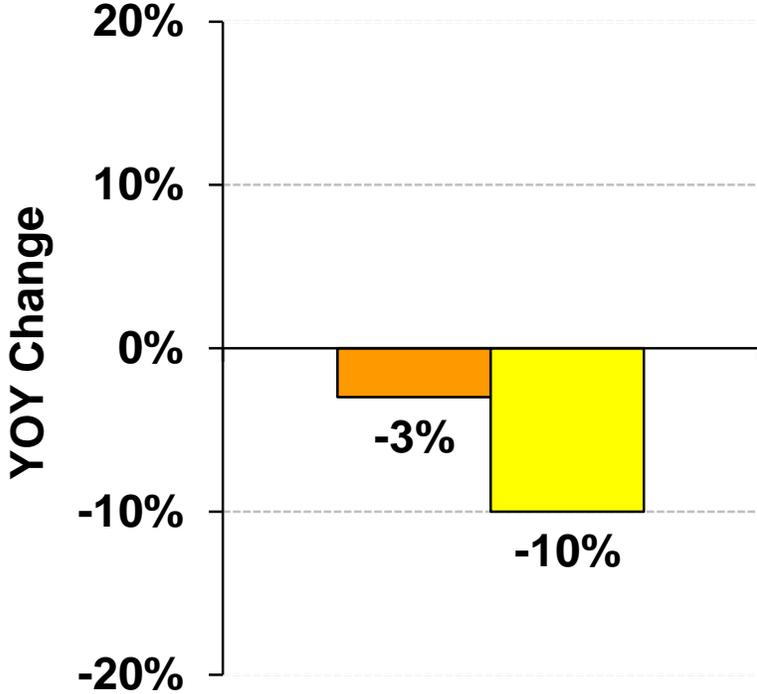
- **Who decides?** - *For a chain campsite, the comp set decision is a joint effort with multiple stakeholders.*
- **“Why** don't I just choose a comp set that I can easily beat?”
We'll see this approach will actually work to your disadvantage.
- **What** is the average number of hotels in a comp set – *between 5 and 6.*

Benchmarking – who is better Manager A or B

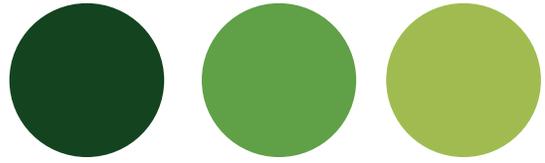
???



■ Manager A
■ A's Competitors



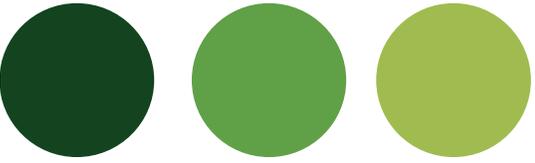
■ Manager B
■ B's Competitors



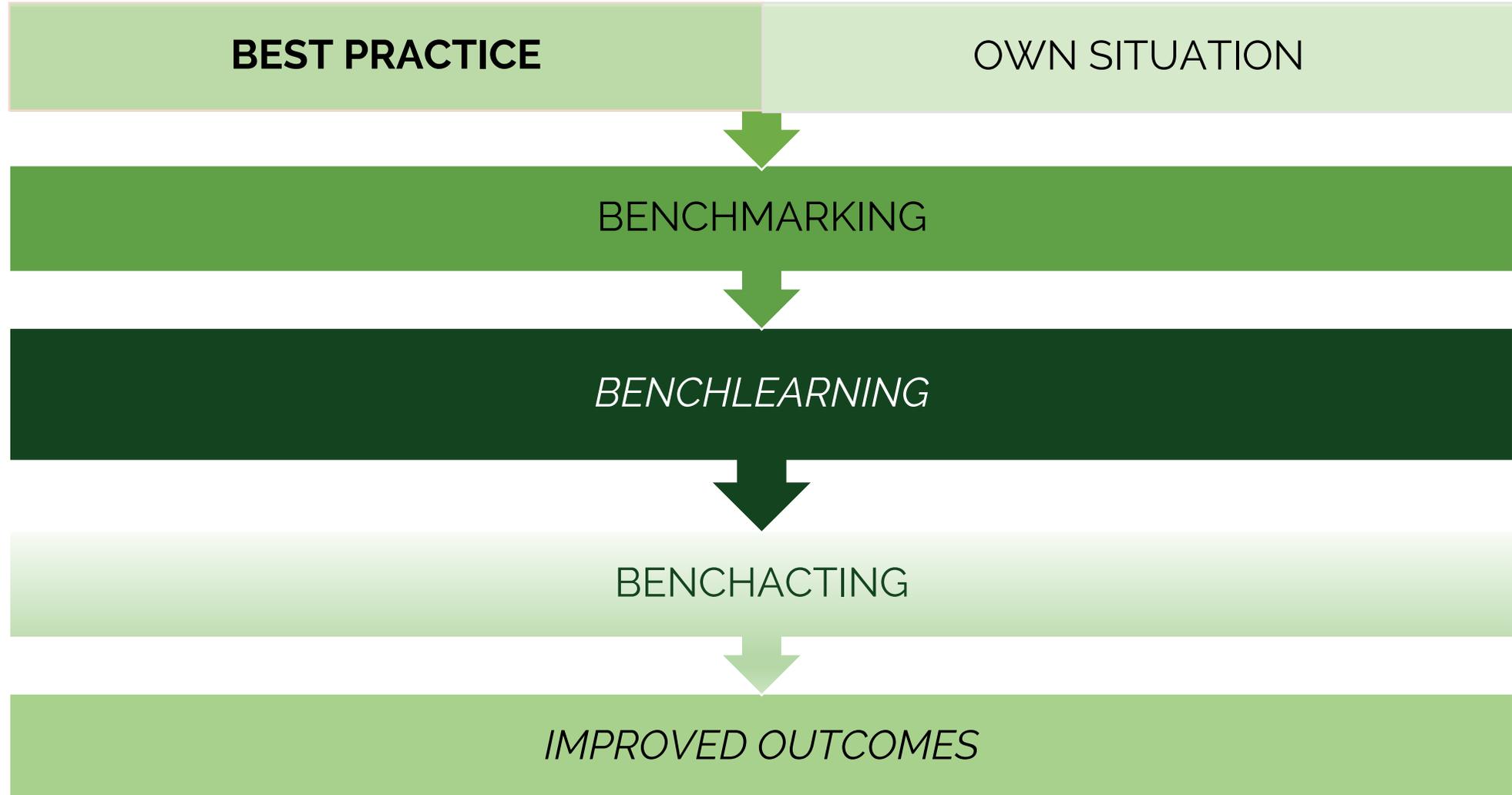
BENCHMARKING

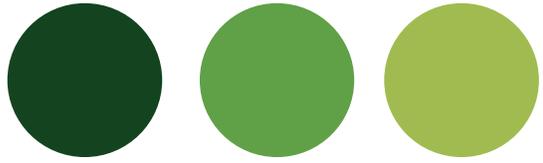
- For many years, companies have borrowed ideas and compared themselves to others hoping to discover new ways to compete.
- In the 1960s this was called cheating and in the 1970s it was named reverse engineering. Today people call it **benchmarking**.





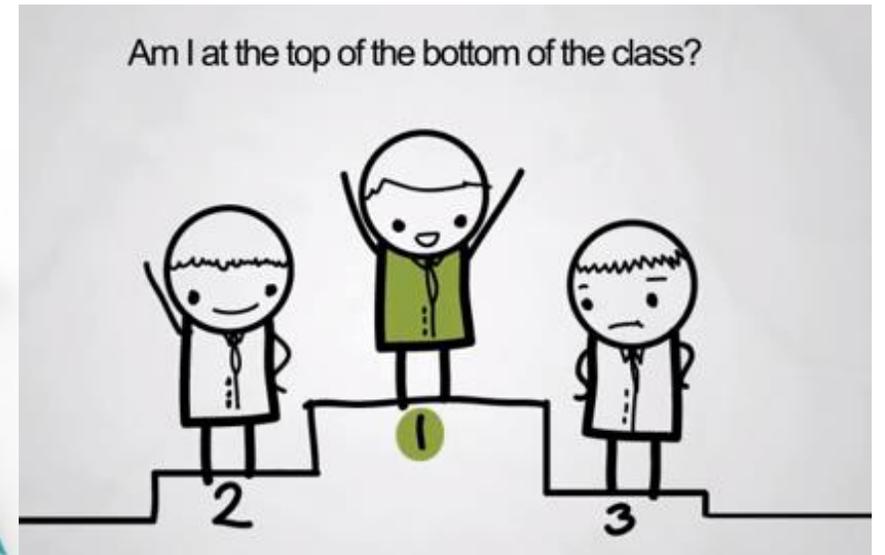
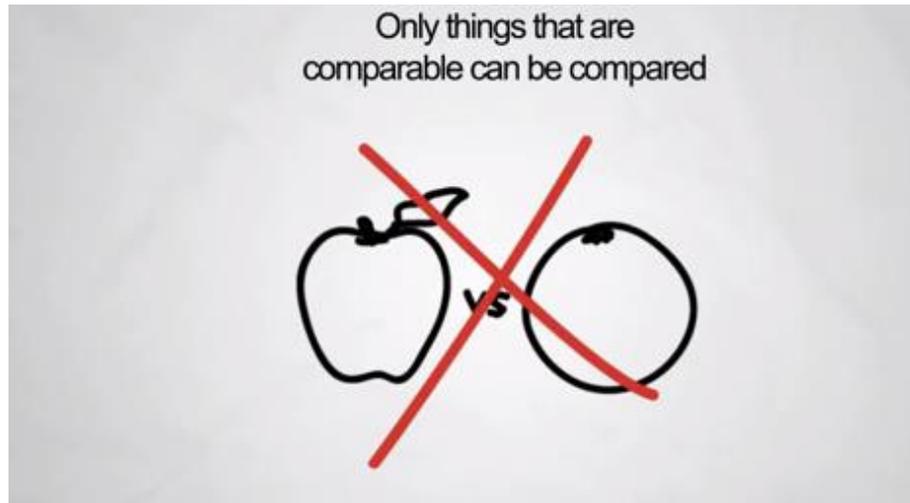
BENCHMARKING PROCES

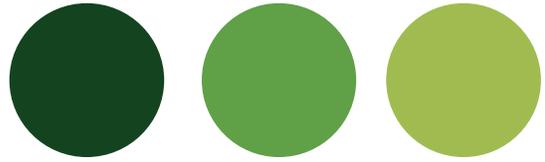




BENCHMARKING PROBLEMS

- **Information** - access to relevant and uniform information of other camps
- Preserve the confidentiality of campsite individual data





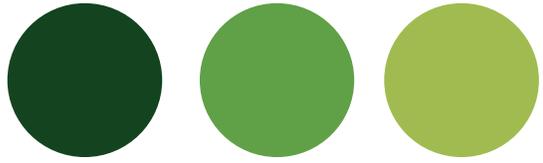
BENCHMARKING SOURCES

DESTINATION BENCHMARKING

- <http://www.europeancitiesmarketing.com/research/reports-and-studies/ecm-benchmarking-report>

HOTEL BENCHMARKING :

- **Hotel Benchmarking – benchmarking u hrvatskom hotelijertvu (BHH)**
- **Smith Travel Research (STR)- HOST Study**
- **Ernst & Young** - annual National Lodging Forecast SAD and other markets
- **PKF Consulting** - Hospitality research: more than 5.000 P&L
- **Horwath consulting HTL** - Worldwide Horwath Hotel Industry Survey



WHAT IS BETTER?

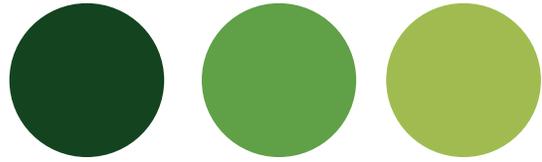
100% OCCUPANCY WITH 400 euro ADR
or
80% OCCUPANCY WITH 500 euro ADR



$RevPAR_1 = 60.000 / 150 = 400$
 $RevPAR_2 = 60.000 / 150 = 400$

CLEANING COSTS?
ADDITIONAL REVENUE (F&B, SPORT, ...) ???

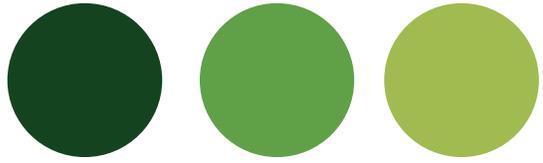
**CAMPSITE
WITH 150
MOBILE
HOMES**



STRATEGIC vs. TACTICAL RM

Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat.

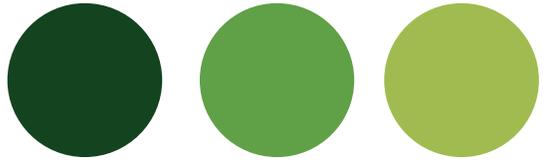
- Revenue management at the **strategic level** focuses on long-term goals such as determining target markets and determining or creating factors that differentiate the campsite from the competition.
- Revenue management at the **operational level** includes short-term revenue management, which often includes demand forecasting, application of different pricing policies, comparison of bookings, capacity management and displacement analysis.
- Tactical measures are easier to quantify and measure, and must always be in line with strategic goals and decisions.



TACTICAL RM

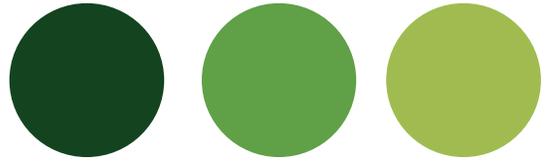
TACTICAL RM INSTRUMENTS:

- A. Forecasting*
- B. Rate management*
- C. Stay control*
- D. Capacity management*
- E. Displacement analysis*



FORECASTING

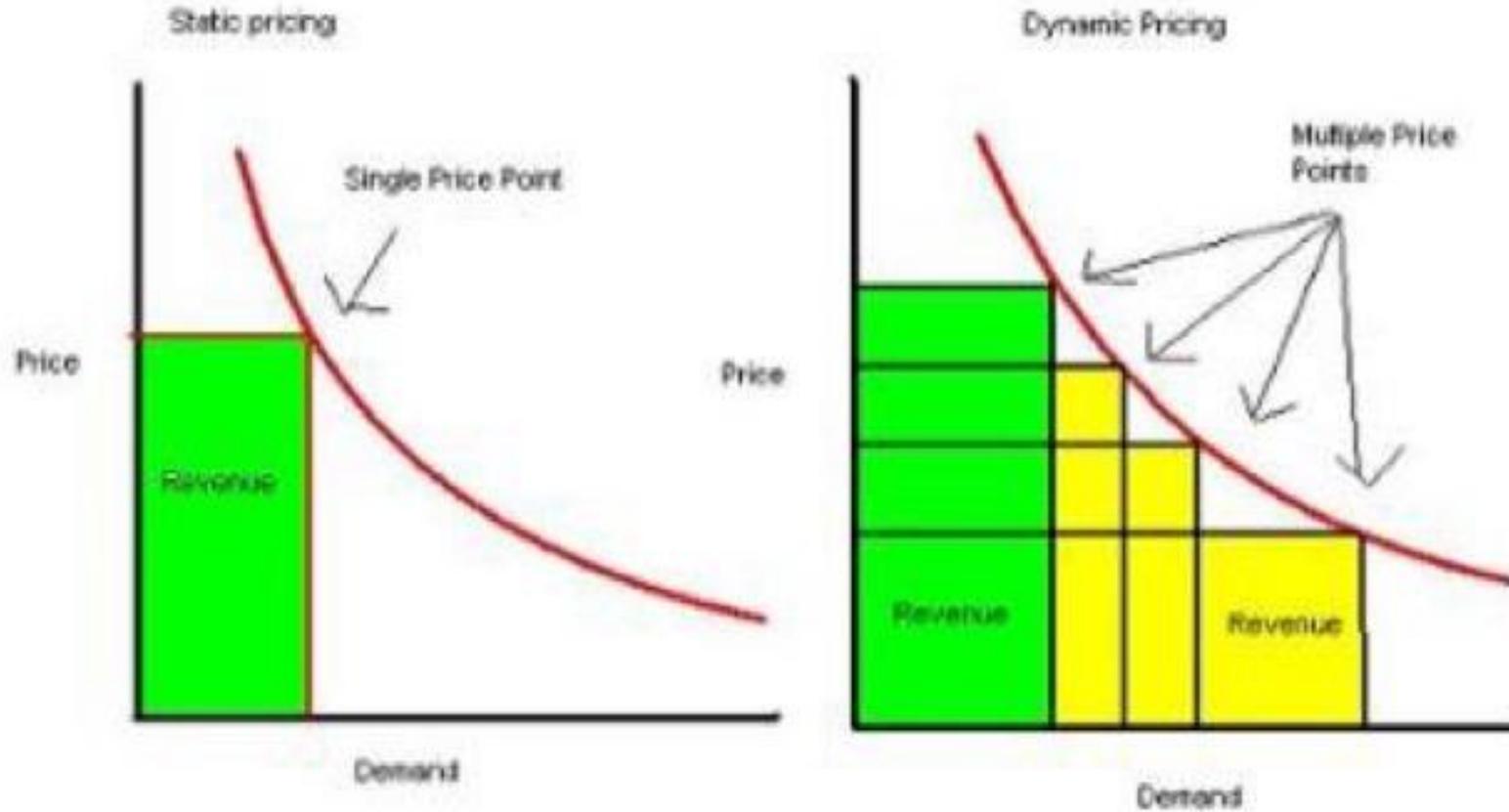
- Demand Forecasting is the process in which historical sales data is used to develop an estimate of an expected forecast of customer demand.
- Without an accurate forecast, pricing and yield tactics cannot be effectively applied.
- Demand forecasts are an essential part of a Revenue Management System. For example in a campsite, a demand forecast is usually calculated by taking the actual number of reservations on hand (actual number of booked capacity) and adding the predicted number of capacity that will be booked (this is sometimes known as pickup).
- Historical demand and booking patterns per market segment should help managers predict peaks and troughs in demand and assist the hotelier in more effectively aligning demand with supply.

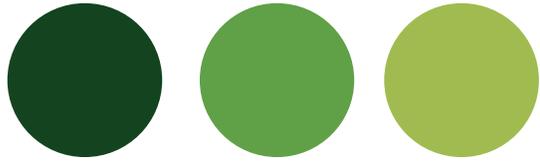


RATE MANAGEMENT - PRICING

- Since the capacity is limited in campsites, varying demand can be managed best with **price fluctuation**. Lower prices tend to increase the quantity demanded, just as high prices tend to decrease the quantity demanded.
- RM can effectively manage both limited supply and varying demand, by dynamically controlling price and inventory, and capturing as much of the revenue opportunity as possible .
- RM ensures that as much inventory as possible is sold at optimum price to ensure maximum revenue and minimum wastage.
- Modern revenue managers understand, anticipate, and react to market demand to maximise their businesses' revenues. They often do so by analysing, forecasting, and optimising their fixed, perishable inventory, and time-variable supply, through dynamic prices.
- The role of pricing and revenue management systems is to optimise the product for different kinds of guests. Pricing and revenue managers use data-driven, revenue management systems to allocate adequate and sufficient capacity to profitable customers.

Static vs. Dynamic pricing

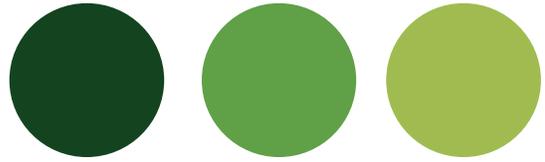




DYNAMIC PRICING

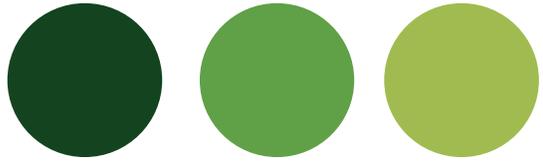
MH	STANDARD	SUPERIOR	SUITE
RACK	500	600	700
BAR1	450	550	650
BAR2	400	500	600
BAR3	350	450	450
BAR4	300	400	400
BAR5	250	350	350

	over 90%	70-90%	50-70%	30-50%	below 30%
BAR1	√	-	-	-	-
BAR2	-	√	-	-	-
BAR3	-	-	√	-	-
BAR4	-	-	-	√	-
BAR5	-	-	-	-	√



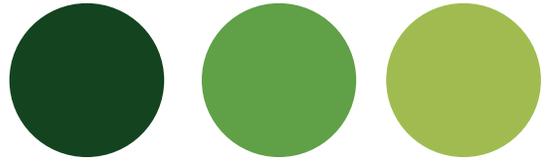
STAY CONTROL

- How far in advance can you identify future fully booked days? Booking patterns are key in RM and **Stay controls** can help build the shoulder days.
- RM should have the knowledge of the number of one night stays, two nights stays, three nights stays, four nights stays, etc.
- There are some restrictions that campsites can use:
 - MLOS / minimum length of stay
 - Maximum length of stay
 - Min / Max length of stay combination
 - CTA / closed to arrival
 - CTD / closed to departure
 - Stay through restriction



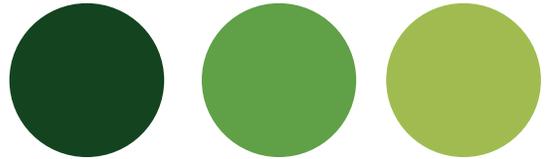
CAPACITY MANAGEMENT

- Effective and efficient inventory distribution plays a major role in the overall revenue management strategy. A well- thought- out inventory management strategy helps revenue managers to sell the right room via the right channel to the right customer at the right time to maximize revenue.
- Reduce overbooking, double booking and under booking , through management of correct inventory of the mobile homes, lots and other food and beverage supplies, plays a important role in revenue generation.
- Since the capacity in campsites is perishable and limited, it cannot be sold after a specific point in time RM minimizes wasted inventory without weakening revenue. Capacity Management involves a number of methods of controlling and limiting capacity supply in campsites.
- Campsites will typically accept a statistically supported number of reservations in excess of actual capacity availability in an attempt to offset the effects of early check-outs, cancellations, and no-shows. Capacity management (also called selective overbooking) balances the risk of overselling against the potential loss of revenue arising from spoilage (rooms going unoccupied after reservations were closed out).
- Other forms of capacity management include determining how many walk-ins to accept on the day of arrival based on expected cancellations and no-shows. Capacity management usually varies with mobile homes type. That is, it might be economically advantageous to overbook more in lower-priced mobile homes because upgrading to higher-priced is an acceptable solution to an oversell problem. The amount of such overbooking depends, of course, on the demand for the higher-priced mobile homes. In sophisticated computerized RM systems, capacity management may also be influenced by the availability of mobile homes at competing properties.



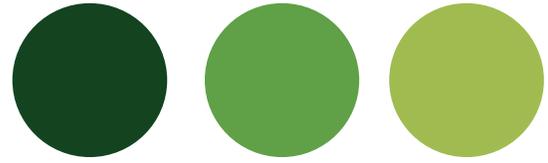
DISPLACEMENT ANALYSIS

- Sometimes it would be prudent to deny a group booking in favour of leaving rooms mobile homes to transient (non-business) customers and walk-in guests. The method used to make this judgement is called **Displacement Analysis**.
- By using Displacement Analysis, a campsite can calculate the value of the group booking compared to what transient and walk-in bookings would generate by contrast. Based on the results of the Displacement Analysis, it can then make a decision on whether to accept a group business booking or not.
- It is important to consider the total value, not just the room rates. All food and beverage spending, meeting room rental, revenue from sport facilities and any additional outlet spending (minus any costs) involved, as well as random ancillary in-house spending, will have to be factored into the Displacement Analysis calculation.
- If the value of the displaced transient booking is less than that of the group business booking, then it would make sense to accept the group booking, of course (and vice versa).



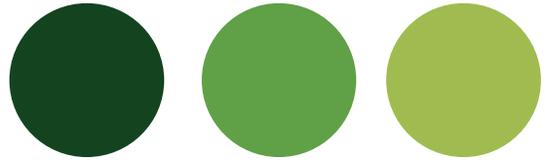
STRATEGIC RM

- The goal of setting a revenue management strategy is to create a framework. Hence, revenue managers know which goals they are working towards, which approaches and guidelines to follow. It also helps them make decisions quickly and efficiently in day-to-day operations.
- The goal of SRM is to Set revenue management standards and procedures, research and implement revenue management tools including a RMS, rate shoppers and pricing tools and set reporting guidelines and plan regular meetings to discuss progress, performance and areas for growth and improvement
- SRM involves a roadmap to reach a target. For example, the goal might be to increase ancillary revenue or shift share away from OTAs toward direct channels, and the strategy outlines how to get there.
- The essence of SRM is in understanding customers' perception of campsites product's value and accurately aligning product prices, placement and availability with each customer segment.



Customer lifetime value (LTV)

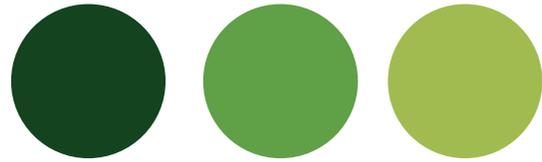
- Customer Lifetime Value (CLV or CLTV) is the average revenue the campsite can generate from customers over the entire lifetime of their account.
- CLV is an important metric because it provides campsite with a customer-centric perspective to guide some critical sales strategies of subscription business, such as acquisition, retention, cross-selling, upselling, and support.



5 Common Mistakes Revenue Management

1. Don't ignore time
2. Focus on the wrong metrics
3. Being afraid of change
4. Not utilizing technology
5. Fearing the OTAs





Thank You !

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