STRATEGIC PRICING POLICIES ADOPTED BY 4-STAR HOTELS LOCATED ON THE CROATIAN COASTLINE

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Abstract
Purpose – Tourism is one of the main drivers of Croatia's economic performance. Out of the total number of accommodation facilities, 96% are located on the coast. The four summer months themselves generate more than 86% of the total number of overnight stays. The paper concentrates on a sample of 4-star hotels, which make up for 46% of the total number of hotel accommodation units and 45% of the total number of permanent hotel beds, making them the main generator of total revenue in the hotel industry in Croatia. Therefore, it is important to understand their competitive pricing and quantitative impact on the Occupancy Rate (Occ) and the Revenue Per Available Room (RevPAR).
Design – The research is based on a database taken from Horwath Hotel Survey (HHS), covering three datasets over a period of three years (2015-2017). The paper uses structured data analysis to test the hypothesis, with a hotel selected as the main unit of the analysis.
Approach – The comparative analysis of all hotels within the database, identified 42 hotels with data available for all three years. Out of these 42 hotels, all outliers (refurbished hotels and performance outliers) have been removed. As a result, 32 hotels have been filtered from the set and included in the sample for further statistical testing.
Methodology – The analysis focuses on the Average Daily Rate (ADR), the Occupancy Rate (Occ) and the Revenue Per Available Room (RevPAR), their dynamics and changes. The multivariate regression analysis defines RevPAR as the dependent variable and ADR and Occ as independent variables. The analysis is performed on two different segments of the hotel sample: the first one recording a growth rate of ADR above the sample mean, and the second one, with a ADR growth rate below the sample mean. The following two periods are analysed separately: 2015-2016 and 2016-2017.
Findings – The results of this study reveal that the 4-star hotels whose average prices have risen above the sample average, are experiencing lower growth rates of Occ, but higher growth rates of RevPAR. This finding confirms the underlying hypothesis of the paper. An additional conclusion is that better strategic price management enables higher growth rates of RevPAR.
Originality – This is the first time this type of research has been conducted in Croatia, covering a period of three years and concentrating on the most important hotel accommodation segment. Conclusions of this study are in line with the referenced research conducted by Enz, Canina, Lommano, 2010; confirming the quantitative impact and importance of competitive pricing for hotels.
Keywords Strategic Pricing, Competitive Pricing, Occupancy Rate, Average Daily Rate, Revenue Per Available Room

INTRODUCTION

Tourism is one of the main drivers of Croatia's economic performance. According to the official data from Croatian Bureau of Statistics, in 2017, tourism volumes in Croatia reached 86 million of overnight stays and 17.4 million visitors, which in comparison to 2016, represents an increase of 11% in overnight stays and a 13% increase in the number of visitors. The average length of stay per visitor has been decreasing over the last six years, and in 2017, amounted to 5 days. About 60% of the total number of overnight stays in Croatia are realized during July and August, and if the results for June and September are added to this figure, it is evident that the 4 summer months themselves generate more than 86% of the total number of overnight stays. This confirms that the main tourist product in Croatia is 'The Sun, Sand and Sea' (3S).

In 2017, the accommodation capacities amounted to 1,065,554 of permanent beds in all types of accommodation, of which 15% in hotels and similar accommodation, which is an increase by 15% compared to 2015. When it comes to the structure of hotel accommodation, there has been a significant growth in the number of 4 and 5 star hotels during the last decade. This increase is mainly a result of reconstruction and adoption of higher standards by existing hotels, and a still relatively small number of newly built hotels. In addition to this, the fastest growing type of hotel accommodation are small, family-run hotels. Almost 96% of all accommodation in Croatia is located on the coast, whereas the rest of accommodation facilities are located inland, mostly concentrated in Zagreb (50% on average compared to all other inland counties). Investment in the hospitality industry is growing, encompassing mainly investments related to upgrading the existing portfolio, acquisitions and a smaller share of greenfield investments.

This research focuses on a sample of 4-star hotels, which account for 46% of total number of hotel accommodation units and 45% of total number of permanent hotel beds (Ministry of Tourism, 2018), making them the main generator of the total revenue of the hotel industry in Croatia. Therefore, it is important to understand their competitive pricing and quantitative impact on the occupancy rate (Occ) and revenue per available room (RevPAR). Could a higher price positioning over longer period of time, offset losses in Occ, and result in higher RevPAR? This pricing strategy dilemma has been addressed in the analysis, and further elaborated in this paper.

1. FINDINGS OF PREVIOUS RESEARCH

The findings of the following previous research studies have influenced this work: Competitive Pricing in European Hotels (Enz, Canina, 2010); Strategic Pricing in European Hotels: 2006-2009 (Enz, Canina, Lomanno, 2010) and Competitive Hotel Pricing in Europe: An Exploration of Strategic Positioning (Enz, Canina, Van der Rest, 2015). These studies explore the pricing strategies of competitive hotels by focusing on three key performance indicators: the Average Daily Rate (ADR), the Occupancy Rate (Occ), and the Revenue Per Available Room (RevPAR). This study is focused on the same key performance indicators (KPIs). The reference studies, however, covered a much wider territorial area i.e. the European area, having thus a much larger sample on which to base their analysis. In their research, the issue was addressed from multiple perspectives: time (different periods), territorial (different countries), organizational / business model (independent vs. chain-affiliated), etc. Following is a brief summary of the research findings of the three reference studies.

Strategic Pricing in European Hotels: 2006-2009 (Enz, Canina, Lomanno, 2010) explores the forming of ADR and demand through occupancy and RevPAR. The results of this four-year study suggest that even in periods of economic crisis (2006-2007 vs. 2008-2009), hotels that tend to set their prices higher than that of their competitors record lower occupancy rates but higher relative revenue per available room. This pattern was consistent for hotels of different sizes and business models (an independent hotel vs. chain hotel) in most market segments across Europe. The research findings speak in favour of the thesis of low elasticity in the demand for hotel accommodation in Europe, which is consistent with the findings of previous research in the US and Asian markets. It has also been confirmed that RevPAR is not stimulated by a decrease in competitive prices (Enz, Canina, Lomanno, 2010).

In their second paper, Enz and Canina (2010) explore this phenomenon on a sample of 3,000 hotels situated in Europe. They have obtained the same key results as in the study cited above. Thus, hotels with a higher ADR generated a lower Occ but a higher relative RevPAR. The observed trend in demand and revenue was consistent across all market segments (hotel categories), from economy to luxury. The country-level analysis revealed higher volatility solely in the results achieved by hotels in Spain and Italy (Enz, Canina, 2010).

The third referenced study examines the effects of competitive pricing on relative revenue levels, on a sample of 4,000 European hotels over a ten-year period, from 2004 to 2013. The hotels that have set higher prices generated a higher RevPAR. The study confirmed that, regardless of the economic situation over the time period, hotels with a higher ADR generated a higher relative RevPAR at a lower Occ (Enz, Canina, Van der Rest, 2015).

In addition to the above referenced studies, the findings of earlier research in this matter also served as a basis for our study. These among others include the following: An analysis of supply and demand for the US hotel industry by Canter, T.A. & Maher, W. (1998); The study of international tourism demand: A review of findings by Crouch, G.I. (1994); A model of demand for international tourism by Divisekera, S. (2003) and Using RevPAR to analyse lodging-segment variability by Ismail, J.A., Dalbor, M.C. & Mills, J.E. (2002).

To the authors' best knowledge, there are no scientific papers discussing the issue of hotel pricing strategies in Croatia available in the domestic literature and especially not from the perspective of strategic pricing through a longitudinal study such as this. There have been several domestic papers, from those addressing the issues of pricing strategies in the hospitality industry, pricing strategies of hotels in Croatia in conditions of market changes, the competitive advantage of Croatian tourism (viewed through average price realization indicator) and those discussing revenue management in the hospitality industry, that have used ADR, Occ and RevPAR as the fundamental measures for evaluating performance in the hospitality industry. Following is a brief summary of the domestic literature on this matter.

Šimunić (2013) argues that the today's market and the technological development in terms of smart solutions for hospitality as well as online sales for both independent and chain affiliated hotels fully determine the hotel's business policy and pricing strategies depending on the season, occupancy, days of the week, length of stay, promotions, etc. One of the biggest challenges is prompt posting of actual rates on booking sites such as booking.com, hrs.com, expedia.com and others with the aim of building the right rate parity strategy.

Pančić Kombol (1996) explores pricing strategies through the prism of marketing and analyses the hospitality industry in Croatia given the market conditions and the state of the demand at the time. The author pointed out that Croatia's hospitality industry was found in a difficult situation in terms of creating and implementing the right pricing strategy that would be aligned with product strategies. The quality of the hotel product in Croatia was below the level of European hospitality with high category standards, and even recorded decreasing trends in quality. The prices quoted in hotel price lists were very high but were applied much less frequently than lower prices intended for contracted tour operators and travel agencies. Due to new market relations, the referenced paper suggested lowering prices, which could result in a positive effect on the market, especially individual users' market. "In developing new pricing policies and strategies, a hotel may transitionally or permanently implement the average cost method founded on: (1) Planning sales volumes at particular market acceptable price levels; (2) Forming different price rates for different spring and autumn periods, and determining the product's time dimension (weekend, Monday to Friday, ten days, etc.); (3) Aligning price rates with amount of services offered (meals, etc.), and (4) Creating effective sales policies (intensifying customer-oriented sales activities during the summer). In such case, the business year could be divided into two periods or the same rate can be maintained throughout the year, if it is a high category hotel."

In her work on the competitiveness of the Croatian tourism and hospitality industry, Pletikosa (2015) puts focus on ADR, Occ and RevPAR as the most significant indicators of business performance in the hospitality industry and analyses the competitive advantage of Croatia as a destination through realized RevPAR.

Domestic researches have also addressed the issue of ADR, Occ, and RevPAR in exploring revenue management. Namely, revenue management has direct impact on pricing and achieving Occ and RevPAR optimization goals. For example, in his paper Deković (2014) outlines the main features and operational techniques of revenue management in the hospitality industry with special emphasis on overbooking, in the analysis of its positive (long-term increase in revenue, improved management, etc.) and negative (loss of income from lodging, decreased customer loyalty, reputation loss, etc.) effects on hotel profitability.

2. METHODOLOGY

This research concentrates on 4-star hotels located on the Croatian coastline. According to the criteria of market positioning, hotel facilities and service level, these hotels are categorized as high category hotels or 4-star hotels according to The Categorisation of Catering and Hospitality Facilities in Croatia.

Underlying hypothesis: Hotels with a growth rate of Average Daily Rate (ADR) above the mean growth rate of ADR of 4-star hotels situated in the Croatian coastal region, generate lower comparative growth rates of Occupancy (Occ), but higher growth rates of Revenue Per Available Room (RevPAR).

The following auxiliary hypothesis emerged from the underlying hypothesis: An effective strategic price management has a positive impact on a hotel's Revenue Per Available Room (RevPAR) growth.

The analysis was performed on the data collected from Horwath Hotel Survey (HHS) database for 2015-2017, which comprises a collection of results obtained by the HHTL survey being conducted for over nineteen years in Croatia. The database allows participants, users and buyers of such reports to follow up on current levels of business performance and implementation of modern trends in the development of Croatian hospitality industry. As such, it can be used to measure performance and can serve as a framework for comparison of Croatian hotels at the local, regional and international level in terms of market, financial and other performance. However, it should be noted that the sample (base) covered by the HHS survey represents only 42% of Croatia's categorized hotel facilities. The data can be obtained according to size, category or regional affiliation (Istria, Kvarner Bay, North and Central Dalmatia, South Dalmatia, inland Croatia, Zagreb). Financial results are presented in accordance with the Uniform System of Accounts for Lodging Industry by hotel departments and are expressed in Euros. The average national exchange rates of the Croatian National Bank for 2015, 2016 and 2017 were used to convert Croatian Kuna to Euro.

In preparing the data for their processing and analysis to test the hypotheses, the hotel was chosen as the basic unit of analysis and microeconomic entity. Out of a total of 61 hotels for which data are available for 2017, the comparative analysis identified 42 hotels for which data were available for all three observed years. Out of this group, all hotels that recorded significant investments in the observed period, or underwent significant reconstruction resulting in the hotel's higher price and categorization under the Croatian categorization framework were eliminated from the sample. Namely, some facilities became 4-star hotels upon the investment, which brought about their closing and subsequent reopening as a *new* hotel which could categorize them as a new brown-field investment. Consequently, 7 outliers with the highest ADR growth in 2016, 2 outliers with the highest ADR growth in 2017, and 1 outlier with over 50% of drop in Occ in both 2016 and 2017 for reasons of reduced open period due to reconstruction were eliminated from the sample. Thus, from the 42 hotels from the previous step, the sample for further analysis was reduced to 32 hotels.

Given that the 4-star hotels were selected as the subject of this study, key performance indicators, the ADR and Occ, were obtained from the database for each sample hotel for a three-year period (2015-2017), which further served as the basis for calculating the RevPAR. These key performance indicators represent the crucial information in strategic pricing processes adopted by 4-star coastal hotels in Croatia.

The multivariate regression analysis defined RevPAR as the dependent variable and ADR and Occ as the independent variables. The analysis was performed for two segments. The first segment includes hotels that recorded an ADR growth rate above the sample mean, and the second, hotels that recorded an ADR growth rate below the sample mean. Two periods were observed separately: 2015-2016 and 2016-2017. As expected, all models showed the correlation between dependent and independent variables, with p values less than 0.05. The equation for the multivariate regression model can now be expressed as: $y = x1 + x2 + I$, where y is the RevPAR value, x1 is the ADR value, x2 is the Occ value, and I is the cross-sectional dependent.

3. FINDINGS AND DISCUSSION

The key variables in the analysis include percentage changes representing growth rates in the key performance indicators (ADR, Occ, RevPAR) between the two observed years. For each hotel in the sample, the KPIs growth rates were calculated for two periods, 2015-2016 and 2016-2017. The percentage change between the ADR levels for each individual hotel in the two observed years was used as the basis for creating two hotel segments in the sample. The first segment covers hotels with an ADR growth rate above the average of all analysed 4-star hotels, whereas the second segment covers hotels with an ADR growth rate below the average of all analysed 4-star hotels.

The ADR growth rates, the Occ growth rates, and the RevPAR growth rates for both segments for 2016-2017 are given in the Table 1. The table reveals that the first segment recorded an ADR growth rate of 10%, whereas the second segment recorded a negative growth rate of -2.1%. As expected, the occupancy rate for the first segment recorded a lower growth rate of 4.6% in relation to a 7.8% occupancy growth rate for the second segment when prices actually fell. Finally, RevPAR grew by 15.1% for the first segment, whereas the second segment, recorded a RevPAR growth rate of only 5.4%.

The results obtained confirm the underlying hypothesis for the period 2016-2017: Hotels with a growth rate of Average Daily Rate (ADR) above the mean growth rate of ADR of 4-star hotels situated in the Croatian coastal region, generate lower comparative growth rates of Occupancy (Occ), but higher growth rates of Revenue Per Available Room (RevPAR).

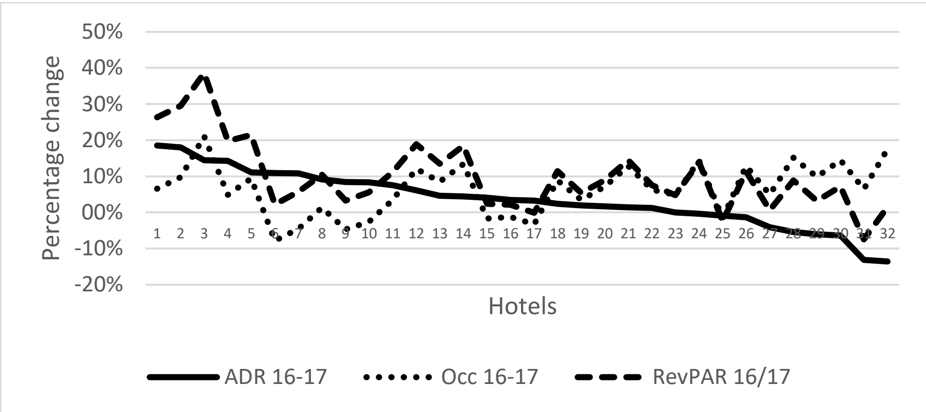
Table 1: **Comparative growth rates of ADR, Occ and RevPAR for the period 2016-2017 for two segments of the analysed 4-star hotel sample**

	ADR 16-17	Occ 16-17	RevPAR 16-17
Hotels with ADR growth rates above the sample mean	10.0%	4.6%	**15.1%**
Hotels with ADR growth rates below the sample mean	-2.1%	7.8%	5.4%

Source: Author's own analysis; HHS database

The comparative graphical representation of the trends in the three analysed variables depicts the correlation between changes in Occ and RevPAR in the observed 2016-2017 period. Moreover, at the far left and the far right side of Graph 1, an increase in the gap between the RevPAR curve and the Occ curve can be noticed. The far-left gap shows higher levels of RevPAR growth rates in comparison to Occ rates, in conditions of rising ADR growth rates, which is a key finding of the analysis presented in Table 1. The far right side of the graph shows the same pattern, but in conditions of decreasing ADR growth rates in which the Occ curve shows higher growth rates, increasing thus the gap between the Occ curve and the RevPAR curve showing lower RevPAR growth rates.

Graph 1: **Comparative representation of ADR, Occ, and RevPAR growth rate curves for 2016-2017**



Source: Author's own analysis; HHS database

The comparative analysis of the two hotel segments, equivalent to the previous analysis, for the period 2015-2016 is shown in Table 2. The table reveals that the first segment recorded an ADR growth rate of 11.3% whereas the second segment recorded a negative growth rate of -0.4%. As expected, the occupancy rate for the first segment recorded a lower growth rate of 0.3% in relation to a 6.1% occupancy growth rate for the second segment when prices fell. Finally, in the analysis period, RevPAR grew by 11.6% for the first segment, whereas the second segment recorded a RevPAR growth rate of only 5.4%.

The results obtained confirm the underlying hypothesis for the period 2016-2017: Hotels with a growth rate of Average Daily Rate (ADR) above the mean growth rate of ADR of 4-star hotels situated in the Croatian coastal region, generate lower comparative growth rates of Occupancy (Occ), but higher growth rates of Revenue Per Available Room (RevPAR).

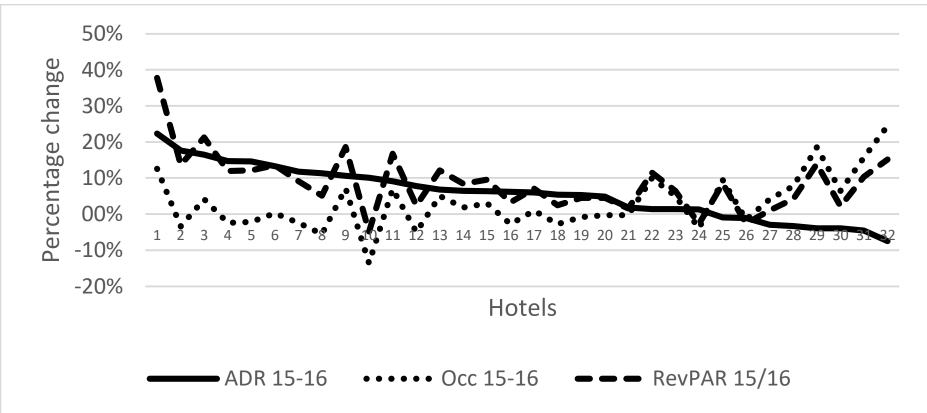
Table 2: **Comparative growth rates of ADR, Occ and RevPAR for the period 2015-2016 for two segments of the analysed 4-star hotel sample**

	ADR 15-16	**Occ 15-16**	**RevPAR 15-16**
Hotels with ADR growth rates above the sample mean	11.3%	0.3%	**11.6%**
Hotels with ADR growth rates below the sample mean	-0.4%	6.1%	5.4%

Source: Author's own analysis; HHS database

The comparative graphical representation of the trends in the three analysed variables also depicts the correlation between changes in Occ and RevPAR in the observed 2015-2016 Likewise, as in Graph 1, at the far left and the far right side of Graph 2, there is a noticeable increase in the gap between the RevPAR curve and the Occ curve. The far-left gap shows higher levels of RevPAR growth rates in comparison to Occ growth rates, in conditions of rising ADR growth rates. The far right side of the graph shows the same pattern, but in conditions of decreasing ADR growth rates in which the Occ curve shows higher growth rates, increasing thus the gap between the Occ curve and the RevPAR curve showing lower RevPAR growth rates.

Graph 2: **Comparative representation of ADR, Occ, and RevPAR growth rate curves for 2015-2016**



Source: Author's own analysis; HHS database

It is interesting to note that an ADR growth rate of 10.0% in 2016-2017 implies as much as a 15.1% growth rate in RevPAR in the same period, whereas a slightly higher figure in ADR growth rate (if compared to the previous mentioned growth rate), i.e. an ADR growth rate of 11.3% in 2015-2016 implies a RevPAR growth rate of only 11.6% (2015-2016). This points to the need to understand and incorporate elasticity of demand in these type of analyses, given its great importance in strategic thinking about pricing strategies in the hospitality industry.

The following section summarizes a synthesized analysis of both periods following the model provided by the referenced study (Enz, Canina, & Lomanno, 2010). Due to the limited number of hotels in the sample, and given the changes in ADR, only two segments were defined, one in the direction of positive growth rates (0% to 25%) and one in the direction of negative growth rates (0% to -15%). The results are shown in Table 3 and Graph 3.

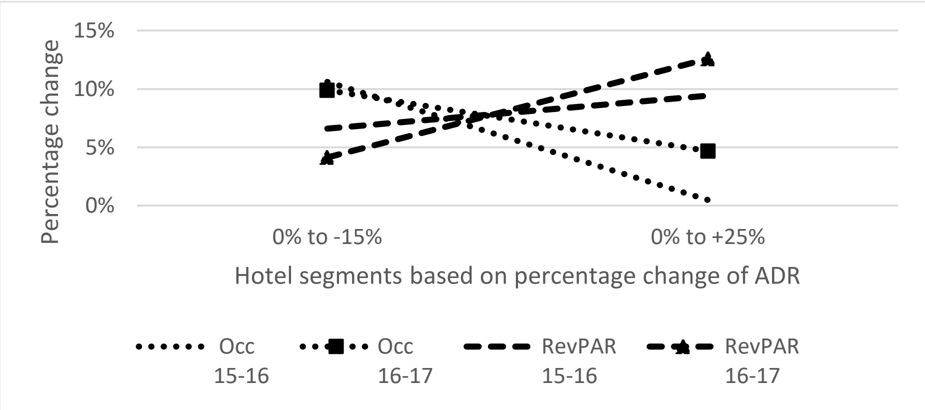
Table 3: **Comparative representation of percent changes in Occ and RevPAR for the periods 2015-2016 and 2016-2017 for two hotel segments (by positive / negative ADR growth rates)**

Hotel segments by positive / negative ADR growth rates	**Occ 15-16**	**Occ 16-17**	**RevPAR 15-16**	**RevPAR 16-17**
0% to -15%	10.6%	9.9%	6.6%	4.1%
0% to +25%	0.5%	4.7%	9.4%	12.6%

Source: Author's own analysis; HHS database

Below is a graphical representation of the data given in Table 3 that fully confirms the underlying hypothesis.

Graph 3: **Comparative representation of Occ, and RevPAR percentage change curves for 205-2016 and 2016-2017 for two hotel segments (by positive / negative ADR growth rates)**



Source: Author's own analysis; HHS database

The data given in Table 3 and the curves illustrated in Graph 3 tend to confirm the underlying hypothesis for both analysed periods. The Occ and RevPAR curves form an X-shape, where Occ and RevPAR move away from each other toward the far left and far right side of the graph, this is towards a maximum increase or decrease in prices. Thus, even given this segmentation of hotels in the sample, it has been confirmed (for both periods) that the hotels with higher ADR growth rates recorded higher RevPAR growth rates, with lower relative Occ growth rates.

A total of 64 percentage changes in ADR were observed, of which 46 (72%) were positive i.e. indicate a price increase. This leads to the conclusion that most of the hotels included in the sample increased their prices in the observed period, which may be partly related to the situation on the market, which recorded positive growth rates in the observed period.

Assuming that a strategic pricing management is aimed at achieving higher ADR growth rates in relation to one's competitors, it can be concluded that the previous results also confirm the auxiliary hypothesis, since the hotels that recorded higher ADR growth rates than their competitors also generated higher RevPAR growth rates.

3.1. Hotels with ADR growth rates below the 2016-2017 sample mean

The regression analysis describes 99.9% of the data captured ($R^2 = 0.999$). The model fully describes the correlation between dependent and independent variables with a p value of less than 0.05 (*Significance* F = 0.000). The equation can now be expressed as: $y = 1.079x_1 + 1.102x_2 - 0.007$

Regression Statistics	
Multiple R	1,000
R Square	0,999
Adjusted R Square	0,999
Standard Error	0,003
Observations	15,000

ANOVA

	df	*SS*	*MS*	*F*	*Signif. F*
Regression	2,000	0,166	0,083	11153,527	0,000
Residual	12,000	0,000	0,000		
Total	14,000	0,166			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95,0%*	*Upper 95,0%*
Intercept	-0,007	0,002	-4,277	0,001	-0,011	-0,004	-0,011	-0,004
ADR 16-17	1,079	0,016	67,457	0,000	1,044	1,114	1,044	1,114
Occ 16-17	1,102	0,009	119,555	0,000	1,082	1,122	1,082	1,122

3.2. Hotels with ADR growth rates above the 2016-2017 sample mean

The regression analysis describes 99.7% of the data captured (R^2 = 0.997). The model fully describes the correlation between dependent and independent variables with a p value of less than 0.05 (*Significance* F = 0.000). The equation can now be expressed as: $y = 1.1x_1 + 0.988x_2 + 0.000$

The null of cross-sectional dependence at 95% significance level is rejected.

Regression Statistics	
Multiple R	0,999
R Square	0,997
Adjusted R Square	0,997
Standard Error	0,003
Observations	17,000

ANOVA

	df	*SS*	*MS*	*F*	*Signif. F*
Regression	2,000	0,057	0,029	2582,447	0,000
Residual	14,000	0,000	0,000		
Total	16,000	0,057			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95,0%*	*Upper 95,0%*
Intercept	0,000	0,001	-0,152	0,881	-0,003	0,003	-0,003	0,003
ADR 16-17	1,100	0,018	60,300	0,000	1,061	1,139	1,061	1,139
Occ 16-17	0,988	0,015	64,230	0,000	0,955	1,021	0,955	1,021

3.3. Hotels with ADR growth rates below the 2015-2016 sample mean

The regression analysis describes 99.9% of the data captured (R^2 = 0.999). The model fully describes the correlation between dependent and independent variables with a p value of less than 0.05 (*Significance* F = 0.000). The equation can now be expressed as: $y = 1.041x_1 + 1.127x_2 - 0.004$

The null of cross-sectional dependence at 95% significance level is rejected.

Regression Statistics	
Multiple R	1,000
R Square	0,999
Adjusted R Square	0,999
Standard Error	0,003
Observations	17,000

ANOVA

	Df	*SS*	*MS*	*F*	*Signif. F*
Regression	2,000	0,137	0,069	7162,910	0,000
Residual	14,000	0,000	0,000		
Total	16,000	0,137			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95,0%*	*Upper 95,0%*
Intercept	-0,004	0,002	-1,984	0,067	-0,008	0,000	-0,008	0,000
ADR 15-16	1,041	0,017	61,888	0,000	1,005	1,077	1,005	1,077
Occ 15-16	1,127	0,013	86,345	0,000	1,099	1,155	1,099	1,155

3.4. Hotels with ADR growth rates above the 2015-2016 sample mean

The regression analysis describes 99.7% of the data captured ($R^2 = 0.997$). The model fully describes the correlation between dependent and independent variables with a p value of less than 0.05 (Significance F = 0.000). The equation can now be expressed as: $y = 1.024x_1 + 0.961x_2 + 0.000$

The null of cross-sectional dependence at 95% significance level is rejected.

Regression Statistics	
Multiple R	0,999
R Square	0,997
Adjusted R Square	0,997
Standard Error	0,003
Observations	15,000

ANOVA

	df	*SS*	*MS*	*F*	*Signif. F*
Regression	2,000	0,042	0,021	2140,836	0,000
Residual	12,000	0,000	0,000		
Total	14,000	0,042			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95,0%*	*Upper 95,0%*
Intercept	0,000	0,001	-0,151	0,883	-0,003	0,002	-0,003	0,002
ADR 15-16	1,024	0,035	29,665	0,000	0,949	1,100	0,949	1,100
Occ 15-16	0,961	0,016	59,434	0,000	0,926	0,996	0,926	0,996

CONCLUSION

From the research that has been conducted, it is possible to conclude that hotels which record higher growth rates of Average Daily Rate (ADR) than the recorded average by 4-star hotels situated in the Croatian coastal areas, experience lower growth in Occupancy Rates (Occ), and higher growth rates in Revenue Per Available Room (RevPAR). The results also suggest that an effective strategic pricing management leads to an achievement of higher growth rates in Revenue Per Available Room (RevPAR). This confirms the underlying and auxiliary hypotheses of the paper.

The findings and conclusions within this research are in line with those of the referenced studies in terms of the pricing policies adopted by the analysed 4-star hotels situated in the coastal areas of Croatia. Moreover, similar to the findings of previous studies, the results of the current study identify the quantitative advantages of a strategic approach to pricing policies over the opposite approach of reactive or tactical pricing.

This study, and the results obtained, are particularly significant for a number of reasons: this is the first time such research has been conducted in Croatia; this study is a result of dynamic research rather than static, as it covers a period of several years (from 2015 onwards) and is in line with recent research on this topic.

There are limitations to this study, the foremost of which is the representativeness of the sample. Namely, the number of hotels included in the analysis does not allow for a more detailed segmentation of hotels in regard to their ADR growth rates, which would provide for subtler insights into strategic pricing at different levels of positive/negative ADR growth rates. Moreover, this research did not cover some strategic factors addressed in other works, such as hotel size and chain affiliation or brand affiliation. Currently, there are only a few such hotels on the Croatian coast, so a deeper analysis would not even be possible. However, given the globalization of the market and the internationalization of the Croatian hotel sector, it is likely that such research could be conducted in the future.

In addition to the recommendation for further research given above, an additional guideline (in line with Enz, Canina, Lommano, 2010) would be to understand and include in the analysis the customers' response to the set price, in terms of the elasticity of his / her demand in different market conditions, which would provide an additional perspective to all involved in the strategic and operational pricing management processes in the hospitality industry.

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