



FEATURES OF PRICING IN TOURISM

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Abstract: This article discusses the specifics of pricing in tourism.

Keywords: Pricing, price, pricing policy, tourist product, pricing strategy.



Introduction

Pricing is one of the most important factors of a company's marketing along with the introduction of new products, market segmentation, and sales costs. Price is the most important element of the marketing mix. It is the pricing policy that ultimately determines the commercial results achieved, and a well-chosen pricing strategy has a long-term and decisive impact on both the competitiveness of tourism products and the company's activities. The urgency of the problem of developing a pricing strategy in the activities of travel agencies is related to the following factors:

- pricing is one of the main aspects of marketing activities, an important management tool that allows you to generate a company's profit.;
- free pricing of tourist services is associated with solving a number of methodological problems: how should the price be formed in market conditions? what selection criteria can be used?
- Most small and medium-sized travel companies do not have sufficient resources to actively use methods of non-price competition;

- The tourism services market is essentially a buyer's market. Price has always been the main factor determining the buyer's choice.

However, in recent decades, non-price factors such as sales promotion and the organization of the distribution of goods and services to customers have become relatively more influential on consumer choice. Firms approach pricing issues in different ways. In small firms, prices are often set by top management. In large companies, department managers and product range managers usually deal with pricing issues. But even here, top management defines the general guidelines and goals of price policy and often approves prices proposed by lower-level managers. Setting a certain price for a product or service serves to sell it later and make a profit. It is very important to set the price in such a way that it does not turn out to be too high or too low. In a small business, setting the right price level is all the more important because the entrepreneur has the opportunity to communicate directly with the client, who in turn can express his complaints about the set prices for goods or services.

Methodology

Assigning a high price may be fraught with loss of interest in the purchase. Assigning a low price can also cause a negative reaction, for example, doubt about the quality of the product or the skill and experience of the entrepreneur. Thus, the asking price determines the quality of the product or service in the buyer's mind and helps determine the position of the product in the market. Prices and pricing policy are the most important means of implementing the marketing strategy of a travel company. An effective pricing policy has a decisive impact on the strategic development of a tour operator. Prices indicate the competitiveness of travel services and their position in the market.

Pricing in the service sector and in tourism, in particular, has a number of features:

1. Tourism services are the final product intended directly for consumption, therefore, prices for a tourist product or tourist services are retail prices.

2. The sustainability of demand for tourist services depends on the individual characteristics of a person, therefore, when setting prices for them, the following psychological point should be taken into account: the price should not cause negative emotions among potential buyers.

3. The processes of production, sale and consumption of services coincide in time; therefore, seasonal differentiation of prices and tariffs is applied in the service sector; demand for tourism services has a pronounced seasonal character.

4. Tourism services are sold on both domestic and global markets, therefore, international requirements are taken into account when assessing quality and standardization, since prices for foreign tourists are usually set in foreign currency.

5. Prices for tourist services should include consumer values that do not directly take commodity form (for example, national parks, historical monuments) or are not products of labor, but are created by nature (mountains, waterfalls).

6. Высокая эластичность цен в различных сегментах туристского рынка.

7. The time gap between the moment of setting the price and the moment of purchase and sale of the tourist product.

8. The inability of services to be stored, as a result of which retailers (travel agents) do not share with manufacturers (service providers and tour operators) the risk associated with unrealized services.

9. High degree of influence of competitors.

10. A significant degree of government regulation in the field of transport, which often includes elements of price control.

11. A high level of orientation to the psychological characteristics of the consumer, since the price of travel may be related to the status of the client, his position in society. These features determine the pricing of tourism enterprises on two levels. The first level corresponds to the pricing strategy and is a set of prices that must be published in catalogs, brochures, guidebooks and other printed publications.

These prices address global issues, such as the global position of the product and the company, and long-term returns on invested capital. The second level, which determines pricing tactics in general, characterizes the prices at which services are sold based on a specific situation (for example, travel time, group travel, etc.).

Results and discussion

The process of developing a pricing strategy consists of a number of successive stages:

- 1) identification of factors external to the company that affect prices;
- 2) setting the pricing;
- 3) choosing the pricing method;
- 4) determining the company's pricing strategy.

The end result of the first stage of the pricing strategy development should be the establishment of the boundaries of the enterprise's freedom in setting prices for the services offered. The setting of prices is also largely determined by the image of the tourism company. When offering its services to customers, it must first take care of how its products will be perceived by the consumer. When developing a pricing strategy, a company should take into account the image perceived by customers, since the more credibility a travel company has, the more trusted and popular its services are.

The price of travel services has two limits: lower and upper. The lower limit is the cost of the produced product (tourist package), and the upper limit is determined by the demand for this product. Therefore, the price of a travel product is determined by its value and demand for this product. In addition, the price of a travel product is influenced by a number of factors: external, internal and technological.

External factors:

- Government regulation of both the economy in general and the tourism sector in particular, including tax regulation;
- the ratio of supply and demand, the conjuncture of the tourist market;
- consumers of the tourist product;
- the pricing policy of travel service providers; • the level and dynamics of competitors' prices;
- Seasonality.

Internal factors:

- quality characteristics of services, price-quality ratio;
- costs of the enterprise and the planned profit;

- the pricing policy of the tourism company;
- the degree of exclusivity of the tourist product in the market.

Technological factors:

- technology of working with service providers for this travel product: quota or on request;
- type of travel package: customized or inclusive tour;
- class of service: economy, standard, exclusive, VIP, etc.
- form of service: group or individual;
- Customer type: travel agency, corporate client or individual client.

Collectively, the price of a particular product is determined by the mutual action of three groups of factors: individual production and sales costs, the state of demand and the level of competition in the market.

With these factors in mind, pricing methods have been developed in marketing practice.:

- based on costs;
- with a focus on the level of competition;

Conclusion

Demand-driven. When developing a pricing strategy, a tourism company should use these three methods in cooperation, since focusing on only one of them does not contribute to a flexible pricing strategy and even leads to direct or indirect losses. The cost-based method of calculating prices is based on calculating the total, direct, and standard costs of producing a tourist product and services.

In this method, the profit margin covering the indirect costs of the tour operator is taken into account at the level of the established industry profitability. This pricing strategy is based on 4 costs, which include not only the direct cost of producing a tourist product based on cost calculations, but also indirect costs such as taxes, labor, and more.

The costs of the tour operator are divided into fixed and variable. Fixed costs are those costs that remain unchanged at different sales volumes. Variable costs are those costs that are directly related to the formation of a travel product. Their total amount.

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