
The significance of competitive pricing and revenue management in the camping industry

Katarina Poldrugovac*,
Sandra Janković and Milena Peršić

Accounting Department,
Faculty of Tourism and Hospitality Management,
University of Rijeka,
Primorska 42, p.p. 97, 51410 Opatija, Croatia
Email: katarina.poldrugovac@fthm.hr
Email: sandrai@fthm.hr
Email: milena.persic@fthm.hr

*Corresponding author

Abstract: Currently, the camping industry is responsive to the pricing performance of their competitors. When considering the pricing strategies of the campsite business, competitors should be taken into account as an important factor. The purpose of this research is to assess the possibilities of competitive pricing in the camping industry and examine the effect of competitor pricing levels on relative campsite revenue, to define whether raising or lowering prices relative to the competition contributes more to performance. The paper explores the relationship between pricing strategy and the average percentage difference in revenue per available capacity and occupancy for 32 campsites, relative to their competitive sets, over a period of three years. The result shows that lowering the prices will give campsites higher occupancy rates but consequently lower performance measured by revenue per available capacity.

Keywords: revenue management; competitive pricing; pricing strategy; camping business; revenue per available capacity; RevPAC; occupancy; benchmarking.

Reference to this paper should be made as follows: Poldrugovac, K., Janković, S. and Peršić, M. (2019) 'The significance of competitive pricing and revenue management in the camping industry', *Int. J. Revenue Management*, Vol. 11, Nos. 1/2, pp.76–88.

Biographical notes: Katarina Poldrugovac is an Assistant Professor at the University of Rijeka, Faculty of Tourism and Hospitality Management, Accounting Department. She received her MA from the Faculty of Tourism and Hospitality Management, University of Rijeka and PhD at the Faculty of Economics, University of Ljubljana. She has published her research in various journals or conferences, both nationally and internationally. Her main research agenda consists of areas such as management accounting and sustainability accounting. Currently, she works as an Associate at the Croatian Hotel Industry Benchmarking project.

Sandra Janković received her PhD in Economics from the Vienna University of Economics and Business in 2001, MSc in 1997 and BS in 1993 from the Faculty of Tourism and Hospitality Management, University of Rijeka. She has 20 years of experience in accounting education in Croatia and abroad and teaches managerial accounting, SME accounting, cost accounting and revenue

management. Currently, she is the Assistant Dean for International Studies, Co-Editor-in-Chief of the *Journal Tourism and Hospitality Management* and leader of the project 'Benchmarking in the Hospitality Industry'.

Milena Peršić is a Doctor of Economic Sciences and Full Professor in Tenure, at the Accounting Department, Faculty of Tourism and Hospitality Management Opatija, University of Rijeka. She is author or co-author of a more than 200 scientific and professional contributions in journals, conferences proceedings, books and projects. She is the Head of the University Interdisciplinary Post-Graduates' specialist study 'Health Tourism', jointly organised by FMTU Opatija, Faculty of Medicine and Faculty of Philosophic Rijeka, University of Rijeka and Vice-President of the Scientific Council at the Referral Center for Health Tourism and Medical Programmed Holiday, Croatian Ministry of Health, Thalassotherapy Opatija. She has experience in the company's management in tourism and hotel business and is a winner of several awards and prizes, as well as the Croatian order for the application of science in practice.

1 Introduction

Academic articles place insufficient consideration to the financial aspects of the camping business [Brooker and Joppe, (2014), p.1] and their role in tourism development. Furthermore, there is also an evident lack of statistical data on campsites. It should be also noted that campsites are not included in the global benchmarking process and consequently there is no established database consisted of appropriate key performance indicators that would allow detailed comparison and assessment of competitiveness. Additionally, appropriate segment reporting standards, such as those developed for the hospitality industry (Hotel Association of New York City and American Hotel and Lodging Association, 2014), spa services (The International SPA Association Foundation and American Hotel & Lodging Educational Institute, 2005), restaurants (National Restaurant Association, 2012), clubs (Club Managers Association of America, 2012), marinas (International Marina Institute, 1996) are not available for camping businesses.

Camping tourism is becoming a very attractive outdoor recreational activity in different parts of the world, whether in a tent at a campground or in a recreational vehicle. Camping is an outdoor activity that allows tourists to interact with nature. The camping industry (also known as caravan parks and camping grounds industry), is about industry operators who manage: holiday parks, caravan parks and camping grounds, providing either short-term or long-term accommodation to the general public (Ibisworld, 2017). The camping industry is currently a very important and growing segment in tourist destinations, it is strongly involved in the community, and highly dependent on the environment. Camping is defined as an area for collective facilities in enclosed areas for: tents, caravans, trailers and mobile homes, under common management, with the provision of some tourist services (shop, information, and recreational activities) for both permanent and holiday camping [Demunter and Dimitrakopoulou, (2010), p.7]. Accommodation units of the current camping business on the level of 28 EU countries participating with 13% in total accommodation, although some countries have a larger percentage (Denmark 34.7%, Luxembourg 32.8%, France 27.7%, Sweden 27.3%, Norway 22.9%) (Eurostat, 2017a). In Croatia, the

camping industry represents around 23% of tourism capacity. Croatia has a total of 186 campsites, with 73,339 accommodation units that can accommodate 214,929 tourists (Ministry of Tourism, 2018).

Since there are many overlaps and synonyms for terms used in the literature and statistical publications, the relevant terminology needs to be explained, in order to understand this research. It should be emphasised that global terminology is derived from a keyword *camping or campsites* which includes the provision of accommodation in: campgrounds, trailer parks, recreational camps and fishing and hunting camps for short-stay visitors [Eurostat, (2017b), p.198]. In accordance with the current statistical classification of economic activities in the European Community (Eurostat, 2008), based on the UN classifications of the statistical commission (UNSTAT), accommodation in camping business is classified as: *camping grounds, recreational vehicle parks and trailer parks*. The term campsite is usually used as a business subject. In this research, campsites are divided into two main capacity units: camping grounds and rental accommodations. The camping ground includes all available basic accommodation units like: grounds, pitches or lots, without their own accommodation buildings where campers can place their camping equipment such as: tents, caravans, recreational vehicles or similar. This group also contains grounds where partners (tourist agencies and other partners) place their accommodation buildings (mobile homes, caravans, tents, etc...) for longer periods and rent them as their own. Rental accommodation means the campsite's own capacity with accommodation buildings that campsite rent in their own engagement and record overnights and revenue. Capacity could include: mobile homes, caravans, tents, glamping tents, apartments and other accommodation.

The camping business is currently incredibly influenced by pricing decisions of their direct competitors. This is one of the major factors in the process of determining price levels. Price settings should be part of the strategic camping business and as they must consider pricing tactics indicated by revenue management analysis. To increase the overall profitability of the camping business, revenue management should play a vital role. In the field of revenue management, there is an extensive body of literature over the last 20 years, its application in camping industry, has not received any attention in specialised academic literature (Peršić et al., 2017). Hence, our research tries to partly change this fact by concentrating on the competitive pricing in the camping business, examining the effect of competitor pricing levels on relative campsite revenue in Croatian tourism. The aim of this paper is to examine competitive pricing in the camping business, to see how different levels of pricing compared to direct competitors have an influence on occupancy and revenues in campsites rental accommodation units. Furthermore, we want to investigate how campsites fluctuation in prices affects their revenue performance.

2 Research background

In recent years, there has been an increasing interest in revenue management in the hospitality industry. Revenue management can be explained as a set of tools and actions with the aim of achieving the desirable level of a hotel's revenues and gross operating profit (GOP) by identifying the right product to the right customers, at the right time, via the right distribution channel, at the right price and with the right mean of communication (Ivanov and Zhechev, 2012; Kimes and Wirtz, 2003; Peršić et al., 2017; Talluri et al., 2008; Van Ryzin and Talluri, 2005). It also means selling products and services to the

most profitable mix of guests that generate the maximum revenue and optimal financial result. Ivanov and Ayas (2017, p.12) present revenue management as a system that includes four structural elements: data and information, revenue centres, software and tools, and revenue management process and team. Revenue management tools include a variety of instruments categorised into three groups: price oriented instruments (price discrimination, dynamic pricing, early bird, last minute, rate parity, lowest price guarantee, price framing, discounting, etc.), non-pricing instruments (overbooking and over-contracting, room availability guarantees, length of stay, control, 100% satisfaction guarantee) and combined instruments such as channel management and optimal room rate allocation (Ivanov, 2014).

The pioneer of today's revenue management was the airline industry, introducing yield management in the beginning of the 1980s. The hotel industry followed, namely through the implementation of yield management as a tactical approach to room management. Revenue management has been evolved today, in a strategically oriented and consumer focused discipline. The innovations in information technology and the development and growth of online travel agencies in hospitality industry have also transformed yield management into total revenue management. Namely, the following fact that asset management plays a more important role in the hospitality industry, revenue management is expanding in all other departments within the hotel industry (food and beverage, SPA, function space, sport, etc....) The most significant modification in hotel revenue has been its development from a tactical inventory management method to a more strategic marketing instrument, as well as the way key performance indicators in revenue management are measured, through internal and external measurement framework (Kimes, 2016; Peršić et al., 2017).

The shift from a tactical to a strategic focus, creates new challenges for revenue management, especially in the field of pricing where decisions must consider a multitude of factors such as occupancy, price sensitivity of demand, but also competitive price positioning. Pricing strategy is one of the key drivers that affect hotel performance. Development of OTA market has transformed the pricing process and increased the price dispersion or range between the uppermost and lowermost prices. According to Kim et al. (2014), a growth in online price dispersion will lead to a decline in the overall average daily rate (ADR). Further, price dispersion has enabled hotels to increase occupancy, but also to practice dynamic pricing or setting prices according to the reservation time, current hotel occupancy and competitor's rate. As a consequence to dynamic pricing, high-priced customers would pretend to have low willingness to pay to avoid paying higher rates and benefiting from lower room rates. Therefore, hotels should group customers into different market segments according to their perception of the value of room using opaque channels to offer discounted rates in an undisclosed way to price-sensitive customers (Al-Shakhsheer et al., 2017). On the other side, many hotels utilise rate parity which means that the final room rate is identical for all distribution channels for all costumers. Consequently, rate parity reduces price dispersion across channels, which leads to better hotel performance.

Although, most empirical studies on price dynamics concern airline industry, analysis of hotel industry is more related to the booking method and other price discrimination strategies. Abrate et al. (2012) find that the large majority of hotels use some form of dynamic pricing, what supports the thesis that price adjustments are frequent over the entire time period that is considered. Their results show statistically significant opposing

price trends for the business and leisure segments (mid-week and weekend) and for different star ratings. Namely, in a price decreasing scenario (mid-week) the high star hotels present more consistent prices, protecting their image using premium price strategy. On the other hand, the low star hotel categories tend to attract a quantitatively broader segment of customers using the discount techniques. The impact of tangible, reputational and contextual variables on dynamic pricing, with the interplay between strategic and tactical dimension was researched by Abrate and Viglia (2016). They proved that tactical price decisions tend to be heavily influenced by the informational power of contextual variables, while the reputations of online customers' review play an increasing role in price decisions.

The manner in which companies select their prices and time guarantees in a competitive market was analysed by So (2000). Using a stylised model and numerical study, the author explores the interaction between price and delivery time guarantees and their impact on the competition to illustrate how companies would choose their pricing strategy. The research results suggest that different characteristics of the company play a key role in differentiating their services in a time-sensitive market. Additionally, as time-attractiveness of the market growing, firms compete less on price and company's equilibrium prices increase as a result.

Competitive price positioning has become an important element of revenue management nowadays. Lately, the manner in which competitive data is reported and used to make decisions about prices has notably transformed. A large amount of complex data is accessible through various rate shoppers. These data enables businesses to keep track with industry trends and helps managers to make informed decisions in their effort to raise profitability and outperform competitors. Tracking the competitor's prices has become a crucial element in forming a pricing reference system (Enz and Canina, 2005). Rate shopping tools enable revenue managers to view competitor's future prices and also supply them with rich, historical data. Knowledgeable hotels use this data to analyse: pricing strategy, price sensitivity and channel strategy, and to develop powerful price optimisation capabilities (Cross et al., 2009). The competitive pricing is associated with strategic price positioning and it discloses long-term position of hotels in regard to its competition. It indicates the achieved performance depending on the pricing strategy used: discounting pricing strategy (pricing below the competition) versus a premium pricing strategy (pricing above the competition). Noone et al. (2013) suggest that the two key dimensions of the strategic pricing are price position and price fluctuation which are relevant to the competition. While the relative price position represents the mean value of the average daily price achieved by a certain hotel in relation to its competitive set, the relative price fluctuation characterises a measure of relative variability in an ADR over time. Various authors have investigated the impact of the price position and price fluctuation on business performance. This topic has been comprehensively explored by different authors. Their studies examine whether an explicit strategic way to avoid tactical price fluctuations and to go against discounting policies of stealing market shares in the short-term period by pricing below competitors actually pays off (Enz et al., 2016; Noone et al., 2013). In their studies, they explore different samples (hotels in European countries, the USA, Asia) in different periods, to the extent to which hotel prices compared to its competitive set (lower or higher), along with price variations, have influenced on hotel performance, measured by the revenue per available room. They also examine whether hotels that set their prices higher than their direct competition achieve better performance in the long-term. In their studies, they found that hotels with the

consistent pricing strategy and higher ADR than of their competitive set, likewise achieve a relatively higher revenue per available room. On the other hand, hotels that maintained lower prices to increase occupancy, in comparison to their competitors, reach the lowest comparative revenue per available room. Their research results suggest that the large price fluctuations will shrink revenue performance. The reason is that price variability has an impact on customer risks and perceptions of the brand equity. Their research also points toward the fact that revenues are more intensely affected by the ADR rather than by the occupancy, and that premium pricing strategy results in relatively higher revenue per available room. They further argue that a consistent pricing strategy, with a greater relative price position than of its direct competitors, is very important for pricing success.

Al-Shakhsher et al. (2017) investigated the differing effects of competitive pricing strategies on the results of hotels operating in bad political conditions. They also suggest that implementing a premium pricing strategy, as opposed to a discount pricing strategy, is the most appropriate way for improving hotels long-term financial results, particularly when hotel demand is relatively inelastic.

Singh et al. (2014) extended the prior research by examining the relationship between top-line operating hotel performance and bottom line measures of hotel profitability. They confirmed the thesis that ADRs and occupancy are significantly and positively related to GOP per available room and net operating income per available room, whereby the ADR appears as a stronger predictor and better measure of revenue per available room and bottom-line profitability.

The opinion that the optimal strategy for hotels is maintaining stable rates to reduce price variability also investigated by Viglia et al. (2016) and according to lab and field experiments, they analysed the impact of competitor's prices on the reference price, exploring internal and external aspects of reference prices. Their results advise that hotels should be prudent in cutting their rates to affect the reference price, even from a short-term perspective. The more frequent and longer hotel room rates are reduced and the more expected the discounted rate is to transform into the reference price, the more challenging it will be to get back value in the guest's perception.

Although, competitive pricing has been extensively researched in the hotel industry, this kind of research has been neglected in the area of camping businesses. Namely, camping sites have as similar characteristics as hotels. They have the same characteristics, such as product perishability, limited capacity, high fixed and low variable costs, high seasonality, the possibility to forecast demand and advanced booking. Despite these circumstances, there is no evidence in academic papers that revenue management and competitive pricing have been explored in the camping business.

3 Methodology and sample

Research has been carried out on a sample of 32 campsites in Croatia. Data was collected from the Croatian Benchmarking Project database (Hotel Benchmarking, n.d.). This is a project that was launched in 2010 by the Faculty of Tourism and Hospitality Management, at the University of Rijeka and supported by the Croatian Chamber of Commerce and the Croatian Tourist Board. Its aim is to collect business data and benchmark the results with direct competitors, as well as to provide various sectors analysis. Currently, in addition to camping businesses, it collects data and provides

benchmarking for Croatian: hotels, marinas, hostels, health resorts and special hospitals. As a result of this, they can be seen as one of the pioneers in the world's hospitality benchmarking. Due to the privacy contract, we are not able to name the campsites participating in the research. Instead of camping grounds, we investigated rental accommodation units in the campsites. These mainly included mobile homes, but also caravans, tents, glamping tents and all other accommodation (such as small wooden houses, bungalows and apartments) for which revenues are recorded separately.

While on the yearly basis campsites enter data about available capacity for rental accommodation and camping ground units, on the monthly basis they submit the following data: overnight stays and arrivals, capacity sold and accommodation revenue, always separate for rental accommodation and camping ground units. Once a month, campsites receive a competitive set report which consists of the following indicators: occupancy rate, average length of stay, double occupancy factor, ADR, revenue per available capacity (RevPAC) and revenue per overnight stay. All indicators are reported for the rental accommodation, camping grounds and entire campsite.

Campsites in Croatia operate mostly for seven months of the year. Table 1 shows the main performance indicators for Croatian campsites in 2017.

Table 1 Croatian campsites main performance indicators

<i>Indicator</i>	<i>Campsite</i>	<i>Rental accommodation</i>	<i>Camping ground</i>
Occupancy rate	33%	36%	32%
ADR (in US dollars)	43.65	95.71	35.08
RevPAC (in US dollars)	14.76	47.94	11.42
Annual RevPAC (in US dollars)	4,920.63	16,438.57	3,423.17
Av. length of stay	5.56 days	5.42 days	5.55 days

Campsites average occupancy rate is 33%, rental accommodation units have a higher occupancy rate (36%) in comparison to the camping grounds units (32%), with a highest occupancy rate in July (81%) and August (89%). The average length of stay is 5.56 days. The ADR for all units is 43.65 US dollars, where for rental accommodation it is higher than for the camping grounds (95.71 US dollars vs. 35.08 US dollars). The highest ADR campsites achieve in August (58.57 US dollars), whereby rental accommodation reaches 170.32 US dollars and camping grounds only 41.09 US dollars. The daily RevPAC is on a yearly basis low, only 14.76 US dollars (47.94 US dollars for rental accommodation, 11.42 US dollars for camping grounds). Consequently, the highest daily RevPAC campsites is achieved in August, 51.58 US dollars for campsites, 149.68 US dollars for rental accommodation and 36.82 US dollars for camping grounds. The annual RevPAC (net revenue generated during the year per accommodation unit) amounts to 4,920.63 US dollars, and it is higher in the rental accommodation units (16,438.57 US dollar) and lower in the camping ground units (3,423.17 US dollars).

For the purpose of this research, monthly data was analysed from May till September for the years 2015 to 2017. The reason why other months were not taken into consideration was because due to weather conditions, campsites mostly do not operate. Data collected from the Croatian Benchmarking Project database included monthly information about available and occupied accommodation units and revenues. From that, monthly data indicators such as occupancy, ADR and RevPAC were calculated for each

individual campsite. From the rental accommodation units' revenues and available units, we calculated RevPAC of the campsites. It is a metric that shows companies' performance and it is widely used as a benchmark. ADR is a key indicator that reports on average rental accommodation revenue per occupied rental accommodation units. Occupancy shows the ratio between sold rental accommodation units and rental available accommodation units.

Following the methodology of Enz et al. (2016) a competitive set was created for each campsite. The campsites in the competitive set were chosen by the campsites themselves when joining the project. Campsites selected their competitors on the basis of a product type-approach (Peteraf and Bergen, 2003) that is the competitors that offer a similar type of product and services as the campsite itself. Moreover, another important factor in competitor's selection is the ADR, while it indicates campsites' current competitive position from the customers' standpoint (Kim and Canina, 2011). A minimum of four campsites were in each competitive set with the intention of ensuring anonymity and privacy. In order to examine if each campsite can compare itself with the appropriate competitors, we followed the methodology (Enz et al., 2015, 2016) where the campsites whose RevPAC performance was not within one standard deviation of their competitive sets RevPAC, were excluded from the further analysis. Moreover, each campsites' accommodation capacity in its own competitive set cannot be over 50% of the set's overall capacity, neither campsites under the same ownership or brand cannot have over 60% of accommodation supply in a competitive set. This procedure secures that campsites are comparing themselves with the appropriate competitors. After this selection, the final sample consists of 270 campsites months' data altogether.

To examine the effect of price position on occupancy and revenue performance we used an ADR, occupancy and RevPAC percentage differences. As in the previous studies in the hotel industry (Enz et al., 2015, 2016), percentage differences (market penetration index) were calculated for each indicator as a result of comparing the campsite indicator with the average result of the competitive set. Additionally, we applied the methodology of Noone et al. (2013), research carried out on hotels, to calculate the price fluctuation as a standard deviation of the monthly average daily price of the competitive set.

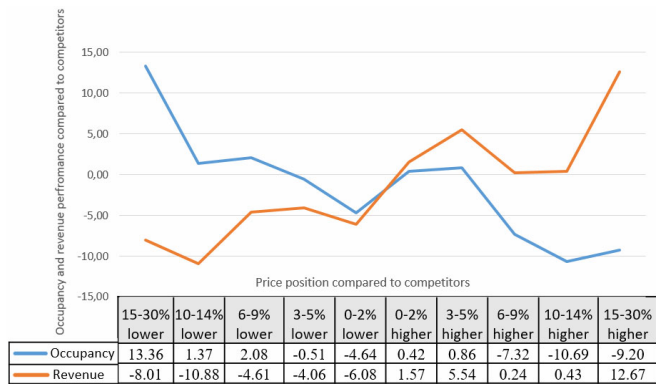
4 Research results

Occupancy for our sample in the campsites ranged from 5.81% low season months to 100% in peak season months, with a mean of 67.76%. The average daily price of mobile homes was 110.32 US dollars, the lowest price recorded was 23.65 US dollars and the highest price 353.65 US dollars. Revenue per available mobile home ranged from 4.13 US dollars to 342.22\$ US dollars with an average of 81.90 US dollars. Revenue performance as percentage difference in RevPAC compared to competitors ranged from a minimum of 29.82% lower than the competitors to 29.51% higher than their competitors, while the mean is 2.19% lower occupancy than the competitors. Regarding price position as percentage difference in ADR compared to competitors, campsites minimum value was 28.07% lower ADR than the competitors, the maximum value was 29.92% higher ADR compared to the competitors and the mean value was 0.22% higher ADR than the competitors. Considering occupancy performance as percentage difference in occupancy in comparison to competitors, the lowest performing campsite had 29.78% lower

occupancy than the competitors, the highest performing campsite had 29.84% higher occupancy than the competitors, while the mean was 1.77% lower occupancy than the competitors.

To compare the campsites' pricing strategies, campsites are grouped into ten separate pricing categories from 0 to 30%, depending on how the campsites position themselves among their competitors. There are five distinct groups of campsites who have achieved lower prices and five groups for the campsites with a higher price position compared to their competitors (Figure 1).

Figure 1 Revenue, price and occupancy performance for campsites rental accommodation (see online version for colours)



The research shows that campsites with rental accommodation have 6 to 30% lower prices, experience higher occupancy rates, nevertheless their revenue per available rental accommodation is lower from 4.61 to 10.88% compared to their direct competitors. Rental accommodation is priced from 6 to 30% higher than their competitors, they have from 7.32 to 10.69% lower occupancy. However, they generate higher RevPAC. Campsites with slightly higher daily rates (up to 5%), do not experience lower occupancy, but still obtain higher RevPAC. The campsites that lower their prices (up to 6%) did not manage to attract more guests, that is, they have lower occupancy and consequently lower RevPAC.

In the second step we tested if the price position, occupancy performance and price fluctuation have had any effect on revenue performance. Regression analysis was used to test the effect and is specified by the following equation.

$$\text{Revenue performance} = \alpha + \beta_1 \text{ Price position} + \beta_2 \text{ Occupancy performance} + \beta_3 \text{ Price fluctuation} + e$$

where

Revenue performance percentage difference in RevPAC compared to competitors

α constant

β coefficient

Price position	percentage difference in ADR compared to competitors
Occupancy performance	percentage difference in occupancy compared to competitors
Price fluctuation	degree of variation in ADR compared to competitors
e	error.

The results of regression analysis are shown in Table 2.

Table 2 The regression analysis results

<i>Variable</i>	<i>Coefficient</i>	<i>Standard error</i>	<i>Sig.</i>
Constant	-0.615	0.506	
Price position	0.982	0.023	0.000
Occupancy performance	1.106	0.024	0.000
Price fluctuation	-0.007	0.004	0.759
R-square	0.866		
Adjusted R-square	0.864		
F	571.893		0.000

Note: Dependent variable: revenue performance.

The overall tested model is statistically significant ($F = 571.893$; $p < 0.001$). The observed model R^2 value demonstrates that there is a good fit to the data and the price position and occupancy performance have a positive association to RevPAC performance ($\beta = 0.982$ and $\beta = 1.106$ respectively). As in the previous studies in hotel industry (Enz et al., 2015; Noone et al., 2013), the price fluctuation has a negative coefficient meaning that the larger the fluctuation, the lower the revenue performance. Nonetheless, price fluctuation does not have any statistically significant influence on RevPAC performance.

5 Discussion

To our knowledge, this is the first study that considers the impact of competitors pricing actions on the revenue performance in campsites. The field of revenue management in the camping industry has not been sufficiently investigated. Our findings confirm previous research in the hospitality industry (Enz et al., 2015, 2016). This study continues to support the idea that lowering prices will give campsites higher occupancy rates but consequently lower revenue. Previous research that followed hotels pricing behaviour over a three-year period, indicated that hotels that shifted from lower to higher pricing benefited in higher revenue per available room, while hotels that lowered their prices compared to the previous years, resulted in declining revenue per available room (Enz et al., 2015, 2016).

Businesses are inclined to think that dropping their prices will boost the demand for their product or service. Increased demand should consequently generate more revenue. Our research disputes this notion. It is misleading to assume that higher occupancy levels will likewise reflect on revenue growth, that is that increased numbers of guests will have as an outcome better revenue per available room results. So lowering the prices should be

considered as a poor strategic pricing choice. It is important to emphasise that for campsites, as well as for other industries, once prices are lowered, it is very difficult to raise them again. Lowering prices in order to gain market share in a low demand period, could trigger undesirable behaviour among competitors. If others also follow the example and lower their prices, this could create a negative domino effect which will as a result, be a loss not only for the campsite but for the whole industry. The right approach for the campsites should be to maintain their prices above their competitors. By doing this, campsites will make a loss on their occupancy but gain in higher revenues. It is important to emphasise, reaching better results is not merely raising prices, but the level of quality of services and products in campsites should be in line with this changes.

Campsite business has to have a clear vision regarding what they want to achieve and how they want to be perceived, in order to reach their primary strategic goals. Our research should serve camping business managers as a roadmap to their operations. Understanding these results will provide answers on the reaction of guests to different pricing strategies.

6 Closing remarks

Revenue management has evolved to its existing position as common business practice and a research field in a wide range of industries, not only airlines and hotels, but also restaurants, golf courses, shopping malls, telephone operators, conference centres (Ivanov, 2014) marina business (Janković and Vlašić, 2018) and other industries. Revenue management in the camping industry has not received suitable attention (Peršić et al., 2017). Thus, the contribution of this paper is in extending the literature by investigating how relative price position and relative price fluctuation influences performance in the campsite business. Managers in the camping business need to determine the best pricing strategy for maximising performance, especially during a low-demand period. However, the strategy can be established on price stability or can be founded on changing the price category relative to their direct competitors. Notably it is important to be aware of the growing or decreasing prices relative to the competition, contributes more to RevPAC growth. This research proves that lowering prices will give campsites higher occupancy rates but consequently lower revenue performance.

Since academic research has engaged relatively little consideration to the financial performance of the camping business and that relevant standards for internal reporting do not exist, this research presents an important contribution to the existing literature.

Considering the limitations of the study, one of the main aspects is the sample size, while the research has been done on 31 campsites in one country. The sample should be extended and other countries included. It would be interesting to see if the results differ if the research is done on countries that do not have seasonal business activities. This study does not take into account other sources of revenue (food and beverage and other services) and this should be extended in the future studies. Lowering the price and experiencing higher demand may not have a positive influence on RevPAC, but it could positively affect the total RevPAC, while more guests use food and beverage and other services offered. In future, it is planned to include camping grounds in the research. Perspective research could also be in campsites segmentation by quality, location, brand affiliation and similar.

References

- Abrate, G. and Viglia, G. (2016) 'Strategic and tactical price decisions in hotel revenue management', *Tourism Management*, Vol. 55, pp.123–113.
- Abrate, G., Fraquellia, G. and Viglia, G. (2012) 'Dynamic pricing strategies: evidence from European hotels', *International Journal of Hospitality Management*, Vol. 31, No. 1, pp.160–168.
- Al-Shakhsheer, F.J., Habiballah, M.A., Al-Ababneh, M.M. and Al-Sabi, S.M. (2017) 'Financial implications of competitive pricing strategies: evidence from the Jordanian hotel industry', *Business Management Dynamics*, Vol. 7, No. 5, pp.16–26.
- Brooker, E. and Joppe, M. (2014) 'A critical review of camping research and direction for future studies', *Journal of Vacation Marketing*, Vol. 20, No. 4, pp.1–17.
- Club Managers Association of America (2012) *Uniform System of Financial Reporting for Clubs*, Club Managers Association of America, Alexandria, Virginia.
- Cross, R.G., Higbie, J.A. and Cross, D.Q. (2009) 'Revenue management's renaissance: a rebirth of the art and science of profitable revenue generation', *Cornell Hospitality Quarterly*, Vol. 50, No. 1, pp.56–81.
- Demunter, C. and Dimitrakopoulou, C. (2010) *Camping Holidays in the European Union – Eurostat Statistics in Focus 25/2010* [online] <https://ec.europa.eu/eurostat/documents/3433488/5565036/KS-SF-10-025-EN.PDF/f326026c-0624-46b7-bcea-77522af3f698?version=1.0> (accessed 17 May 2016).
- Enz, C.A. and Canina, L. (2005) 'An examination of revenue management in relation to hotels' pricing strategies', *Cornell Hospitality Report*, Vol. 6, No. 5, pp.6–13.
- Enz, C.A., Canina, L. and van der Rest, J.P. (2015) 'Competitive hotel pricing in Europe: an exploration of strategic positioning', *Cornell Hospitality Report*, Vol. 15, No. 2, pp.6–16.
- Enz, C.A., Canina, L. and van der Rest, J.P.I. (2016) 'Hotel strategic pricing in Europe: a 10-year exploration of competition', *International Journal of Revenue Management*, Vol. 9, Nos. 2–3, pp.92–107.
- Eurostat (2008) *NACE Rev. 2 – Statistical Classification of Economic Activities in the European Community*, Office for Official Publications of the European Communities, Luxemburg [online] <https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF> (accessed 13 December 2017).
- Eurostat (2017a) *Eurostat Regional Yearbook – 2017 Edition* [online] <https://ec.europa.eu/eurostat/documents/3217494/8222062/KS-HA-17-001-EN-N.pdf/eaebe7fa-0c80-45af-ab41-0f806c433763> (accessed 19 July 2018).
- Eurostat (2017b) *Tourism Statistics – Annual Results for the Accommodation Sector* [online] http://ec.europa.eu/eurostat/statistics-explained/index.php/Tourism_statistics_-_annual_results_for_the_accommodation_sector#The_tourist_accommodation_sector_continues_growing_in_terms_of_nights_spent (accessed 10 January 2018).
- Hotel Association of New York City and American Hotel and Lodging Association (2014) *Uniform System of Accounts for the Lodging Industry*, 11th ed., American Hotel and Lodging Educational Institute, New York.
- Hotel Benchmarking (n.d.) [online] <http://www.hotel-benchmarking.com/> (accessed 22 September 2017).
- Ibisworld (2017) *Caravan Parks and Camping Grounds in Australia: Market Research Report* [online] <https://www.ibisworld.com.au/industry-trends/market-research-reports/accommodation-food-services/caravan-parks-camping-grounds.html> (accessed 5 May 2018).
- International Marina Institute (1996) *Uniform System of Accounts for Marinas and Boatyards*, International Marina Institute, Washington, DC.
- Ivanov, S. (2014) *Hotel Revenue Management: from Theory to Practice*, Varna, Zangador.

- Ivanov, S. and Ayas, Ç. (2017) 'Investigation of the revenue management practices of accommodation establishments in Turkey: an exploratory study', *Tourism Management Perspectives*, Vol. 22, pp.137–149.
- Ivanov, S. and Zhechev, V. (2012) 'Hotel revenue management – a critical literature review', *Tourism*, Vol. 60, No. 2, pp.175–197.
- Janković, S. and Vlašić, D. (2018) 'Developing a benchmarking methodology for marina business', *Tourism in Marine Environments*, Vol. 13, Nos. 2–3, pp.141–154.
- Kim, J.Y. and Canina, L. (2011) 'Competitive sets for lodging properties', *Cornell Hospitality Quarterly*, Vol. 52, No. 1, pp.20–34.
- Kim, W.G., Cho, M., Kim, D. and Shin, G-C. (2014) 'The effect of price dispersion on hotel performance', *Tourism Economics*, Vol. 20, No. 6, pp.1159–1179.
- Kimes, S. (2016) 'The evolution of hotel revenue management', *Journal of Revenue and Pricing Management*, Vol. 15, Nos. 3–4, pp.247–251.
- Kimes, S.E. and Wirtz, J. (2003) 'Has revenue management become acceptable? Findings from an international study on the perceived fairness of rate fences', *Journal of Service Research*, Vol. 6, No. 2, pp.125–135.
- Ministry of Tourism (2018) *Popis kategoriziranih turističkih objekata u Republici Hrvatskoj* [online] <https://mint.gov.hr/kategorizacija-11512/11512> (accessed 10 September 2018).
- National Restaurant Association (2012) *The Uniform System of Accounts for Restaurants*, 8th ed., Pearson Education, USA.
- Noone, B.M., Canina, L. and Enz, C.A. (2013) 'Strategic price positioning for revenue management: the effects of relative price position and fluctuation on performance', *Journal of Revenue and Pricing Management*, Vol. 12, No. 3, pp.207–220.
- Peršić, M., Janković, S. and Bonifačić, J.C. (2017) 'Integrated reporting as a trend and challenge for benchmarking and competitiveness of the camping business', in *ToSEE-Tourism in Southern and Eastern Europe*, Vol. 4, pp.451–468, Faculty of Tourism and Hospitality Management, Opatija.
- Peteraf, M.A. and Bergen, M.E. (2003) 'Scanning dynamic competitive landscapes: a market-based and resource-based framework', *Strategic Management Journal*, Vol. 24, No. 10, pp.1027–1041.
- Singh, A., Dev, C.S. and Mandelbaum, R. (2014) 'A flow-through analysis of the US lodging industry during the great recession', *International Journal of Contemporary Hospitality Management*, Vol. 26, No. 2, pp.205–224.
- So, K.C. (2000) 'Price and time competition for service delivery', *Manufacturing & Service Operations Management*, Vol. 2, No. 4, pp.392–409.
- Talluri, K.T., Van Ryzin, G.J., Karaesmen, I.Z. and Vulcano, G.J. (2008) 'Revenue management: models and methods', in *Proceedings of the 2008 Winter Simulation Conference*, IEEE, Miami, FL, pp.145–156.
- The International SPA Association Foundation and American Hotel & Lodging Educational Institute (2005) *Uniform System of Financial Reporting for Spa*, ISPA, American Hotel & Lodging Educational Institute, New York.
- Van Ryzin, G.J. and Talluri, K.T. (2005) 'An introduction to revenue management', *INFORMS Tutorials in Operations Research* [online] <https://pubsonline.informs.org/doi/pdf/10.1287/educ.1053.0019> (accessed 12 May 2018).
- Viglia, C., Mauri, A. and Carricano, M. (2016) 'The exploration of hotel reference prices under dynamic pricing scenarios and different forms of competition', *International Journal of Hospitality Management*, Vol. 52, pp.46–55.