



# City of La Quinta

## MEMORANDUM

TO: Honorable Mayor and Members of the City Council

FROM: Edie Hylton, Deputy City Manager

DATE: October 7, 2014

SUBJECT: Dynamic Pricing for Golf Rates

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The SilverRock website will be using a new and improved booking engine that will allow residents and non-residents to book their tee times online. From the main page of the SilverRock website ([www.SilverRock.org](http://www.SilverRock.org)), users can select either the "Book Tee Times Online—La Quinta Residents" icon or the "Book Tee Times Online—Non-Residents" icon.

The major advantage of this new booking engine is that it will be in real time with the golf course's tee sheet. The old booking engine did not have the ability to synchronize with the tee sheet in a timely manner. This created some confusion by showing tee times available online that were already sold. Conversely, tee times that were available were not showing up on the booking engine at all. This new booking engine is in real time with the tee sheet and will mirror exactly what tee times are available.

Another advantage of the new booking engine will be to increase the average rate. For non-La Quinta residents, green fee prices will fluctuate based upon tee sheet utilization, or supply and demand. This fluctuating price is called "dynamic pricing" and is currently used in the hotel, retail, airline, and rental car industries. For example, if there are a large amount of available tee times at SilverRock for a particular day, then the green fee price will decrease in an effort to entice more golfers. Alternately, if there are few tee times available, then the green fee price may increase. The ultimate goal of dynamic pricing is to use supply and demand tactics to maximize revenues.

With the old booking engine, golf rates were predominately static prices with set discounts appearing the closer you got to the day of play (if they were available). Consumers could get discounts if they booked inside three to five days assuming tee times were available regardless of the tee sheet utilization.

This is a fairly new concept in the golf industry. Golf courses that have adopted this pricing model, such as the Indian Wells Golf Resort and Escena Golf Club, have seen significant success with an increase in the average rate. Since dynamic pricing will have prices continuously fluctuating based upon available tee times, there may be occasions when the non-resident rate is higher than the posted rate. Resident rates, however, will not be impacted because the rates will remain fixed and not subject to change.