
Revenue Management



Revenue Management Overview

- Goal
 - Figure out what a customer is willing to pay for a product while maximizing profit
- Golf context
 - Sell the right golf experience to the right golfer and the right time, place, and buying channel



Revenue Management Pricing Rules

- Static pricing
- Dynamic Pricing
- Bundle pricing



Dynamic Pricing

- Long existed in other industries
- Not about selling more rounds, but instead selling them at the right price
- Dynamic pricing can be unfair
- Dynamic pricing is not a strategy, but instead a way of pricing using different rules



Time of Day

- Different prices based on time of day
 - Normally centered around a rack rate / twilight / super twilight

	Mon-Thu		Fri-Sun & Holidays	
	Public	Cardholder	Public	Cardholder
Redmond Ridge - Cart Included				
Prime Time	\$59	\$44	\$67	\$57
Twilight (1p)	\$41	\$33	\$47	\$41
Senior with Players Card (before 10a)	-	\$35	-	-
Junior with Players Card (Reservation)	-	\$25	-	\$25
Junior with Players Card (Standby)	-	\$16	-	\$16
9-Hole	\$37	-	\$42	-

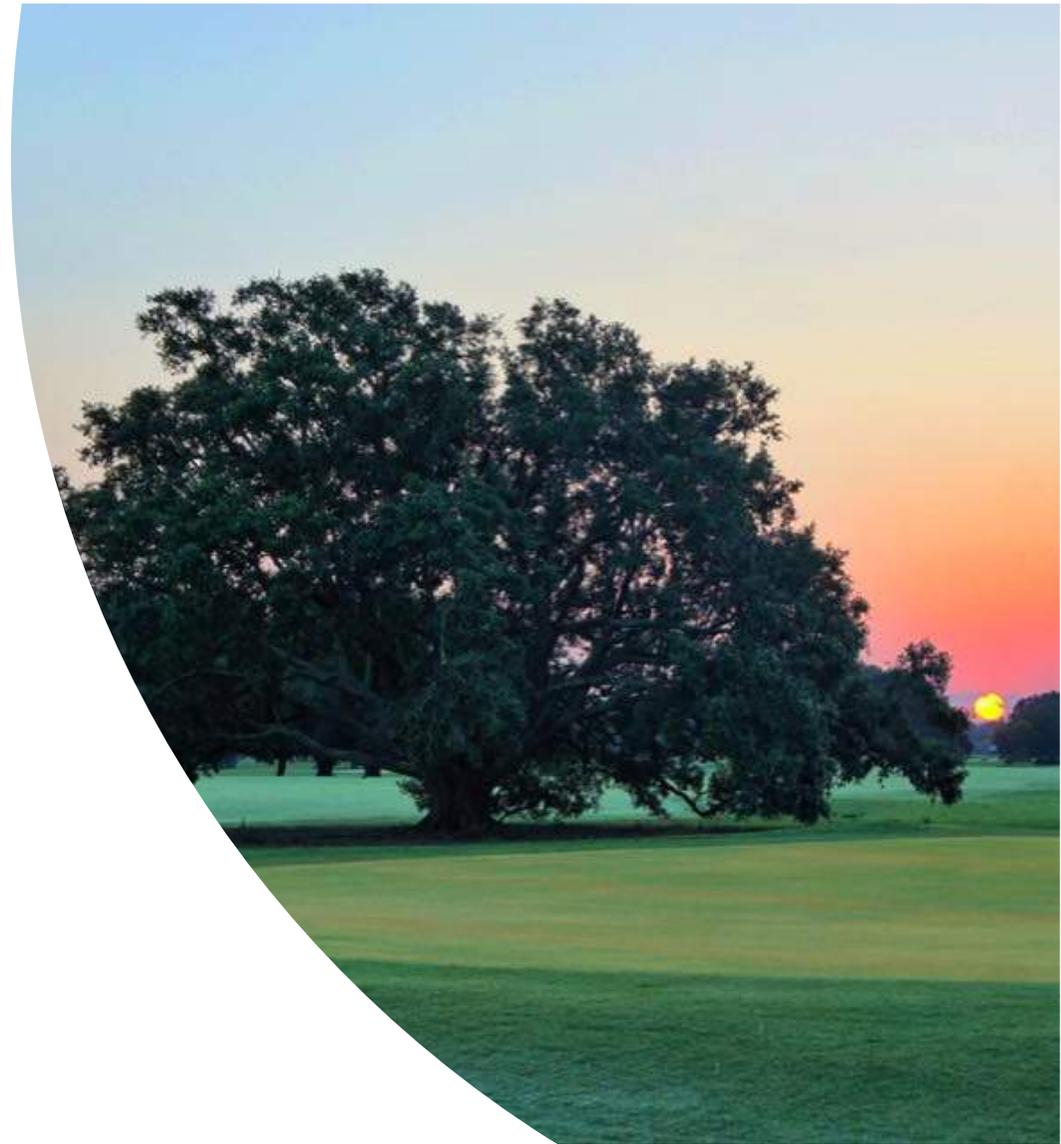
Variable Price Same Day

- Prices vary based on business levels
- End of rack rate
- Takes a great deal of training
- Opportunity to raise rates at anytime when demand is high

Bayou Oaks at City Park - South Course	Bayou Oaks at City Park - South Course	Bayou Oaks at City Park - South Course
6:59 AM	7:16 AM	7:42 AM
\$64.00 Save 35%	\$79.00 Save 20%	\$79.00 Save 20%
1 - 4 Players	1 - 4 Players	1 - 4 Players
VIEW	VIEW	VIEW
Bayou Oaks at City Park - South Course	Bayou Oaks at City Park - South Course	Bayou Oaks at City Park - South Course
8:50 AM	9:15 AM	9:32 AM
\$79.00 Save 20%	\$72.00 Save 27%	\$72.00 Save 27%
1 - 4 Players	1 - 4 Players	1 - 4 Players
VIEW	VIEW	VIEW

Advanced Bookings

- Give customers different prices based on how far out they book
- Generally seen as fair by customers
- Could be static, but best used when only allowing the discount of a certain amount of people
- Great for any type of property from resorts to municipals



Bundle Pricing

- Selling multiple items together at a discount
- Packaging golf + lunch or offering a punch card
- Think Groupon

CHOOSE OPTION(S)



Best Available Rate Pacesetter/Best Available Rate/Sun Down	1-4	\$89.00
Forecaddie Upgrade *Forecaddie Priced for four players*	1-4	\$89.00
Shake-Rattle-Show Golf-Milkshake-\$20 Slot Play- 2 Movies	1-4	\$119.00
Vino 18 Package 18 holes & Custom Label Bottle of Wine	1-4	\$109.00
DunesDayDoublePlay 2 Rounds of Golf & Breakfast	1-4	\$199.00

Performance Metrics

- Average daily rate
 - $\text{Green fee} + \text{cart fee} / \text{rounds played}$
- Capacity utilization
 - $\text{Rounds played} / \text{rounds available}$
 - $\text{Rounds available} = \text{daylight} / \text{tee time interval}$
- Rev Par
 - $\text{Average daily rate} \times \text{utilization}$



Case Study

- Rounds 2,207 / \$123,859 green fee and cart fee
- Average Daily Rate (ADR)
 - $\$123,859 / 2207 = \56.12
- Capacity
 - Rounds played = 2,207
 - Daylight= 8 AM – 6 PM = 10 hours
 - Tee Time interval= 10 minutes / 60 possible tee times
 - $2,207 / 6$ tee times an hour * 10 hours * 4 players * 30 days)
 - $2,207 / 7,200 = 30\%$



Case Study Continued

- Rev Par
 - ADR= \$56.12
 - Utilization= 30%
 - $\$56.12 * 30\% = \16.83



MARCH	ADF	Utilization	RevPATR
Mondays	\$17.59	24.5%	\$4.31
Tuesdays	\$37.43	31.3%	\$11.72
Wednesdays	\$18.29	72.7%	\$13.30
Thursdays	\$43.93	33.2%	\$14.58
Fridays	\$58.03	65.6%	\$38.07
Saturdays	\$52.86	69.5%	\$36.74
Sundays	\$40.93	86.3%	\$35.32

Deciding on a strategy – case study

- 30% is a fairly low utilization rate
- Run a utilization exercise to see what hours aren't utilized
- Work on a plan to increase slow times
- Define goals of the facility
 - Increase traffic or drive experience



Reports

- Utilization Report
 - Day Part 1 (8– 11) = 1276
 - Day Par 2 (11-2) = 481
 - Day Part 3 (2-5) = 450
- Reservation book date
 - 0 days out = 30%
 - 1 day out =12%
 - 2 days out = 6%
 - 3 days out = 5%
 - 4 days out = 5%
 - 5 + days out= 42%

Days in Advance	# Golfers	Revenue	%
Booked 0 Days Out	645	\$26,770.10	29.23 %
Booked 1 Days Out	277	\$14,734.40	12.55 %
Booked 2 Days Out	130	\$7,061.86	5.89 %
Booked 3 Days Out	120	\$7,971.30	5.44 %
Booked 4 Days Out	114	\$6,264.00	5.17 %
Booked 5 Days Out	98	\$5,055.38	4.44 %
Booked 6 Days Out	45	\$2,181.40	2.04 %
Booked 7 Days Out	53	\$3,708.00	2.40 %
Booked 8 Days Out	21	\$1,254.00	0.95 %
Booked 9 Days Out	5	\$333.00	0.23 %
Booked 10 Days Out	20	\$1,609.86	0.91 %
Booked 11 Days Out	4	\$556.00	0.18 %
Booked 12 Days Out	12	\$888.60	0.54 %
Booked 13 Days Out	17	\$582.00	0.77 %
Booked 15-30 Days Out	93	\$5,472.96	4.21 %
Booked 30-59 Days Out	263	\$17,885.00	11.92 %
Booked 60+ Days Out	290	\$21,531.80	13.14 %
Totals:	2207	\$123,859.66	

Strategy for Case Study

- Add a discount for advanced bookings
 - Give a % off for booking 5 days out
- Create an additional rate break after 4 PM
 - Utilization is low after 4 PM / 9 hole rate
- Create new mid day rate
- Important to not only look at dynamic pricing as discounting
 - Potential to increase rate from 8 AM to 11 AM



City Park's Experience

- Implemented a number of different strategies
 - EzLinks tools
 - Days in advance
 - Created base rate that we discount or price over
 - 5:30 PM rate – E9
 - Midday rate
- Employee Education
 - Retraining staff



Public

Standard	\$118 - \$139
Twilight – 2 PM	\$72 - \$85
Super TW - 3:30 PM	\$58 - \$69

LA Resident Weekday (Monday – Thursday)



Standard	\$60 - \$72
Twilight – 2 PM	\$50 - \$55
Super TW – 3:30 PM	\$42 - \$49
Evening 9– 5:30 PM	\$29



LA Resident Weekday (Friday - Sunday)

Standard	\$68 - \$84
Twilight – 2 PM	\$55 - \$65
Super TW – 3:30 PM	\$42 - \$55
Evening 9– 5:30 PM	\$29

City Park Strategy

- Drive rate based on utilization
- Implemented senior rate (Monday-Wednesday) + Evening 9
- Twilight all day Tuesday (North Course) + Groupon
- Utilize same rate strategy website, GolfNow, TeeOff.com, and over the phone
- Mix of all three pricing methods



City Park Strategy – Dynamic

Utilization Pricing Settings ⓘ

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
4:00 am	4:00 a - 4:00 p   	4:00 a - 4:00 p   	4:00 a - 4:00 p   	4:00 a - 4:00 p   	4:00 a - 4:00 p   	4:00 a - 4:00 p   	4:00 a - 4:00 p   
5:00 am	Utilization: 0-30: 87%	Utilization: 0-30: 87%	Utilization: 0-30: 87%	Utilization: 0-30: 87%	Utilization: 0-30: 90%	Utilization: 0-30: 90%	Utilization: 0-30: 90%
6:00 am	Utilization: 31-45: 95%	Utilization: 31-45: 95%	Utilization: 31-45: 95%	Utilization: 31-45: 95%	Utilization: 31-45: 95%	Utilization: 31-45: 95%	Utilization: 31-45: 95%
7:00 am	Utilization: 46-75: 100%	Utilization: 46-75: 100%	Utilization: 46-75: 100%	Utilization: 46-75: 100%	Utilization: 46-75: 100%	Utilization: 46-75: 100%	Utilization: 46-75: 100%
8:00 am	Utilization: 76-100: 107%	Utilization: 76-100: 107%	Utilization: 76-100: 107%	Utilization: 76-100: 107%	Utilization: 76-100: 110%	Utilization: 76-100: 110%	Utilization: 76-100: 110%
9:00 am							
10:00 am							
11:00 am							
12:00 pm							

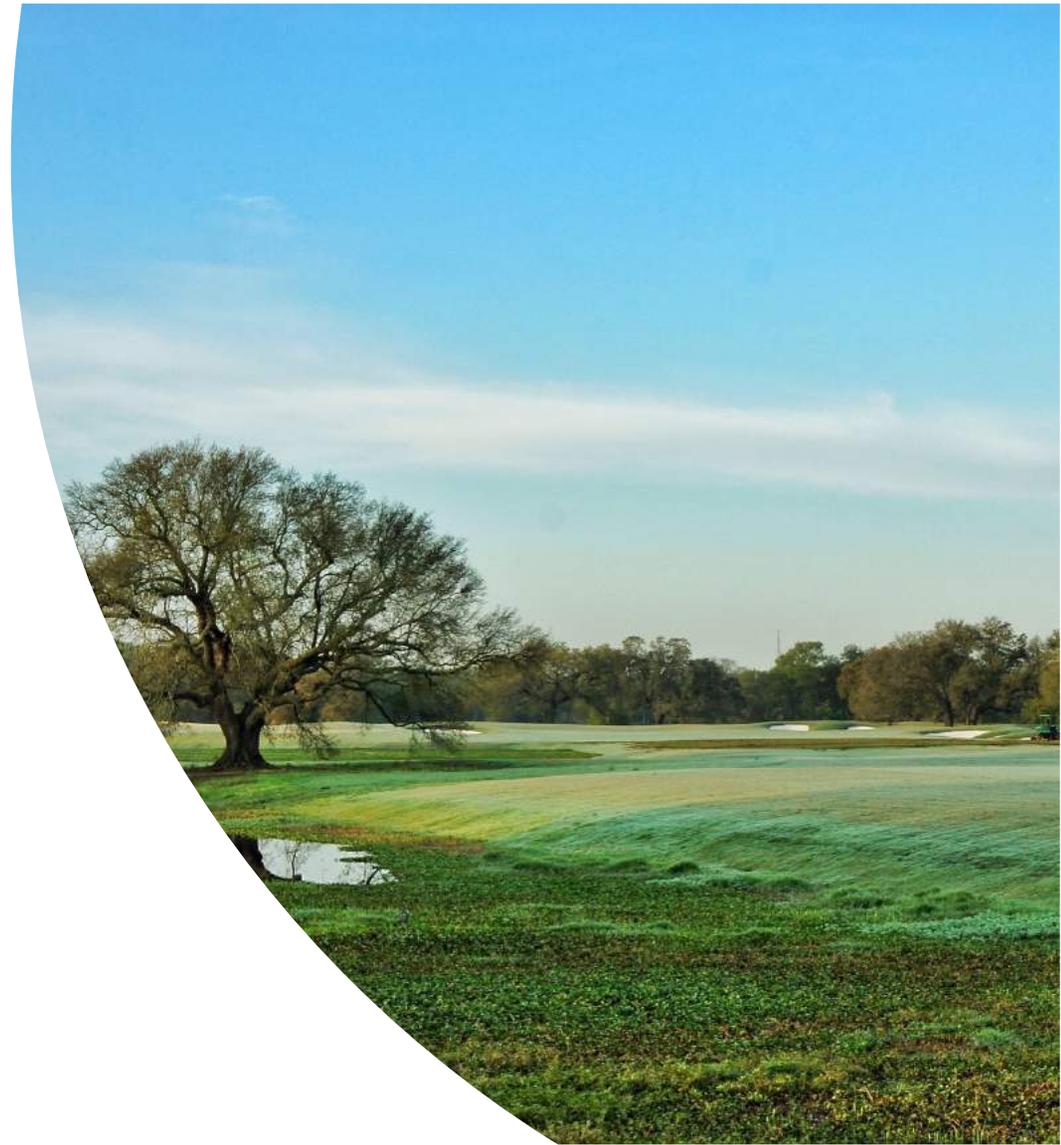
View Pricing Book As:

 Manage Specials Window:

Regular	Special	Time	1	2	3	4
<input checked="" type="checkbox"/> \$69.00		9:03 a				
		9:12 a	Wingertes, Don	Wingertes, Don	Wingertes, Don	Wingertes, Don
<input type="checkbox"/> \$69.00		9:20 a	McEnaney, James	McEnaney, James	McEnaney, James	
		9:29 a	Ohler, Bobby	Ohler, Bobby	Ohler, Bobby	Ohler, Bobby
<input checked="" type="checkbox"/> \$69.00		9:37 a	Surcouf, Warren	DIROSA, JOSEPH	Simeon, Hal	
<input type="checkbox"/> \$69.00		9:46 a				
		9:54 a	Pons, Samuel	Pons, Samuel	<input type="checkbox"/> Walsh, James	<input type="checkbox"/> Walsh, James
<input checked="" type="checkbox"/> \$56.00		10:03 a	Dagostino, Joe	Dagostino, Joe	Dagostino, Joe	
<input type="checkbox"/> \$56.00		10:11 a				
<input type="checkbox"/> \$56.00		10:20 a				
<input checked="" type="checkbox"/> \$56.00		10:28 a	Martinsen, Heath			
		10:37 a	Fuselier, Wayne	Fuselier, Wayne	Fuselier, Wayne	Fuselier, Wayne

City Park Strategy – Bundling

- Punch cards in off season – South Course
- Use of 2 for 1 rounds - North Course
- Hat with round of golf – South Course



DYNAMIC pricing



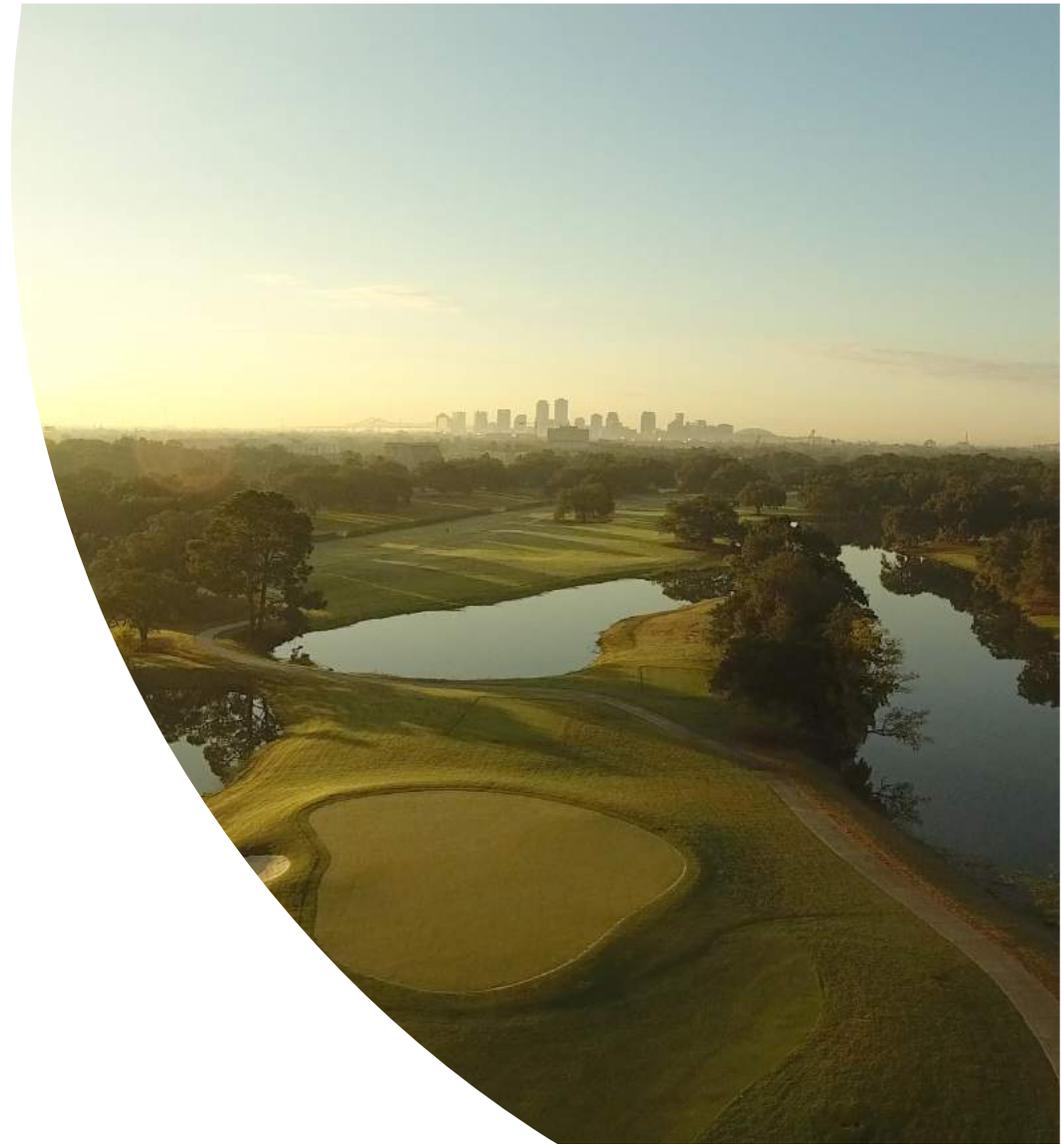
By definition, dynamic means "constant change." At Ak-Chin Southern Dunes we prefer to view dynamic as "progress." This process will allow golf rates to be adjusted - both lower and higher - in real-time, based on demand, availability and other changing factors. While this style of pricing may be new to the game of golf, airlines, hotels and now even your favorite sports teams have been utilizing this pricing strategy for years.

With rates changing daily, Dynamic Pricing gives you the ability to choose the RIGHT rate for you, at the RIGHT time for you, on the RIGHT day for you. **The earlier you book, the MORE you SAVE!**

You can book your tee time online below or if you prefer to speak with a golf associate, please call 480-367-8949.

Cons of Dynamic Pricing

- Customer feedback
 - Have to educate customers on rates
 - Rate sheet
- ADR dropping
 - Takes time to find the right strategy



PGA of America Survey

- Time of day pricing fair
- Same day pricing unfair
- Bundle pricing fair
- Advanced pricing somewhat fair
- Reservation fee somewhat fair
- Tee time interval pricing fair
 - Charge more for tee times spaced out longer



Buying Channel

- Decide where to offer certain rates
- Offer online only pricing
- Do you offer segmented rates online
- Walking vs riding rates online



Looking Forward

- Goal is not to discount golf
- Drive best rate possible
- Provide value

