



Article Title

The Uniqueness of Revenue Management Approaches in Nontraditional Settings: The Case of The Golf Industry

Citation

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Abstract

This study focuses on two demand and supply characteristics that may affect the transferability of revenue management (RM) practices from traditional (e.g., hotels) to nontraditional (e.g., golf, restaurants, entertainment venues) RM settings. Consumption within many nontraditional RM settings is largely discretionary in nature, with the potential to affect how demand and price should be managed across the booking horizon. Equally, operators are often challenged with a high degree of time-based inventory complexity, which may require that price and inventoried demand are managed at a greater level of granularity than traditional RM applications dictate. Using longitudinal golf reservations data, we found that superior revenue performance was associated with capturing a higher proportion of demand early in the booking horizon, rather than protecting inventory at higher prices for late bookers. Competitive price positioning in which price was higher than the competition during within-day peak-demand tee times also shaped revenue gains. Similarly, conversion management was found to be most critical during within-day peak demand periods. These findings suggest that traditional RM strategies may not apply in nontraditional RM settings where one or both of the demand and supply characteristics of interest is present. The implications of these findings for practitioners are explored.

Conclusion

Many nontraditional RM settings exhibit distinct demand and supply characteristics that are not present in traditional RM environments. On the demand side, demand is often largely

discretionary in nature, as opposed to comprising a mix of discretionary and nondiscretionary demand as in traditional RM. From a supply perspective, some nontraditional RM settings experience a high degree of time-based supply complexity not present in traditional RM environments. The findings of this study suggest that, when either, or both, of these demand and supply characteristics are present, a nuanced approach to RM implementation is required. Largely discretionary demand requires a focus on driving as many high-priced bookings as possible early in the booking horizon, rather than the traditional RM approach to limiting early bookings to protect inventory for late-booking demand. When a high degree of time-based supply complexity is present, operators need to be able to identify within-day peak and off-peak demand patterns such that pricing and capacity management strategies can be deployed across short time intervals throughout the day