A Work Project, presented as part of the requirements for the Award of a master's degree in Management from the Nova School of Business and Economics.

CONSULTING LAB FOR INDIE CAMPERS: OPTIMIZING INVENTORY AND PRICING STRATEGIES FROM A REVENUE MANAGEMENT PERSPECTIVE.

Possible Scenario in Revenue Management

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Abstract

The consulting project discussed in this thesis was conducted with the Portuguese company Indie Campers, which offers road trips throughout Europe, US, and Oceania. To guide its revenue management function, the client relies on demand forecasting, and stock and price management. This paper aims to provide a deep understanding of the current pricing and stock planning, current processes and management capabilities in the Revenue management function at Indie Campers. To understand the Revenue management functioning, a literature review of the most important concepts is provided. After diagnosing, analysing, and experiencing the use of the current processes and capabilities at Indie campers, a glossary, and a playbook are conceptualized. These approaches serve as a guideline with the aim of, respectively, formulating and structuring the most important concepts, and elaborating the key steps and best practices for effectively solving revenue management related challenges at Indie Campers.

Keywords: Strategy Consulting, Revenue Management, Pricing Strategies, Stock Management, Glossary, Playbook

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Table of Content

List of Figures

Acronyms:

1P: First-Party

3P: Third-Party

CA: Cruise America

CAC: Customer Acquisition Cost

CAN: Canada

CPC: Cost per Click

CVR/ CR: Conversion rate

DE: Date Entered

DO: Drop-Off

EU: Europe

GMV: Gross Margin Value

IC: Indie Campers

KM: Kilometre

KPI: Key Performance Indicators

OPS: Operations team

PU: Pick-up

RM: Revenue Management

RMS: Revenue management System

RV: Recreational Vehicle

SEM: Search Engine Marketing

SEO: Search Engine Optimization

SM: Super Major

UK&I: United Kingdom and Ireland

US: United States

WOW: Week-on-Week

WP: Work Project

YTD: Year to Date

1. Executive summary

Indie Campers is an online platform that competes in the recreational vehicle (RV) market across Europe, UK&I, Nordics, Oceania, and North America. The company's goal is to make leisure road trips accessible to everyone through its services which include RV rental (own fleet and marketplace), and RV sales. Since its inception in 2013, Indie Campers has cemented a reliable booking process and delivers high-quality road trip experiences at competitive prices, largely as a result of its customer-centric approach and innovative use of technology. Running a rapidly expanding and dynamic enterprise like Indie Campers presents unique challenges. The organization's success relies heavily on the efficacy of the revenue management team, whose primary role is to ensure optimal pricing and supply of the company's RV rental services to maximize sales and profitability. Given the fast-paced, growth-oriented nature of the business, this team is tasked with the prompt and judicious allocation of RVs across different countries in line with current demand. This allocation ensures a balanced vehicle stock and optimizes the organization's revenue. In order to achieve these objectives, the revenue management team utilizes advanced strategies and tools, including pricing and stock algorithms, and demand forecasting models to assess market trends and adjust pricing and inventory levels as required.

Consequently, the overriding challenge was presented: **Can Indie Campers upgrade its revenue management capabilities by improving stock and price planning and management capabilities accordingly?** In response to this challenge, the team of consultants worked closely with the company's RM team to investigate the current situation and provide a solution to the problem. The project was divided into three phases: Initial Contact and Diagnosis, Analysis, and Playbook Conceptualization and recommendations. Throughout the analysis phase, a rigorous investigation and evaluation were carried out to assess the existing processes and tools utilized by Indie Campers for revenue management. The findings emphasized the importance of comprehensive documentation and precise articulation of key concepts, tools, and best practices in revenue management.

As a result, the consultants produced a glossary of frequently used concepts and formulas, a detailed breakdown of the general principles and pillars of revenue management at Indie Campers, and a playbook. These deliverables are designed to equip both new and existing employees with the tools necessary to address trading issues effectively, thereby ensuring the sustainability and effectiveness of the proposed solutions. The consultants also delineated a series of recommendations to facilitate ongoing development within the RM function at Indie Campers.

2. Context and Governance

The Consulting Lab serves as a final thesis format that simulates a real-world consulting project. It involves a team of four students working together to address a specific business problem. This program aims to benefit both the participating company and the student group. Students gain hands-on experience by applying what they've learned during their Master's program, while the company receives a fresh, external perspective on their situation. The company also benefits from having the students work on-site daily, ensuring a thorough understanding of the challenge at hand and successful delivery of the final output, which includes problem identification and fitted solutions.

One advantage of this thesis format is that it allows students to experience working in a protected environment without the full responsibilities of an employee. Moreover, it provides value to the company by offering an unbiased, and neutral opinion from external observers.

As part of the context and challenge of this project that will be further developed in the following sections, students' main study and focus concerns the RM department at IC. The aim is to help the RM team develop a general set of best practices, determine, and formulate processes and rules which can be used for revenue optimization's purposes. This approach will enable the company to become more flexible and proactive when new RM challenges emerge. To achieve this objective, the student consultants worked alongside the RM team at IC's site from February to May, fostering effective communication, understanding IC's RM principles, and aligning with the client's goals.

2.1. Project Challenge

Over the past few decades, there has been a significant shift in customers' booking behaviour in the tourism industry patterns. Historically, before the widespread of online platforms, travel agents were responsible for providing customers with information regarding booking activities, booking accommodations, booking flights, booking rates, and booking availabilities. Leisure travellers tended to book much more in advance in comparison to nowadays (Jasperina and Ellen 2020). However, with the rise of Internet, online booking platforms have become widely available to everyone, giving customers unprecedented access to very accurate travel information. As a result, consumer booking behaviour has shifted towards a customer centric-online approach which has caused changes in booking windows and changes in lead times (the time between the booking and the date of travel). Consequently, this change in booking behaviour has created new challenges for the tourism industry and more specifically to the RM team.

IC, as an online platform for RV rentals, has had to adapt their entire supply chain and product offering to this change in consumer behaviour. The challenge now lies in increasing revenues in an environment where bookings are more accessible than ever, and last-minute travel is more frequent. Revenue optimization is the primary focus of any RM team. This evolution has presented various challenges for IC's RM functions, requiring a deeper understanding of potential demand and customer behaviour. Understanding these concepts is essential for an effective RM approach. Focusing on RM helps organizations achieve accurate revenue planning results. Studies show that approximately 90% of firms fail to implement their revenue goals, and 61% of organizations lack financial performance strategies (Pfeiffer 2021).

Companies like IC can outperform their competition by effectively understanding customer behavior, optimizing their products and prices accordingly and considering booking capacity and internal capabilities. Businesses that employ efficient RM techniques make better decisions regarding pricing, distribution, inventory optimization, and profit maximization (Possamai 2022). The mission of any RM team in the tourism industry, including IC, is to sell at the highest possible price around a week before the customer's travel date, instead of overselling at a lower price several weeks or months in advance.

2.2. Project Goals – Objectives

The team defined a set of goals and objectives to be met by the termination of the project in collaboration with IC. Until this point, the consultants had several meetings with Pedro Correia, head of Finance and RM to define the key focal points to be addressed and what to be included in the final playbook. The structure and approach agreed by the team of consultants and the client will be presented in detail in the methodology section and will examine in depth the principles, analysis, problem, solution, implementation, and results. The next section discusses the defined aims, objectives and the project scope selected to achieve these goals.

2.2.1. Goals

Project goals and objectives are two critical concepts often used interchangeably, but they hold distinct meanings within project management. Both are essential elements of a project's overall plan, serving different purposes and varying in specificity. Project goals represent the broad, high-level outcomes that the project aims to achieve. They define the project's general purpose and scope and articulate the anticipated results or benefits the project will deliver. The strategic objectives or operational needs of the company form the basis for project goals, which are typically established at the project's outset. Goals should adhere to the SMART framework, being specific, measurable, achievable, relevant, and time bound (Wrike n.d.). The client and consultants identified a primary goal: "to upgrade IC's RM by optimizing commercial planning and trading techniques and processes." This goal was divided into two parts:

The first part involves a situation analysis, which includes understanding the company's operating environment and benchmarking best practices. The second part focuses on creating, implementing, and documenting strategies, processes, and tools for effective Commercial Planning & Trading. These two goals are closely related: in the first case, consultants can gain relevant experience in IC's RM process and practices, and, in addition, can provide the company with an external perspective on existing tools, practices, and analyses. Accordingly, while the team of consultants learn the company's existing practices on how to optimize RM, consultants can also question these latter's and suggest new alternatives. The second goal is a consequence of the first one and relates to the success of the second phase. By conducting analysis to find possible outliers in the existing RM process, consultants can more easily create well-written and formulated standardized processes of the analysis already performed and learnt. These new tools would then be shared with the client who successively will share them with new joiners and current employees. New RM employees will benefit from rapid learning once all these new procedures and processes are set in place. The purpose of the whole activity is to automate, standardize, and increase the rapidness of RM's decision making (Neumeyer n.d.).

2.2.2. Project Objectives

Project objectives are quantifiable, time-bound, and highly specified goals that are intended to support the accomplishment of the project's aims. The project's objectives are used to clarify what the project aims to achieve, and they are used to provide a clear direction for the project team. Project objectives often cover the project's essential features, such as deliverables, timeframe, quality, and expectation of the output. Throughout the project's lifetime, they act as a reference point for the project team to ensure that the project remains focused and on track. Project objectives are often associated with the organization's or project sponsor's general aims and strategic objectives. (Wrike n.d.).

Project objectives are more specific than project goals, offering a roadmap for achieving the project's aims. They must remain within the project's scope and not state the organization's overarching goal. The primary objective of this project is to optimize RM processes and tools for increasing IC's revenue streams, specifically for 1P – the 1P relationship where IC directly interacts with customers through their online platform. The steps include gaining a thorough understanding of IC' operations, comprehending, and critically analyzing the company's revenue optimization efforts and RM concepts, and using the acquired knowledge to develop logical systems and practical guidelines for implementing "a playbook." The "playbook" aims to facilitate learning for new and current RM employees. The ultimate objective is to create a logically structured guide that supports problem identification, reasoning, and decision-making for new entrants.

2.2.3. Scope

IC is divided into three business units: RV Rental, RV Sales, and Marketplace **(Appendix1).** Even though the three business units are interlinked, the team's efforts only focused on the rental unit (1P), leaving the other two units out of scope, as requested by the client.

Regarding the locations, IC operates in North America, Oceania, and EU. During the first learning phase, consultants have worked alongside the client, working broadly in all countries to understand as much as possible the general RM dynamics. Once general insights were obtained, the consultants were assigned to specific markets divided into several clusters and each consultant worked on specific clusters to increase the efficiency as well as the understanding of problems related to each market.

Finally, IC's RM team in combination with the consultants decided to focus only on two main variables: price and quantity. Therefore, some variables were excluded from the playbook such as paid marketing, CAC, gross margins per vehicles and other variables related to costs. The project's scope encompasses the creation and explanation of various logical models that can be applied to RM processes, irrespective of country, model, and other variables. Naturally, adjustments may be required for certain countries and situations.

3. Methodology

3.1. General Methodology and Calendar

As previously mentioned, this project lasted approximately three months, from February 20 to May 9, during which the team was full-time on-site. As consultants, and in accordance with the client, the project was split into three main phases: initial contact and diagnosis; analysis; and playbook conceptualization & final recommendation. The client was shown the project's calendar, which can be seen in **Appendix 2**, that visually represents the various stages and their duration. The following section gives a general overview of each phase.

3.1.1. Phase 1: Initial Contact and Diagnosis

First Contact and Diagnosis, which lasted approximately two weeks from February 20th to March 6th, was a research-intensive period designed to gather the knowledge needed as consultants to move forward with the project. The consultants used this phase to interact with IC' staff members and become acquainted with the overall internal organization of the business. This phase included delivering the Kick-Off Document and presenting a draft methodology proposal that would be used throughout the project. The breakdown of the first phase is detailed as follows:

- Company informative sessions:

IC organized several informative meetings to instruct the consulting team and provide a general overview of the issue at hand. These meetings also gave the team a high-level overview of the company's efforts in relation to the subjects that would be addressed during the project.

Appendix 3 contains a record of some of the sessions. Throughout the project, as the consultants were fully dedicated and on-site, they interacted daily with the RM team and gathered all the necessary knowledge for the project's success.

- Baseline research and industry best practices:

Consultants conducted research to gain a deeper understanding of the concepts to be applied throughout the project. The purpose of this research is to better understand the ideas, methods, and approaches that will be used throughout the project, mainly focusing on RM. Baseline research and industry best practices provide a foundation for evidence-based decision-making, ensuring that projects are built on a solid understanding of key concepts.

- Situation analysis:

The situation analysis clarified the company's current position. Consequently, the team conducted an external analysis, researching the RV market, and an internal analysis, including an overview of IC’s business model and strategy. A SWOT matrix was used to summarize the results of this stage.

3.1.2. Phase 2: Analysis

The Analysis phase lasted for 4 weeks from March 9th until April 6th during which the group had the opportunity to research and go deeper into the information presented in the company's informative sessions and daily interactions with the RM experts. The specialists extensively explored the current trading methodology as well as the decision-making procedure for effectively performing commercial planning and trading, as well as dynamic pricing. This phase comprised mainly of:

- The in-depth assessment of current processes:

The consultants researched and learned through continuous interactions with RM experts at IC about stock management, and price management. The group was treated as real employees having the opportunity to tackle the daily and weekly hurdles such as the CvR problems related to either stock or price issues. Every member of the team was responsible for the market and enhancing its revenue. Hands-on, the team got to make use of the RM techniques and Data visualization tools used in RM at IC (Tableau, Google Analytics, Excel sheets...) to better explore the challenges that arise, and suggest recommendations based on their findings to improve the current commercial planning and trading decisions at IC.

- Formulation of the RM glossary, principles, and pillars at IC:

As previously mentioned, by applying into real life what the consultants learned in the first stage, they better mastered the RM function and ended up delivering a clear formulation of a RM glossary, principles and pillars used within the company.

After the practical approach of this phase, and after the understanding of what drives the RM principles, consultants were completely aware of the healthy functioning of a successful problem-solving of a RM hurdle and, hence, were ready to confidently tackle the final deliverable (the playbook)

3.1.3. Phase 3: Playbook Conceptualization and Recommendations

Phase 3, known as Playbook Development, spanned approximately four weeks from April 10th to May 5th. During this phase, the consultant team focused on crafting the playbook—a comprehensive manual designed to guide decision-making in commercial trading and planning when navigating RM challenges at IC. The playbook offers a clear set of instructions to assist new members of the RM team in resolving trading issues effectively.

Drawing upon the key problem-solving steps identified and applied during the previous phase, the consultants were able to create a practical and user-friendly playbook. This final deliverable encompassed methods for analyzing and resolving problems, measuring post-implementation impact, and identifying best practices and optimal tools for tackling RM challenges.

To further facilitate learning for new team members and provide clarification for RM experts, the consultants included a variety of illustrative scenarios. These scenarios allowed for the standardization of essential processes and offered a clear sequence of steps to follow when addressing challenges. During this phase, the team also maintained an open line of communication with IC' Head of RM. Through the presentation of a steering document and regular meetings, the team ensured that their work consistently met the client's expectations. Phase 3 culminated in the Final Presentation, which included a glossary of terms, the principles and pillars of RM at IC, the completed playbook with recommendations, and a report detailing key findings and achievements. This comprehensive presentation served to encapsulate the work completed during this phase and throughout the project as a whole.

3.2. Literature Review

This thesis encompasses a wide range of topics that have been extensively researched, but the practical approach in this project has been grounded in on-site learning and expert interaction. Therefore, this literature review offers a succinct exploration of the key themes, like RM, hospitality industry, dynamic pricing, and demand forecasting, to understand the evolution and development of core principles.

3.2.1. RV Management and Demand Management Decisions

[Revenue Management Decisions]: RM is vital for any business seeking to maximize profitability through effective pricing and inventory allocation decisions. The concept of RM was initially introduced in the airline industry during the 1980s but has since been adopted in sectors like hotels, car rentals, and entertainment. EL Haded defines RM as a strategic methodology assisting organizations in defining appropriate distribution and pricing configurations (EL Haded 2015). Numerous studies substantiate the significant impact of RM practices on a company's financial performance.

A prevailing theme in RM research is the role of technology. Breakthroughs in areas like big data analytics and machine learning have equipped organizations with the capability to gather and process enormous amounts of data in real-time. A survey of RM literature reveals that the creation of advanced software systems capable of analyzing market trends and forecasting demand has significantly streamlined the implementation of RM. These technologies have paved the way for algorithms that simulate demand, assess uncertainties in decision-making, predict market responses, and provide optimal solutions to intricate decision-making conundrums (Talluri et Van Ryzin 2004).

However, scholars argue that to unlock the full potential of RM, a strategic approach is required. While RM algorithms aid revenue managers by offering recommendations for pricing adjustments, inventory management, and web management, they also influence decision-making processes. Ivanov et Zhechev note that while algorithms can provide valuable predictions based on optimization models, the software interface may influence revenue managers' judgment and their propensity to adjust computer-generated estimates (2011). Regardless, the final decision rests with the RM manager and their team. This review indicates a need for more academic focus on the interplay between RM software and human interactions.

The literature also emphasizes the importance of collaboration across departments, particularly with marketing, sales, and operations, for the successful implementation of an RM strategy. Scholars advocate for a cross-functional approach to ensure that pricing decisions align with the broader corporate strategy. Despite its widespread adoption across diverse industries, RM comes with its own set of challenges and critiques. The intricacy of RM systems demands a high degree of expertise and specialized software.

[Demand Management Decisions] are integral to RM. RM focuses on various demand management decisions and the necessary tools and procedures for informed decision-making, as part of managing the company's "interface with the market". Scholars concur that businesses today must navigate increasingly complex RM selling decisions. Demand management decisions become more complex as demand fluctuations (due to seasonality, shocks, etc.) increase and uncertainty about future demand intensifies. This complexity necessitates sophisticated tools to evaluate intricate trade-offs. Talluri and Van Ryzin suggest various pertinent questions to effectively implement RM, such as how a company can segment customers by offering various terms and conditions of sale that economically capitalize on their purchasing behaviors or willingness to pay. These questions encompass three main demand-management decisions addressed by RM: structural decisions, pricing decisions, and quantity decisions. Considering these questions and making informed demand management decisions can lead to optimal revenue generation. (2004).

It's noteworthy that fully encapsulating best practices in RM is challenging due to their complexity and their dependence on the company's specific context. The existing literature tends to focus more on RM in hotels or airlines rather than RV rentals.

4. Situation Analysis

4.1. Internal Analysis

4.1.1. Company Overview

IC operates in a highly competitive market but has set itself apart by focusing on customer needs and crafting a unique vacation experience. The company offers a diverse selection of campervans to cater to various travelers, including families, couples, and solo adventurers. Each campervan is designed for comfort and functionality, featuring amenities such as air conditioning, heating, and a kitchenette. In addition to campervan rentals, IC provides customers with a range of value-added services that the customers can pay for, such as airport transfers, camping equipment rentals, and 24-hour roadside assistance. Therefore, IC has two main revenue streams (**Appendix 4**); the daily rental price, and the extra/ added services it provides for its customers. Another key aspect of IC' strategy is their commitment to sustainability. The company has implemented various initiatives to promote responsible tourism, including reducing waste and carbon emissions, supporting local communities, and educating customers on sustainable travel practices.

IC has also partnered with organizations like the World Wildlife Fund (WWF) to advocate for environmental sustainability and conservation. Despite the challenges posed by the COVID-19 pandemic, IC has continued to grow its business and attract new customers. The company has introduced new safety measures to protect clients and employees while developing innovative marketing strategies to encourage domestic travel and engage local clientele. With a strong focus on innovation, customer service, and sustainability, IC is well-positioned to continue its growth and success in the campervan rental industry.

4.1.1.1. History and Growth

To gain a comprehensive understanding of IC RM strategy and the measures taken to enhance it, it is crucial to delve into the company's history, growth, and core principles.
IC was founded in 2013 in Portugal by a group of young, enthusiastic entrepreneurs with a passion for travel and adventure. They identified a market gap for affordable and accessible campervan rentals and aimed to create an international company that would make road travel more attainable for a wider audience.

The popularity of IC grew at an impressive pace, prompting the company to expand its operations beyond its initial location to other Portuguese cities such as Porto and Faro. This growth continued, eventually reaching other countries throughout EU. Today, IC stands as one of EU's largest campervan rental firms, boasting a presence in over 70 cities and maintaining a fleet of more than 1,500 RVs (Indie campers n.d.). Despite its rapid expansion, IC remains steadfast in its commitment to its original mission: providing customers with exceptional travel experiences and opportunities to discover new places, cultures, and adventures. The company has experienced significant growth, with investments increasing by 30% annually since 2016. As a result, IC holds the second position in the travel and leisure sector on the FT 1000 list of the fastest-growing European companies. In 2018, the company generated €9 million in revenue and achieved a compound annual growth rate of 210 percent from 2015 to 2018 (Wise 2020).

In addition to its core campervan rental service, IC now offers customers the flexibility to rent a company-owned van or a 3P van. Recognizing the evolving needs of its clients, the company also provides the opportunity to purchase RVs when they reach the end of their technological lifecycle, ensuring a wide range of options for customers.

Despite the challenges associated with rapid growth and expansion, IC has successfully managed to keep its mission and vision at the core of its operations. The company's dedication to customer satisfaction, exploration, and sustainable travel experiences has driven its success and sets it apart from competitors in the market. (Indie Campers n.d.)

4.1.1.2. Mission and Vision

IC is dedicated to offering exceptional customer service and value while prioritizing sustainability and responsible tourism. As a leader in the sector, the company is transforming travel experiences, creating unforgettable adventures for clients across the globe through a well-defined vision for the future. The company's mission is to become a worldwide leader in the RV sector by providing a range of inventive, top-quality vehicles and services. The vision is centred towards giving travellers an alternative approach to exploring the world, with the autonomy and adaptability to journey wherever they wish, enabling them to immerse themselves in novel cultures and locations while enjoying the comfort and convenience of their campervans. As a result, IC has become one of the leading road travel providers in EU, Oceania, and North America (Indie Campers n.d.). The company continuously evolves and enhances its services to satisfy growing customer needs and maintain a competitive advantage. IC is also an excellent example of a successful scale-up, embracing international markets and rapidly expanding within a short period, usually three to five years (The differences between startups and scaleups 2022).

IC has earned various accolades and distinctions for its innovative business approach and customer-centric mindset. It has achieved successful growth by merging technology and creativity, providing exceptional vacation experiences, and venturing into new areas.

In summary, several factors have contributed to IC' rapid growth in the market. The company adeptly identified a niche for affordable and accessible campervan rentals, catering to different customer requirements and preferences with a diverse selection of campervans. IC has employed technology to streamline operations and provide customers with a hassle-free booking experience, distinguishing itself from competitors. Moreover, the company emphasizes excellent customer service, including round-the-clock support, all-inclusive insurance coverage, and roadside assistance, fostering customer loyalty and repeat business. These elements, in conjunction with the company's commitment to sustainability and social responsibility, have helped build a loyal customer base. (Scaleup 2019).

4.1.2. Business Model

IC aims at providing its clients with a unique, affordable, and sustainable way to explore various destinations, emphasizing ethical tourism (Indie Campers n.d.). They offer a diverse range of campervans catering to different traveller's needs with add-on services like airport transfers and camping equipment rentals.

Over the years, IC has expanded its operations and ambitions. It currently has two main business units (**Appendix 1**): an RV rental unit including a 1P and a 3P marketplace, as well as an RV sales unit. The three main business units present synergies among each other's (**Appendix 5**) and are detailed as follows:

- RV Rental:

  1P: IC owns and maintains its own fleet of campers, which are available for rental to consumers via IC's website. IC' patented RMS allows it to adjust price and availability to maximize revenue and usage. This section is the only focus of this thesis leaving the other ones out of scope.

Marketplace 3P: This line of business entails cooperating with RV owners to broaden the selection of vehicles available to consumers. As shown in Appendix 6, IC gets numerous searches and with the marketplace business unit, the excess demand could be converted as well. By introducing this unit IC aim at satisfying a broader demand while making a profit as they charge for the listing a host commission of 15% and a service fee of 10%. Hence, IC can provide a more complete and competitive service to clients by cooperating with others in the industry.

- RV Sales:

  Retail 1P: IC has just joined the RV sales market, allowing clients to buy new or used RVs directly from the firm. This diversifies the company's revenue streams and opens a new growth avenue. IC can grow its company beyond leasing by offering for sale its used RV's that were previously dedicated for the rental unit 1P. Leveraging on its current infrastructure and client base results in a more sustainable and diverse business strategy for IC.

IC was able to develop its strong business model also thanks to a very international approach: the international demands count 65% while the domestic one 35%. In 2023 they reached 3.200 vehicles scattered across 3 continents (North America, EU, Oceania). Seeking suitability and sustainability in their business, IC adopts some solutions such as a dynamic pricing strategy, operational cost reduction, and an end-to-end digital experience. Thanks to its faster growth and its contractual power, IC is achieving and developing strategic partnership with suppliers securing competitive pricing for campervans and equipment. Additionally, the company owns the customer through an end-to-end digital experience. In other words, IC offers a 100% digital experience providing direct booking, road trips plan suggestions through the website, and online check-in. In the future, IC is also planning to develop a Travel Companion App to reinforce its digital presence and increase its brand visibility and customer loyalty to deepen its competitive advantage. Relying mostly on its direct channels, IC's digital DNA account for 97% directly secured from its website sales with 3.8 M website visitors and 60% of first-time travellers.

In summary, IC business model is driven by innovation, customer service, sustainability, and cost management. These elements have helped build a strong brand and position the company. In addition, thanks to the unique design, the fleet, and the extras that customers can use to personalize the experience, IC gains a competitive advantage compared to the more traditional companies. IC is a market leader in the European campervan rental sector, with the ultimate goal of providing customers with a unique and sustainable travel experience while maximizing revenue and minimizing expenses for long-term success.

4.1.3. Blue Ocean Strategy

Lastly, before delving into specific playbook and RM considerations, it is instructive to examine how IC aligns with the blue ocean strategy.

The blue ocean strategy involves pursuing distinctiveness and low cost simultaneously to create new market space and demand (Kim and Mauborgne n.d.). It focuses on carving out unrivalled market space, rendering competition irrelevant. This strategy is based on the idea that market boundaries and industry structures can be reshaped by the actions and beliefs of industry participants. The key distinction lies between the Red Ocean and the Blue Ocean. The former represents existing industries with defined market boundaries and well-understood competitive rules. Companies strive to outperform rivals and capture a more significant portion of existing demand. Profits and growth diminish as markets become saturated. In contrast, the Blue Ocean represents industries that do not yet exist, characterized by uncharted market space. In blue oceans, demand is created rather than fought over, providing ample opportunity for rapid, profitable growth. Competition is irrelevant since the rules of the game have yet to be established. A blue ocean symbolizes the vast, deep, untapped potential of unexplored market space, ripe for lucrative growth.

IC exemplifies the Blue Ocean Strategy. IC identified an untapped market potential for affordable and accessible campervan rentals not being addressed by any major companies. By focusing on customer needs and creating a unique experience, IC differentiated itself from competitors and stood out in a crowded market. This allowed IC to establish a new market niche, fostering considerable growth through a unique, differentiated offering. Additionally, the company leveraged technology and innovation for a streamlined booking experience, further distinguishing itself from competitors and providing an unparalleled, high-quality customer experience. IC also expanded its blue ocean by extending operations to other major European tourist destinations. Notably, IC benefits from a low-cost structure, achieved through a direct-to-consumer business model, eliminating intermediaries, and offering competitive prices to customers. Lastly, a strong emphasis on sustainability and responsible tourism helps the company stand out in a congested industry, appealing to environmentally conscious clients.

IC' success can be attributed to its ability to discover new, unexplored market opportunities, deliver a unique and differentiated product, harness technology and innovation, and expand into new territories. (Kim and Mauborgne n.d.).

4.2. External Analysis

4.2.1. RV Industry

IC is a leading company in the RV industry. Before delving deeper into IC, it is essential to make a preliminary analysis of the RV industry. RVs are popular among people who enjoy outdoor activities such as camping, hiking, fishing, and hunting. They offer the opportunity to travel and experience the great outdoors while enjoying the comforts of home. The RV industry includes manufacturers, dealers, and rental companies. Manufacturers design and build their RVs, and dealers sell them to consumers. Rental companies make their RVs available for short-term use, allowing people to experience RV trips without purchasing their own vehicles. The RV industry falls within the broader tourism industry, making car rental, hotels, and airline companies' indirect competitors for IC.

Currently, the RV industry is a major contributor to the economy, providing jobs and generating billions of dollars in revenue each year. In recent decades, this industry has dramatically increased in popularity. In 2020, the global RV industry was worth $55.28 billion and is projected to grow at an annual rate of 6.7% CAGR until 2028 (Fortune Business Insights 2020). Another notable statistic is that between 2001 and 2021, RV ownership increased by 62% worldwide (Williams 2023). In the US alone, the RV industry generated $140 billion, with $73 billion generated by RV manufacturers and suppliers, $35.7 billion from RV campgrounds, and $30.5 billion from RV sales and services (Geraci and Kellie 2022). This accounts for a 23% increase in a period of 3 years (Geraci and Kellie 2022). On the other hand, the European RV market is valued at $24.1 billion, expected to grow at an 11.5% annual rate for the next five years, reaching a total value of $45.6 billion (Mordor Intelligence 2023).

To gain a better understanding of the RV industry, it is crucial to recognize the products in question and their types. Various models exist when it comes to RV vehicles. The largest ones are the Class A motorhomes. They offer the most living space and facilities, including full kitchens, bathrooms, and spacious living areas. These often come with high-end amenities such as slide-out rooms, multiple TVs, and luxurious furniture. Class C Motorhomes, sometimes referred to as "mini motorhomes," are built on a cutaway van or truck chassis. They provide an excellent blend of living space and mobility, ranging in length from 20 to 33 feet. Class C motorhomes often have a cab-over bed section for additional sleeping space, in addition to a full bathroom, kitchen, and sleeping area. The Class B Motorhome, on the other hand, is the smallest class of motorhome, also known as a "camper van." They range in length from 16 to 22 feet and are built on a standard van chassis that has been modified. They typically have a small sleeping area, kitchen, and bathroom but are smaller and offer fewer amenities than larger RVs.

4.2.2. SWOT Analysis

Conducting a SWOT analysis is essential to understand in depth how the RV industry works and, most importantly, how IC's internal capabilities can become a competitive advantage or, contrarily, an obstacle for their development. This analysis will allow the consultants to review and assess IC's strategies within the industry. **Appendix 7** shows an elaborate assessment of the SWOT at IC. It reveals that IC has several strengths, including its unique design, great customer experience, key locations, and a strong commercial team. However, it also faces some weaknesses such as high growth pace, customer behavior, constant modification of processes, and a dependence on its revenue model. To continue thriving in the RV industry, IC should capitalize on its strengths and seize opportunities in the market while addressing its weaknesses and mitigating the potential threats. By doing so, IC can maintain its competitive edge and continue to expand its presence in the global RV rental market.

4.2.3. Customer Description

The diverse customer base in the RV sector spans various demands, hobbies, and demographics, attracting a wide array of clients interested in purchasing or renting RVs. Popular among families with young children, RVs offer a cost-effective means to explore new places together while enjoying the comforts of home. Retirees, with ample leisure time and income to travel, also appreciate the practical and comfortable transportation RVs provide. Outdoor enthusiasts, such as campers, hikers, and anglers, often choose RVs to access remote areas without conventional accommodations and immerse themselves in nature. Eventgoers may select RVs as convenient lodging near music festivals, sporting events, and car races. Lastly, some individuals opt for full-time RV living to simplify their lifestyle or enable extensive travel.
Demographically, the RV industry primarily targets three key customer segments: Generation X (born 1946-1964), Millennials (born 1981-1996), and Generation Z (born 1997-2012). In the US, Millennials account for 38% of total households who actively camp, with 51% planning to camp annually (BusinessWire 2017). Camping has particularly piqued Millennials' interest. Although these figures reveal the potential customer base for the RV industry, they don't fully capture the market's scope, as 90% of teenage campers intend to continue camping as adults (BusinessWire 2017). Both Millennials and Gen Z prioritize technology-centric processes for making reservations (BusinessWire 2017).

For RV rental companies like IC, understanding the market and its customers is vital. Companies often differentiate between local and international customers due to their varying booking behaviours, such as average trip duration, spending, documentation requirements, and advanced booking time (Toronto School of Management 2022).

Local travellers typically embark on shorter trips, ranging from a few days to a week, while international travellers often take longer journeys lasting several weeks or even months. International travellers generally spend more during their RV trips, particularly on extras (IC Internal Source 2023). Premium RV insurance is in high demand among international travellers, as they face greater uncertainty than domestic travellers and are more willing to pay for additional protection. With higher budgets, international travellers also cover extra expenses such as flights and visas.

However, domestic travellers tend to book fewer RV parks or campgrounds compared to international travellers, who often reserve accommodations in advance for added security. Despite their larger budgets, international travellers also have higher expectations for service quality and sustainability (Bonn and Joseph-Mathews 2005). For RV providers catering to international demand, this can result in increased maintenance, preparation, service fees, and the need for continuous fleet updates.

4.2.4. Trends and Seasons Impacts

The pandemic has had a positive impact on both the tourism and RV industries, with individuals increasingly seeking contact with nature and embracing digital nomad lifestyles due to globalization and technology advancements (S6). Companies that offer internet services, as part of the extras to pay with the RV rental, will gain a competitive advantage, as 84% of RV users desire internet access while traveling (Mayfield 2022), which is also likely to increase the average trip duration.

Another emerging trend is the growing interest in electric vehicles. In 2021 alone, around 7 million electric vehicles were sold (Mayfield 2022). The industry is expected to adapt as lithium-ion battery costs have dropped significantly, and demand for electric vehicles is on the rise (Outdoormiles 2022). Additionally, increasing regulations and incentives for clean energy vehicles encourage this shift.

Glamping, short for "glamorous camping," is currently the most popular camping choice for first-time campers, with 36% preferring it (RV Industry Association 2022). Glamping offers a more luxurious and comfortable outdoor experience, providing amenities such as hot showers and air conditioning (Vita 2022). Gen Z tends to favour glamping, while millennials are more inclined towards traditional tent camping. Furthermore, due to the globalization and digitalization of social media, broadcasting platforms, teleworking opportunities and others, industries such as the travelling industry and the RV industry have benefited from this. More specifically, the effect of broadcasting platforms has caused the rising popularity of unknown locations. Netflix shows are a clear example of how users engage with the content viewed and change their travelling destinations. A study in the UK has demonstrated Netflix users are 2.4 times keener to travel to destinations they have watched in their favourite TV shows, this term is called the “Netflix effect” (Beaumont 2022). There is an increasing number of locations which have reported receiving a larger number of visitors because of these digital platforms (Liu, Zhang and Chen 2022).

Seasonality can exacerbate issues like overcrowding, rising prices, and infrastructure strains during peak seasons, as well as impacting job opportunities (UNWTO 2021). RV companies can experience varying peak and off-peak seasons depending on the region and climate, among other factors. Various tools and indicators can be used to measure the impact of these phenomena, such as CVR, Price Essential, and search volume (UNWTO 2021).

<u>Peak Season:</u> Refers to the time of year when demand is at its highest, in the RV industry it's typically during the summer months (June, July, and August). In EU it tends to be July and

August as well as Easter. Whereas in the US, it is June, July and Easter. During these periods prices are higher and availability is more limited.

Off-Peak Season: This is the opposite of peak season and refers to the time of year when demand for RVs is at its lowest, typically during the winter months (December, January, and February) when fewer people are traveling. During this time, prices may be lower and there may be more availability.

Pre-Season: This refers to the period just before the peak season when people are preparing for summer and Easter vacations and may be possibly looking to rent an RV for those specific dates. This time usually falls between March and May.

Post-Season: This refers to the period just after the peak season when demand for RVs starts to decline. This time usually falls between September and November. During this time, prices may be lower, and availability may be more limited as some RV rental companies may close for the season or reduce their fleet size.

In EU, the peak season for RV rentals tends to be during the Easter break, July and August, whereas in the US, is during the early Easter break, June and August. These seasonal effects are key to identifying higher rental rates and a greater likelihood of limited availability issues, especially for last-minute bookings. Around 40% of IC's bookings are last-minute bookings (IC internal sources 2023) , bearing this in mind it is essential to avoid overselling at a lower price. On the other hand, the off-peak season for RV rentals is usually during the winter months between December and February, while in EU it may be during the late fall, winter, and early spring months. Overall, understanding the seasonality of RV rentals and the factors that affect it is critical for RV rental companies. This is where practices such as optimized pricing and inventory management arise.

In addition to the seasonal effects explained above, to develop an effective forecast, RV companies have to account for one-off events or annual events which affect the demand and supply for their service. These include music events, sports events and/or extreme weather conditions. This industry is extremely influenced by external factors. Therefore, more advanced prediction models are being used in the industry to help forecast demand. The most common tool is the multiplicative pickup technique which utilizes both historical data with bookings to improve forecasting accuracy (Fiori and Foroni 2020).

4.2.5. Geographical Markets

RV rentals vary in size, features, extras, and demand across different locations and countries. This information is important for RV suppliers, manufacturers, and rentals to comprehend in greater depth customers' wants and needs. Understanding the difference in scenarios, more specifically what “glocalization” is and how the adaptation of products to different scenarios grants a larger success. Products in the RV industry have to be adapted to different customer preferences, customs, laws, and localized market (The Context Mix 2022). Accounting for this increases the demand prediction accuracy for different models and features as well as developing a more accurate pricing strategy. A great illustration is: RV rentals in the US are generally larger and more luxurious than those in EU and Oceania. Class A and Class C RVs are more in demand and come with a range of features and extras, such as slide-outs and entertainment systems which are not present in other locations.

RV rentals in Oceania are like those in the US, with larger and more luxurious models being popular. However, due to the smaller market size, rental options may be more limited and rental rates higher than in other regions. Instead, RV rentals in EU tend to be smaller and more compact due to narrower roads and smaller campsites. Popular models include panel vans and smaller motorhomes, which often come with kitchen and bathroom facilities.

4.2.6. Competitors

Europe:

The RV market is a burgeoning trend in EU, increasingly becoming a popular travel choice. With a valuation of €9.5 billion in 2020, the European RV sector is projected to expand at a 3.2% CAGR, reaching a total of €11 billion by 2027 (Global Market Insights 2023). In just 2020, EU saw the sale of 142,000 RVs (CIVD 2023). The region's two primary competitors are Yescapa and RoadSurfers. Yescapa, established in France in 2012, is a prominent RV rental firm in EU, mainly operating in France, Germany, Spain, and Italy. With over 150,000 customers and approximately 8,000 vehicles, Yescapa has generated an estimated €10 billion in revenue (Yescapa 2023). Conversely, RoadSurfers, launched in Germany in 2016, serves Germany, Spain, Italy, and Portugal, boasting over 10,000 customers and a fleet of 200 RVs in EU (RoadSurfers 2023).

US, CAN, and Oceania:

In the US, the major competitors include CA, RoadBear, ElMonte, and Canadream. CA established in 1972, has operations in the US and CAN, providing over 4,000 vehicles and catering to more than 4 million customers. The company generated an estimated revenue of $450 million in 2019 (CruiseAmerica 2023).

RoadBear, founded in 1984, maintains a fleet of roughly 1,000 vehicles and serves around 200,000 customers. El Monte RV, launched in 1970, operates in both the US and CAN. With over 2,500 RVs, the company generated a revenue of $200 million in 2019. El Monte RV distinguishes itself from other competitors by offering not only RV rentals but also RV sales and financial services (ElMonteRV 2023).

Apollo, a significant competitor in Australia and CAN, also has a presence in the US and New Zealand. Since its founding in 1985, Apollo has expanded to offer over 4,000 vehicles to more than 300,000 clients, generating $220 million in revenue in 2020. Canadream, a Canadian RV company established in 1995, caters to over 12,000 customers annually with a fleet of more than 800 vehicles. In 2021, the company generated an estimated revenue of $33 million. Uniquely, Canadream specializes in electric RVs (CanadaDream 2023).

CA, RoadBear, El Monte RV and Apollo all offer renting and RV purchasing services to their customers.

5. Glossary

A glossary in RM includes a comprehensive list of essential terms and definitions frequently used in the field. This resource allows personnel in RM to maintain a consistent understanding of key concepts and clarify terminology. By developing and maintaining an accurate glossary of RM terms, IC's RM professionals can ensure effective communication and consistent understanding of crucial concepts. This promotes better communication, collaboration, and decision-making within RM teams, as well as between various departments and stakeholders within IC. As part of the WP, consultants have compiled the most important key concepts in RM, facilitating a global understanding of RM performance drivers for new joiners. This ensures that they grasp vital formulas and variables and can leverage them to drive growth effectively.

As part of this project's deliverable, consultants clearly formulated a list of these concepts in a clear and concise manner. What is addressed in this section has been written with the assistance of RM experts at IC while reviewing the existing internal documentation, and successfully implemented in the company's internal database.

5.1. Measurement Definitions

Each year, the RM team set goals (budget), makes performance predictions, and tracks actual, future forecasted, and expected performance. **Appendix 8** shows a list of the measurement definitions that IC relies on. In order to pinpoint areas where the company may be falling short of its objectives or where it may be exceeding expectations, it is crucial to compare actual performance to forecasted and expected budgets. This can assist IC in making wise choices regarding pricing, inventory control, and other crucial elements that affect its financial performance.

5.2. Supply (Stock) Metric Definitions

The number of vehicles that IC has in stock is measured and tracked using supply or stock metrics. These indicators assist IC in meeting customer demand in all the locations where it is present. Supply (Stock) metrics should always be reviewed before considering other metrics. This is because IC has greater control in influencing stock metrics than other metrics and without stock, there is no product to be consumed. Many of these metrics can be broken down into location & vehicle model subcategories based on where stock is located and what type of stock it is. The location & vehicle model categorization is an important differentiation that informs our trading strategies. As stock in IC represents 1P vehicles, it is essential to note that changes are often made around some of the locations where IC is present to satisfy customers' demand. **Appendix 9** shows the terms and metrics that relate to IC stock.

5.3. Demand (User) Metric Definitions

Demand (User) metrics should always be reviewed after Supply metrics and before other metrics. This is because they determine Occupancy and Price metrics but are much more difficult to influence than Supply metrics. Demand (User) metrics represent the “demand” for IC’ products throughout the e-commerce funnel (explained in **Appendix 10**). It typically consists of a series of phases with measurable standards for identifying if a consumer is in a particular stage. Each phase offers the business marketing plans to attract clients to the next one. The funnel is optimized by using methods (such as checkouts), which enable the business to assess the effectiveness of the funnel and, as a result, produce value. (IC' internal source 2023).

Many of these funnel metrics can be broken down into international & domestic subcategories based on where the “demand” originates from. The international & domestic categorisation is an important differentiation that informs IC’s e-commerce strategies. It is important to note that e-commerce metrics include “demand” for both 1P & 3P rental products until the individual product offer pages. Moreover, it is important to note as well that the metrics can be categorized as international or domestic.

Funnel Related Metrics:

The funnel related metrices enables to track performance at different stages throughout the e-commerce funnel. IC relies on several measures to track whether the customer reached the final payment phase or not. IC also aims at understanding the type of visitors (paid, organic, total) and their dynamic behaviour in the funnel. The funnel has 6 steps and each one has related metrics that help assess the visitor's behaviour. In **Appendix 11**, these concepts, and their importance are explained in more details. Additionally, to effectively measure and assess the demand, a lot of the discussed above metrics are converted in percentage (funnel rates) that can be visualized in **Appendix 12**. These concepts are, thereby, measurable allowing for tracking the performance of IC and identifying challenges.

Other Relevant Booking KPIs:

The average booking length, the one-way bookings, and the cancellation metrics are very important KPIs when it comes to demand metric definitions. **Appendix 13** explains these metrics in detail.

KM Packages / PU and DO / Insurance Metrics:

Understanding these demand user metrics is crucial, as it provides insights into basic and additional revenue streams which helps enhancing the company's product offerings. These metrics are categorized based on various factors such as paid, organic, international, domestic, depot location, and vehicle model. IC provides customers with an included KM offering, free PU time from their depots, and mandatory insurance to purchase. However, customers have the option to purchase additional KMs, select a different PU time or location, or upgrade their insurance coverage for an additional fee. A summary of these metrics and their definition can be found in **Appendix 14**.

CvR and Other Essential Metrics:

IC relies on several metrics to gauge their performance in RM. The most crucial metric is the CvR, which represents the percentage of visitors who complete a booking on the website. Maintaining a CvR of at least 1% is a key goal for the company. For example, if for the period of 01/01/2022 to 01/03/2022, there were 300 000 website visitors and 3000 website bookings, the CvR will be 1%. In general, IC tries to maintain a CvR of at least 1% in its markets. Other important metrics include Cancellation Rate and Nights Travelled. Additionally, the CPC, CAC, Average Loading Time, and Average Session Time provide insights into market variables, website performance, and user behavior. Overall, understanding these metrics and their impact on RM is essential for IC to make informed decisions and optimize their business operations. **Appendix 15** summarizes these metrics.

5.4. Occupancy Metrics Definitions

Occupancy metrics are IC' tertiary metrics and should always be reviewed after considering Supply and Demand metrics, but before Price metrics. This is because they are an amalgamation of Supply and Demand metrics and represent the relationship between the two groups of metrics. Reviewing Occupancy metrics enables IC to analyze the relationship between supply and demand and ultimately track the performance of the business.

As occupancy metrics are an amalgamation of supply (stock) and demand (user) most can be categorized by paid, organic, international, domestic, depot location, and vehicle model.

The Occupancy Rate, Utilization Rate, and J metric are crucial indicators for understanding expected bookings and revenue for IC. **Appendix 16** details their definitions, and their formulas.

The Occupancy Rate represents the expected percentage of nights capacity that will be sold, while the Utilization Rate represents the expected percentage of available nights capacity that will be sold. Both metrics can be categorized by depot location and vehicle model.

The J metric is an important indicator of sales pace and is calculated by dividing current occupation by expected occupation. A healthy J is close to 1, indicating that IC is selling at the desired pace. A High J means that there are more current sales than expected and it is not a good sign as it usually indicates that either IC is selling cheaper than it should, or it will not better monetize close to the pickup dates in case it keeps selling at this pace. As J deviates from the ideal value, IC modifies its stock and prices to return J to 1. This core notion is applicable to practically all algorithms.

5.5. Price Metric Definitions

Because they reflect the price strategies that IC uses to sell its products and services, these metrics are extremely significant. **Appendix 17** provides a list of these price metrics, their equations, and definitions. They are determined by Supply, Demand and Occupancy metrics and, therefore, should only be reviewed once all other metric groups have been reviewed. Many of these metrics can be broken down into location & vehicle model subcategories based on where stock is located and what type of stock it is. The location & vehicle model categorization is an important differentiation that informs trading strategies. These metrics are important for IC to set the right price for its products and services.

5.6. Date Entered and Pick Up Definitions

Due to the complexity of the rental business model, IC must analyse metrics across different perspectives. For example, booking data should be analysed from a historic perspective (date booking made) and a future perspective (date customer intends to use the product).

DE enables to analyse metrics based on when customers interact with the platform (historic), rather than when they intend to use the product (future). The DE period perspective is primarily utilized to analyse demand metrics but can be used to interpret most metrics. On the other hand, PU Date enables to analyse metrics based on when the customer intends to use the product (future), rather than when they interact with the platform (historic). An example can be looking at the CvR for all models in PT on a certain date (t) for Week 32 (PU) or (DE) to check the CvR = 1.06%. A summary of these explained perspective definitions metric is summarized in **Appendix 18.**

5.7. Expected Revenue Formula and Explanation

Expected Revenue is trading's most important internal metric and is measured daily against the Revenue Budget. Expected Revenue includes supply (stock), demand (user), occupancy, and price metrics that have been defined in the previous paragraphs.

The summary of this section and the formulas in question could be seen in **Appendix 19.** RM essence at IC is derived from this formula as acting on price or quantity(vans) heavily affects the revenue.

5.8. Performance Metrics

The metrics that were described in sections 5.1 to 5.7 are defined around the unique objective of the RM team: maximizing revenue. In order to measure the effectiveness of the RM department in achieving its goal, performance metrics are used.

The days sold refers to the total number of days (from the PU date to the DO date) that IC has rented out campervans of any models to customers in a specific period. To calculate this metric, IC must track the number of days that each campervan was booked for the period and the sum represents the days sold. This metric directly reflects the revenue that is generated by IC from renting the vehicles and therefore directly reflects the GMV.

Gross merchandises value (GMV) refers to the total value of merchandise sold over a period through the platform, IC's website. It is not necessarily equal to the value that the company gets because GMV includes the taxes and does not exclude possible cancellations. This metric is very important to measure the performance of a specific market and it can be calculated per booking (average GMV per booking) daily (average GMV per day), weekly (average GMV per week), etc.

The GMV can be measured with the total value but also by average. The average GMV per day is the total GMV generated divided by the number of days. It is also possible to measure the average GMV per booking which consists of the total GMV divided by the number of bookings. More recently, Indie Campers has built a new metric that will eventually replace the GMV in most of the performance dashboards: the adjusted sales**.** They represent the website sales from which are subtracted the expected cancellations, the VAT, the expected refunds or compensation and the auxiliary revenues are added. More detailed information regarding the formulas and the importance of these performance metrics can be seen in **Appendix 20.**

6. Scenarios Explanation

6.1. Scenario 1

6.1.1. All metrics are Favourable

Scenario		Searches	Days sold	CvR	Explanation	Possible Action
1	**All metrics are good**	OK	OK	OK	[redacted]	Nothing

Figure 1: All metrics are good scenario

[redacted]

6.1.2. Low CvR

Scenario		Searches	Days sold	CvR	Explanation	Possible Action
2	**Low CvR**	OK	OK	LOW	[redacted]	<u>PRICE</u> - Set a different price according to historic prices -Decrease price <u>STOCK:</u> -Increase the number of van in this location if it is needed to decrease prices or there is limited availability

Figure 2: Low CvR scenario

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

6.1.3. Low Days Sold and CvR

Scenario		Searches	Days sold	CvR	Explanation	Possible Action
3	**Low Days sold and CvR**	OK	LOW	LOW	[redacted]	PRICE -Set a different price according to historic prices - Decrease price per nights (not the best option) STOCK: -Increase the number of vans in this location if it is needed to decrease prices or there is limited availability OTHERS: -Improve web traffic quality -Increase the minimum nights required for a booking

Figure 3: Low days sold and CvR scenario

[redacted]

6.2. Scenario 2

[redacted]

[redacted]

6.2.1. All Metrics are Off-Target

	Scenario	Searches	Days sold	CvR	Explanation	Possible Action
1	**Missing in all metrics**	LOW	LOW	LOW	[redacted]	PRICE -Set a different price according to historic prices - Decrease price per nights (not the best option) STOCK: -Increase the number of vans in this location if it is needed to decrease prices or there is limited availability OTHERS: -If CAC is equal or below 15% increase spending on Adv -Improve web traffic quality -Increase the minimum nights required for a booking

Figure 4: Missing in all metrics scenario

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]

[redacted]

[redacted]

[redacted]

6.2.2. Missing in Searches and CvR

	Scenario	Searches	Days sold	CvR	Explanation	Possible Action
2	**Missing in searches and CvR**	LOW	OK	LOW	[redacted]	PRICE -Set a different price according to historic prices - Decrease price per nights (not the best option) STOCK: -Increase the number of vans in this location if it is needed to decrease prices or there is limited availability OTHERS: -If CAC is equal or below 15% increase spending on Adv -Improve web traffic quality

Figure 5: Missing in searches and CvR scenario

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

- [redacted]
    - [redacted]
    - [redacted]
    - [redacted]
- [redacted]
    - [redacted]
- [redacted]
    - [redacted]
    - [redacted]

[redacted]

6.3. Scenario 3

[redacted]

9.3.1. Overperforming in Days Sold and CvR

Scenario		Searches	Days sold	CvR	Explanation	Possible Action
1	**Overperforming in Days sold and CvR**	**OK**	ABOVE	ABOVE	[redacted]	PRICE -Consider to make manual adjustments to increase price per night to take an advantage due to the high demand STOCK: -Increase the number of vans in this location to meet the increased demand OTHERS:

Figure 6: Overperforming in days sold and CvR scenario

[redacted]

[redacted]

6.3.2. Overperforming in all Metrics

Scenario		Searches	Days sold	CvR	Explanation	Possible Action
2	**Overperforming in all metrics**	**ABOVE**	ABOVE	ABOVE	[redacted]	PRICE -Consider to make manual adjustments to increase price per night to take an advantage due to the high demand STOCK: -Increase the number of vans in this location to meet the increased demand OTHERS: -Consider to implement the minimum night needed to make a book to encourage longer booking

Figure 7: Overperforming in all metrics scenario

[redacted]

[redacted]

[redacted]

7. Conclusion

7.1. Summary of Key Findings and Contributions

Before delving into the limitations identified and recommendations suggested by the consultants, it is essential to summarize the key findings and contributions. These can be broadly categorized into three sectors: pricing, stock, and website improvements.

Pricing-related contributions, involved solving daily trading issues, guided by the trading analysis structure detailed in Chapter 8. The consultants made recommendations for price or stock adjustments, communicating them directly to the managers in urgent scenarios or during trading meetings. Most suggestions involved price reductions, which were justified based on various factors. These adjustments had a significant and immediate positive impact on the CvR. As for stock management, the consultants' contributions extended beyond mere recommendations to actual implementation. Numerous vehicle relocations were executed via the internal platform, ensuring faster availability of vehicles for customers at better prices, consequently boosting the conversion rate. These relocations were based either on the stock algorithm or on the consultants' intuitions.

Website improvement contributions were less frequent but arguably the most impactful. While using the website as a trading analysis tool, consultants often discovered bugs (e.g., incorrect availability information for specific models), which were promptly reported to managers or logged on Jira (the bug-reporting software).

Undoubtedly, the most significant contribution, yet to be implemented, is the trading playbook, designed to serve as a reference guide for new employees.

7.3. Recommendations for IC

Enhanced Decision-Making Agility: The team of consultants puts forward a primary recommendation to enhance decision-making processes within the RM and Marketing team. Establishing improved and consistent communication between these teams is of utmost importance, as decisions made by one team have a substantial impact on the performance of the other. Based on the consultants' own experience, it is evident that misunderstandings or delays can lead to missed opportunities.

To address this, implementing a more agile and responsive structure is crucial. By fostering effective collaboration and timely information exchange between the RM and Marketing teams, potential bottlenecks can be minimized or eliminated. This proactive approach will help prevent any inefficiencies resulting from communication gaps and ensure that decisions are made promptly and accurately, maximizing the overall performance of both teams.

Development of new metrics: The objective of this section is to improve the quality of the analysis of locations. The team of consultants have identified several inconsistencies when analysing certain locations regarding the price algorithm. The recommendation of would be to create a new metric called “RF” Reduced Fleet. This metric would be useful when a location has a reduced fleet and/or has recently opened**.** When a location has a reduced number of RV’s available, once one booking has been made, the price algorithm skyrocket the prices because the J will be high and the fleet availability low. Consequently, no more bookings will be made for this model until the price algorithm reduces the prices again hence, customers begin to book again. This metric will permit the RM team to understand some information can be misleading at a first glance when carrying out an analysis. As a result, the RM team will be able to maximize even more on every RM opportunity.

Webpage Improvements: As IC generates 95% of their revenue through their online platform, it is crucial for them to always ensure the seamless operation and functionality of their webpage. To achieve this, IC's team consistently conducted manual checks, commonly known as morning checks, to identify and address any new bugs or issues that may arise. Identifying bugs can vary in difficulty depending on the specific issue. However, the most significant challenge arises when the team struggles to determine the cause behind a location or specific model underperforming in terms of CvR, only to discover that it is simply an error within the platform itself.

Given the importance of maintaining a bug-free platform and the complexities involved in identifying and resolving these issues, the team of consultants recommends that Indie Campers consider engaging an external organization specialized in defect investigation and webpage usability improvements. This collaboration will enable IC to address underlying defects more efficiently and enhance the overall usability of their webpage, ensuring optimal performance and driving improved conversion rates.

Consistency of Documents: At present, IC relies on multiple files for data storage and analysis, resulting in inconsistencies that hinder effective decision-making. These discrepancies arise from overlapping information across various documents. To mitigate this issue and enhance decision-making accuracy and efficiency, it is crucial for IC to establish a standardized analysis process and implement a unified document. By standardizing the analysis process, IC can ensure consistency and coherence in data interpretation and evaluation. This approach will eliminate confusion caused by discrepancies in different files, enabling the decision-makers to have a clear and accurate understanding of the information at hand. Additionally, consolidating all relevant data into a single unified document will streamline the decision-making process, as it eliminates the need to cross-reference multiple sources.

A unified document will serve as a centralized repository for critical data, providing decision-makers with a comprehensive and up-to-date overview. This consolidation will not only enhance decision-making accuracy but also improve the speed at which decisions can be made. With a centralized and standardized approach to data analysis, IC can optimize their decision-making processes and ultimately drive better outcomes for the company.

Trading Analysis Automation: Considering the significant effort and time required for trading analysis, automation of certain steps could prove beneficial. The current process can be incredibly time-consuming for trading analysts, who are often required to work with numerous documents from various databases such as Excel, Tableau, and Metabase. To alleviate this burden and enhance efficiency, IC can leverage the expertise of their data analysts to automate calculations and formulas within these documents.

7.4. Final Thoughts

The key question addressed by the consultant team was: "How can Indie Campers upgrade its revenue management capabilities by improving stock and price planning and management?" The conclusion drawn from rigorous collaboration and investigation is that IC indeed has immense potential to upgrade their stock, price, and management capabilities for two primary reasons.

Firstly, the consultants developed a comprehensive trading manual or playbook for new employees joining the RM department. The playbook allows RM to have a more accurate and larger mapping of its trading activities because it reflects the steps that the four consultants had to undertake for the numerous trading analysis performed. This playbook, while still a work in progress, provides a structured guide to the company's recently adopted procedures, ensuring quicker ramp-up times for new staff.

Secondly, having a larger team allowed IC to correct numerous inefficiencies and implement significant improvements, particularly concerning pricing for high season and improving algorithms like the stock relocation algorithm.

The project, grounded in IC' 1P's RM principles, utilized both internal resources and external expertise to develop a comprehensive playbook, thus streamlining and enhancing the decision-making process for new RM team members.

However, for future projects, the consultants recommend a more holistic approach, encompassing additional aspects of IC' operations to deepen understanding and effectiveness of RM strategies. This comprehensive approach could potentially yield even greater improvements in IC's stock, price, and management capabilities, thereby reinforcing its competitive position in the RM market. The consultants remain optimistic about IC' capacity for ongoing growth and improvement, and eagerly anticipate its continued success.

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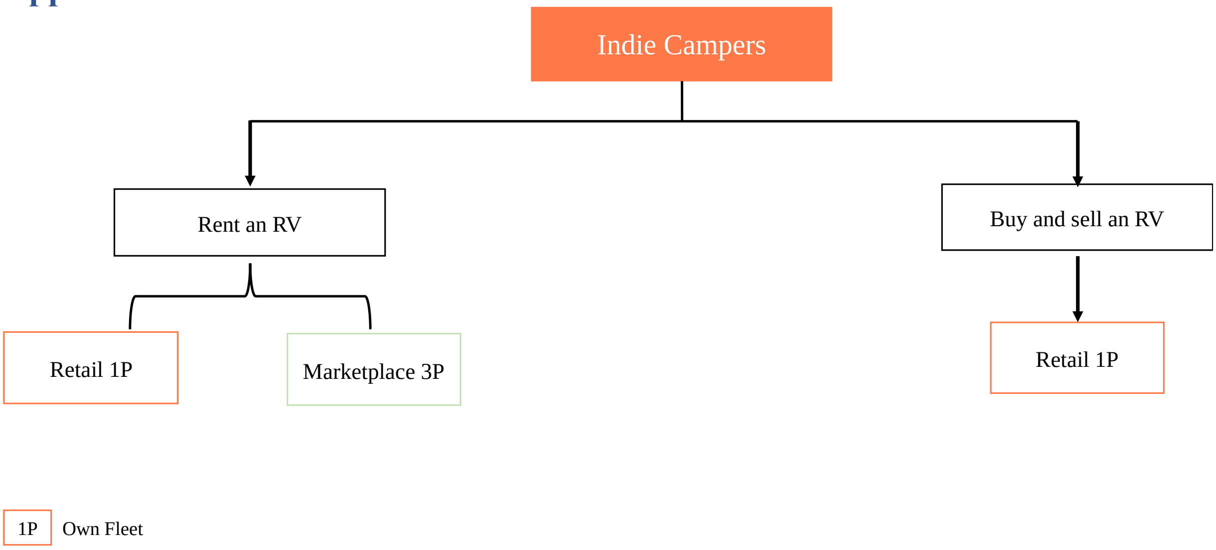
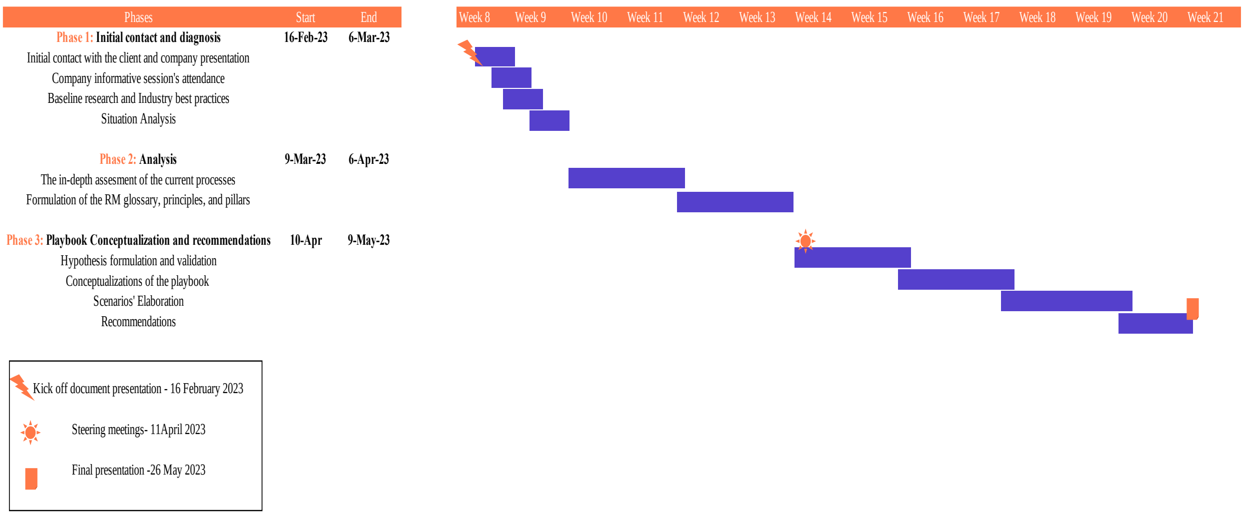
Appendix

Group Part

Appendix 1: Business Model



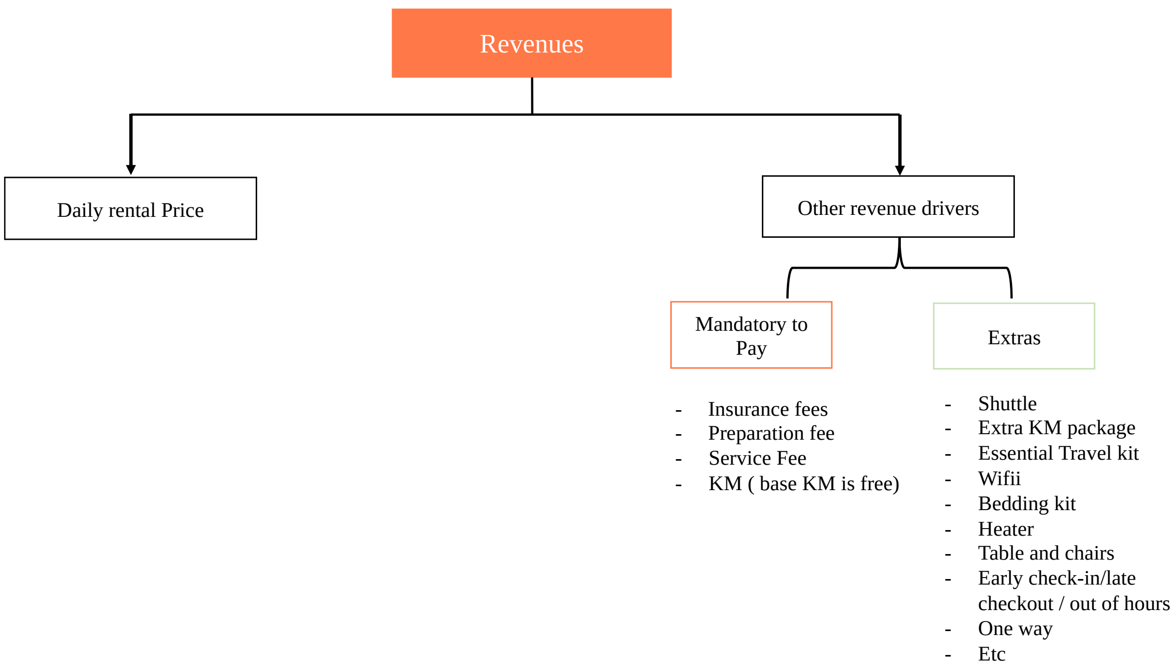
Appendix 2: Project Calendar



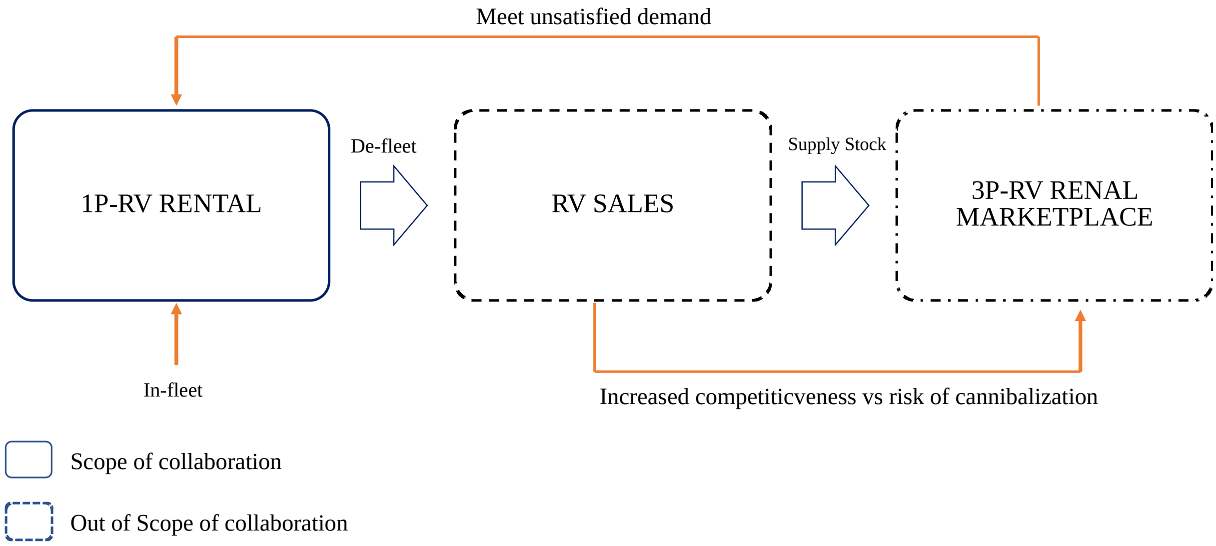
Appendix 3: Some Examples of IC’s Informative Seminars

Informative Session	Professionals	Date	Topic Presented
Project Introduction	Alexandre Prata and Pedro Correia	16-Feb-23	The welcoming of Nova teams, brief introduction of IC, the explanation of the consulting project, the delivery and examination of various business presentations made by Indie Campers, and the resolution of any doubts
Indie Campers Operations and Business Model Overview	Alexandra Caslisto	21-Feb-23	An in-depth explanation of IC business model, its different business Units, the types of Vans it rents, the countries it operates in, and the website funnel stages costumers go through, Benchmark Examples with Other industries. Doubts clarifications
Revenue Management Principles	Pedro Correia	22-Feb-23	Explanation of the basic concepts of revenue managements, its levers, and it pillars (data entered, pick up, conversion rates.); seasonality effect; Sales behaviour in IC …; Doubts clarifications
Initiation to commercial Trading and dynamic pricing Techniques	Pedro Correia	24-Feb-23	How to Boost revenue by effectively implementing Stock and price optimization techniques
Revenue Models Presentation	Tobi Tesing and Bruno Eusébio	13-Mar-23	An in-depth Explanation on of a new visualisation model allowing to compare current sales performance against target and Super Major performance to better spot deviations

Appendix 4: Revenue Streams



Appendix 5: Business Model Synergies



Appendix 7: SWOT Analysis

Strengths:	Weaknesses:
• **Unique Design**: feature unique designs which makes them stand out from their competitors. • **Comfort and Personalization:** Vehicles are prepared for different seasons and scenarios. Each vehicle can be equipped with snow chains, portable heaters, cooling boxes, Wi-Fi, and other amenities. • **Client Experience**: "No. 1 Road trip provider in North America, Oceania, and Europe" • **Key Locations**: Its depots are usually near airports and train stations across Europe, the US, and Oceania. As well IC offers a variety of transport services for customers to travel directly from the airport to their depots. • **Strong Commercial Team**: IC has a dedicated and experienced commercial team focused on driving growth and expanding IC's business brand using SEO and SEM tools • **Transparency**: IC's delayers its product pricing clearly on the initial booking phase and feature page • **International Team**: IC has a committed team that brings a broad range of skills and experiences to the company, helping to drive innovation and growth	• **Rapid Growth and Constant Adjustments**: Fast-paced growth causes inconsistencies in paperwork and communication problems. Existing tools are not able to keep up with such a steady 10-year growth. • **Modification of Processes**: Processes and procedures are in constant change and adaptation towards automation. • **The Revenue Model**: IC receives around 95% of all their searches across their platform. Making IC very dependent to this.
Opportunities:	**Threats:**
• **Establish a Strong and Recognizable Brand**: IC should leverage their competitive	• **Industry Seasonality**: balancing supply and demand can result challenging and

advantages mentioned above on "strengths" to gain a strong market leader position. • **Customer Behaviour**: 72% of mobile bookings are made within a 48hr window, this can be challenging to predict for IC. • **Unexplored Markets**: The revenue for Asia's camping market is $14.55Bn. Asia governments in countries such as India, China, and Thailand are promoting the use of RVs unexplored. As well countries • **First-Time Users**: There is a large potential of new customers, IC must take advantage and seize these customers. • **Entering the Insurance Industry**: The opportunity of launching a new business unit (RV rental services + own RV insurance). This could be done through a partnership or through market penetration. • **Exploit Niches**: IC can target specific niches within the travel market, such as adventure or wine tourism, to differentiate.	costly. Having poor forecasting tools can diminish a company's revenue. • **Changes in Law and Regulations**: Changes in these regulations can result in increased costs, compliance challenges, and potential legal liabilities. • **Larger Players Entering the Market**: larger companies like Hertz can enter the market and disrupt IC business model. Due to the large economies of scale of these companies could provide similar services at lower prices. • **Possible Camping Trend Decline**: The RV industry is subject to a possible change in consumer behavior and new travelling preferences such as Glamping. • **Clients Concerned with Security**: RV rental customers may have concerns about their safety, IC may need to invest in security features such as GPS tracking, remote monitoring, and others.

Appendix 8: Measurement Definitions

Metric	Definition	Equation	Importance
Actual Budget	The value that has been achieved YTD	-	Represents the current performance and cumulative sum of previous values YTD
Forecasted Budget	The future actual values given historic dispersions and the conversion rate (CVR)	-	Allows prediction of future performance based on projections and estimates
Expected Budget	Combines the forecasted budget and the actual budget to create an expected future value	Expected Budget = Forecasted Budget + Actual Budget	Provides a prediction of future performance considering the current pace, historic dispersion, and historic CvR