PRICE STRATEGIES IN TRAVEL SERVICES

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Abstract

The purpose of this paper is to identify ways to increase economic performance accommodations by implementing effective strategies. In this price range strategies were analyzed weekly, prices vary according to season, prices and prices associated with loyalty. Each of these methods were analyzed in a case study in a unit of a unit of travel. The results obtained showed the need to consolidate and develop their own strategies for marketing of tourism services.

Key words: services price, economic efficiency, economic security

The price is influenced by supply and demand characteristics and the power relations between them. The relationship between demand and supply of services meet two situations (Kotler Ph. And Armstrong G , 2008).

The elasticity of demand for a large part of the services is high, the greater market power is held by customers. They can choose to buy certain services to and make it their own if the price is too high. The price of these services will be influenced mostly by customers.

In the second situation is vital to customer service and a high degree of difficulty. In this case customers are relatively powerless in relation to which this time bidders have the strength to determine the price (Plumb I. and Ionescu Manuela, 2004).

However, all bidders are those who tempers prices through competition. However, for many services such mental association is found in the customers' service quality - great price "and even reverse" high price - quality services. This is the effect of psychological factors determining the market (Moga T. and Carmen Valentina Rădulescu, 2003).

Pricing services is a constant concern of service providers because it is the means of valuing their effort. Its interest is to obtain as high a price to cover costs and achieve a profit margin. Buyer interest is to obtain services at the lowest possible price. It considers utility fee based disposable income and the effort and it makes one (Ioncică Maria, 2006).

MATERIAL AND METHOD

The working method used in this work has focused on economic analysis and case study on a tourist units. Unit that is the case study was researched in the paper this paper coauthored by undergraduate graduation.

The results presented were the economic scenarios based on different marketing strategies. Used information from the unit's own documents researched and published documents on the official website of the Ministry of Finance.

RESULTS AND DISCUSSIONS

Economic analysis has sought ways to increase the economic performance of tourism facilities in ways to adapt prices to demand and its peculiarities.

Given weekly price range of this strategy were determined five different thing. The first option is Vo-current version of a common tariff of 75 lei per room during the weekend and on weekdays and a total of 460 tourists. In this situation shows that profit is 7.170 lei, with a profit rate of 24,2% and 30,6% safety margin. In this case tourism unit would record an annual profit of 7.170 lei.

If we consider the variant V1-variant when they differentiated prices on rooms for the weekend (80 lei), and during the week (60 lei), will be a disadvantage, since some customers coming weekend will be attracted by prices of the week and will accommodate at this time.

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Prices differentiated by week

Economic results	Option				
	0	1	2	3	4
price weekend (lei/ room)		80	80	80	80
price middle of the week (lei/room)		60	60	60	60
common price (lei/ room)	75				
number of days / room	460				
number of days / room **w**		360	360	380	380
number of days / room **md**		100	160	180	220
income (lei)	34.500	34.800	38.400	41.200	43.600
fixed costs (lei)	16.290	16.290	16.290	16.290	16.290
variable cost (lei/ room)	24	24	24	24	24
total expenses (lei)	27.330	27.330	28.770	29.730	30.690
gross profit (lei)	7.170	7.470	9.630	11.470	12.910
profit rate (%)	26,2	27,3	33,5	38,6	42,1
margin of safety rate (%)	30,6	23,0	31,9	36,8	41,0

If we take another option to see how much pension will increase revenue, we can take V2-variant version incorporating a great advantage. It could be that some tourists who come to the weekend tourist unit, will remain here another 1-2 days, or will come 1-2 days earlier.

There is also the possibility that some potential customers to come because of lower prices during the week.

This version is slightly different from the previous one, although prices are the same and on weekends and weekdays. The difference lies in increasing the number of tourists during the coming week but the number is the same weekend. Because of this, there was a profit of 9.630 lei, higher than the original version, and than the version V1. The profit rate is 33,5% recorded increasing profitability threshold being 354, and the safety margin recorded a value of 31,9 %.

Besides these two types of efficiency, also include others, such as for example the variant V3-drive tourists come from customers who calculate their average price per room on a tourist staying at the unit and will accommodate a common period, weekends and weekdays. This time it increases the number of tourists who come to drive tourists on weekends from 360 persons to 380 persons and the number of people who come during the week to 160 people to 180 people. We observe that as the number of tourists increases both weekend and weekend will be an increase in all economic performance. Gross profit will record a value of 11.470 lei, the profit rate will be 38,6% and the safety margin will record a value of 36,8%. And if this variant prices are the same as previous versions, that is 80 lei per room during the weekend and 60 lei per room during the week, the price per room / night.

Prices vary according to seasons

Economic results	Option				
	0	**1**	**2**	**3**	**4**
price weekend (lei/ room)		70	70	70	70
price middle of the week (lei/room)		50	50	50	50
common price (lei/ room)	75				
number of days / room	460				
number of days / room **w**		460	400	460	460
number of days / room **md**		0	60	50	150
income (lei)	34.500	32.200	31.000	34.700	39.700
fixed costs (lei)	16.290	16.290	16.290	16.290	16.290
variable cost (lei/ room)	24	24	24	24	24
total expenses (lei)	27.330	27.330	27.330	28.530	30.930
gross profit (lei)	7.170	4.870	3.670	6.170	8.770
profit rate (%)	26,2	17,8	13,4	21,6	28,4
margin of safety rate (%)	30,6	1,6	1,6	11,3	25,8

In this case will only increase the number of people who come during the week to 180 people, as were predecessor to 220 people. Profit made on the last version is 12.910 lei, and the profit rate of 42,1% safety margin is 41.0%. Gross profit

increases from one version to another, from 7,170 lei from the original version to version 12.910 to V4.

B. Prices vary according to season is differentiated pricing for different periods: specific

price in season and extra season specific price.

Like the other strategy, note that this may 5 pension options to maximize performance. Here we took into account a rate of 70 lei / room in season, and 50 lei / room in low season. The first variant V0 is the same as the previous scenario since remained a common price for the season and the season, achieving the same economic results. Next version, V1-one which requires that all visitors are interested to come to drive tourist season, and nobody wants to come during the season. Then it is apparent that the economic performance of the pension will fall to 4.870 lei, with a profit rate of 17,8%.

The next variant, variants V2-is the disadvantage that some of the customers who came to drive tourist season decided to turn to during the season. Also here we see that there have been losses.

So far we have illustrated situations where tourism unit could not obtain favorable economic

results. Following will bring increases in annual profit. V3-version means that in addition to travelers to the season, there are people who will come in season, variant that will lead to increased economic performance, recording a profit of 6170 lei per year. Last option, V4-is version that will increase the number of people will come and will accommodate the season. Thus, it will increase revenue per room each year.

In this case there was a continuous increase in gross profit. In version 1 and version 2 that have recorded the lowest values of gross profit a year before recovering.

C. Prices associated with the case have proposed three options. The first version was V1 version which some tourists will stay another day at half price or where these tourists will come a day earlier. We note that the strategy, there was a profit of 11.710 lei, and a profit rate of 38,2%.

Table 3

Associated prices

Economic results	Option			
	0	1	2	3
price weekend (lei/ room)		80	80	80
price middle of the week (lei/room)		40	60	60
common price (lei/ room)	75			
number of days / room	460			
number of days / room **w**		460	460	460
number of days / room **md**		140	210	340
income (lei)	34.500	42.400	49.400	57.200
fixed costs (lei)	16.290	16.290	16.290	16.290
variable cost (lei/ room)	24	24	24	24
total expenses (lei)	27.330	30.690	32.370	35.490
gross profit (lei)	7.170	11.710	17.030	21.710
profit rate (%)	26,2	38,2	52,6	61,2
margin of safety rate (%)	30,6	24,6	47,1	55,7

In addition to this model, we considered another variant, variant V2, which means that about 75,0% of tourists, to get two extra days of accommodation, and this situation will be further increases in the economic performance record. By using this option, tourism unit will record a profit of 17.030 lei, and a profit rate of 52,6%. V3 is one which requires that all tourists stay at tourist unit to stand two extra days. This option is a profit of 21.710 lei.

Gross profit increased from the original version (V0) of the 7.170 lei to V3, which saw a profit of 21.710 lei.

D. Price of loyalty to gain new economic results, business tourism could give vouchers loyal tourists, aimed mainly at their return, either alone or accompanied by friends.

In this case we took as reference the initial version, when not given vouchers and four variants, each generating more income as original

version. We note that the prices are different from previous cases, so the weekend accommodation on a room will pay 75 lei / room, and for weekdays will pay 53 lei / room.

From those presented so far, it has strengths and weaknesses. The first version V1 is not available to tourists vouchers, in which economic unit does not lose anything but the end result no further.

The next version, V2-means that if some of the customers will come back with those vouchers, or will give to friends. Then, the unit will record certainly more economical results. Recorded as revenue of 11,730 lei, and a profit rate of 37,6%.

Next version, V3-involves providing vouchers to the voucher, part of the 460 tourists, come with friends, and implicit in this situation, the voucher will double. Our gross profit in this situation will be 14.010 lei, and the profit rate of 42,3%. Last option, V4-shows the highest price

during the week is equal to variable cost, in which case the safety margin is reduced, leading to a decrease in safety and business, with all that profit remains the same.

In variants V0, V1, V4 gross profit recorded the same amount of 7.170 lei, while V2, profit rose to 11.730 lei, and V3 increased further to 14.010 lei.

E. Strategy assurance of additional services at the same price In this situation we have considered only two alternatives.

If the first version V1 are highlighted additional services that are not approved by tourists, and therefore no additional variable costs, is the only indicator that will increase fixed costs

(17.290 lei). This will generate lower gross profit from a version to another, and lower profit rate from 26.2% to 21,8%. Safety margin is reduced by 4,3%.

The second option analyzes the situation in which some customers are attracted additional services and therefore would be a preferred tourist unit which that unit will increase demand for services. In this situation there will be a further variable costs increase by 5, a lei and fixed costs from 16.290 lei to 17.290 lei., Where customers will bring additional revenue at least equal to additional expenses. The strategy has been a decrease in profit from one version to another.

Table 4

Prices associated with vouchers

Economic results	Option				
	0	1	2	3	4
price weekend (lei/ room)		75	75	75	75
price middle of the week (lei/room)		53	53	53	**24**
common price (lei/ room)	75				
number of days / room	460				
number of days / room **w**		460	460	460	460
number of days / room **md**			160	240	160
income (lei)	34.500	34.500	42.900	47.100	38.340
fixed costs (lei)	16.290	16.290	16.290	16.290	16.290
variable cost (lei/ room)	24	24	24	24	24
total expenses (lei)	27.330	27.330	31.170	33.090	31170
gross profit (lei)	7.170	7.170	11.730	14.010	7.170
profit rate (%)	26,2	26,2	37,6	42,3	23,0
margin of safety rate (%)	30,6	10,9	33,9	41,5	-3,0

Table 5

Additional services at the same price

Economic results	Option		
	0	1	2
common price (lei/ room)	75	75	75
number of days / room	460	460	460
income (lei)	34.500	34.500	34.500
fixed costs (lei)	16.290	17.290	17.290
variable cost (lei/ room)	24	24	24
aditional variable cost (lei/ room)			5
total expenses (lei)	27.330	28.330	30.630
gross profit (lei)	7.170	6.170	3.870
profit rate (%)	26,2	21,8	12,6
margin of safety rate(%)	30,6	26,3	26,3

CONCLUSIONS

Economic analysis summary on how the price fixing of tourism can lead to insurance company economic performance.

Any pricing strategies can provide an economic advantage to a profit margin of 26,2% to 61.2% and a safety up from 30,6% to a value of 55,7%.

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