

The tourism prices

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Abstract

All the lucrative organisations and many others non profit organisations have to establish their products and their service prices. Each product and service has an established price, which is defined as follows:

1. The price-represents the expression of the material goods

2. The tariff-represents the objective or subjective amount of a service.

Briefly, the price represents the amount of money required for a product or a service.

Widely, the price represents the amount of all values offered by the consumers in order to take benefit from the products or services.

INTRODUCTION

THE PRESENTATION OF THE TOURISM PRICES:

1. **The tariff** represents the price for all the tourism services like:transport,accomodation,etc

2. **The DUTY** represents the price payed in order to obtain a right or a special service.

3. **The FEE REPRESENTS THE ACCOUNT** payed for other services like the juridic or medical assistancy for the tourists..

4. **The salary** represents the manpower'price for those who work in tourism.

5. **The commission** is used to show the intermediate price of the services

6. **The due** represents the price of the services offered by an organisation in exchange for the obtaining of the right and the advantages to take part of it.

7. **The rent** represents the price payed to take benefit of the right to use a building for exemple.

8. **The interest** is in fact the price of a credit.

9. **The tax** is the price of a favour\privilege.

10. **The bribe** represents the price payed to a person in order to persuade a person to encourage

Somebody,for ex:when one wants to obtain easier an accomodation place.

RESULTS AND DISCUSSION

The price limits in tourism

The inferior limit-the tourist is doubting about the quality of the products and services

The superior limit –when the tourist believes that the product is too expensive,so he is no longer interested in. ;

Differences of prices in tourism: .

Depending on the season and the period

- more seasons in the same hotel
- discounts in the urban hotels during the week-end
- during season-the demand is very large and the offer remains unchanged, the rooms are offered for one week only.

Depending on the moment when was made the reservation

- discounts for the reservations made 2 months earlier;
- discounts for the last moment reservations

Depending on the interests:

- depending on the age
- at first visit

Depending on the time sale

Reservations for:

- Tourism companies (whole-saler) that have their own programme;
- Tourism agencies (retailer) that sells their programmes made by an whole-saler;
- Mediators, reservation systems, hotel groups.

Depending on the payment

- Paying cash;
- Paying by transfer

Depending on the quality:

- Depending on the size of the rooms
- depending on the number of seats in the theatres

The particularities of the tourism prices and services

- the elements that influences prices evolution in tourism
- the complex and the heterogenous nature of the touristic products.
- the touristic investments are intensive in fixed capital over 90%

-the quality of the touristic services depends on the professionalism of the employees.

The features of tourism prices formation and evolution:

1. a wide range of prices for the one and the same product ;
2. a relative independent evolution from the proportion demand and offer;
3. a limited effect of the prices on the input ;
4. the touristic product is not easily recognised in some cases;
5. the consumer heads towards the place where the service is provided ;
6. inflationary tendency.

a. A wide range of prices for the one and the same product, considering:

1. the seasonal character of the input ;
2. the location of the offer in proportion with the touristic attraction;
3. the proportion of the currency exchange ;
4. the degree of production focus ;
5. the type of tourism consumer;

b. A relative independent evolution from the proportion demand- offer :

- the touristic market is „opaque”
- the exploitation of the financial touristic resources may be done under fair condition, involving little expenses. Thus, the differences created allow the producers to obtain certain differentiated bond;
- a producer of touristic services obtains a bond monopoly, with consequences over the level of sale;
- state regulations(direct or indirect ones) regarding the touristic prices, decreasing more the addiction towards the market factors, mainly the demand and offer.

c. The limited effect of the prices on the input it can be felt in the tourist's decision to buy because the price variable may have a moderate, weak or no influence. During the vacation, the tourist is willing to spend more, removing certain restrictive budget barriers. The tourist's desire being that at least once a year he should have the time of his life, disconnected from the rigor of prices.

d. The inflationary tendency :

- 1) on short term the touristic input may cause and support inflationary strain being powered by more factors/elements:
- 2) the focus in time and space of an imperative and huge demand, faced with a rigorous offer from the qualitative and quantitative point of view;
- 3) during season the prices and tariffs of touristic services tend to increase. In addition there are also some market price alterations of some production elements that may increase the touristic prices ;
- 4) the more restrictive character of certain natural resources, the speculations of terrains appropriate for touristic development, increases the production costs;
- 5) the inflows of foreign currency on touristic activity are below the amounts allocated for its development ;
- 6) many touristic firms need to pay bigger wages to their employees because of the lack of manpower so the inflation by demand becomes inflation by costs.

e. The touristic product is not easily identified – many times it consists in an entire range of other services, the providers of these services not always having a connection between them. Therefore some difficulties occur for establishing the final price

f. The consumer heads towards the place where the service is provided:

- due to this he cannot verify the product before buying it, thus, first he has to pay for it and only after he sees if it meets or not his expectations

The index of touristic price

The difficulties that result from comparing the price of the touristic services have notable consequences not only upon the consumers but also upon the possibilities of research and analysis of the touristic market. As a consequence the researchers of this field tried to find an indicator or parameter which would reflect the large range of touristic consumption possibilities through only one rate. It is well known that the most appropriate and common way of reflecting the evolution of the prices is that of the parameters. A parameter represents a statistical procedure meant to show off the fluctuation of a group of variables regarding the determined value as reference basis.

The utility of such a parameter came out from the fact that it allows us to synthesize the fluctuation of a group of variables like the prices of the touristic services.

The calculation method of the touristic prices parameter reckons on a daily consumption „basket”. Thus, on a certain structure of consumption similar to the methods applied to the calculation of the parameters of prices in the trade goods. Obviously the structure of the touristic consumption

modifies in time and differs a lot from a consumer to another according to his personal and national traits.

The prices parameter of the touristic services tries to synthesize into a unique large gamut of the touristic consumption. In Romania a parameter of prices Laspeyres type is calculated

$$I_p = \frac{\sum q_0 p_1}{\sum q_0 p_0} ;$$

p = the price of the tourism products;

q = the quantity of the tourism products which were sold ;

1 = current period;

0 = basis period (reference period).

Advantages: - the calculation easiness;
- it facilitates the comparison of the price evolution in time;
- it expresses the average evolution of the prices to keep a certain life standard.

Disadvantages: - it doesn't express the average record of the prices according to the actual structure of the consumption in the current period;
- it doesn't intercept how much of the price increase of some tourism products is the result of the growth of the quality of them and how much is the result of the magnification of the inflation;
- it doesn't express the influence of the modification of the prices for the new tourism products.

The price strategies and policies in tourism

The trend of the price policy according to the costs

The costs include all the expenses which were necessary for the production of a tourism service or product (for example : transport, meals and accommodation, entrance fee to different museums, shows, spas, the cost of the maps etc.). In the basis tourism package VAT is also included. The tourism product also includes some general expenses of the tourist enterprise.

One of the additional components is „the safety margin”, which can be achieved in share and every bidder of tourism products should add it to the net cost of the direct tourism services to cover his loss, as a consequence of the impossibility of the integral exploitation (100%) of some transport or accommodation capacity. Each price or charge also contain a profit margin which is applied as a percent for each tourism product.

In the tourist product structure it is also included a charge from the national or foreign tourism agencies.

The trend of the price policy according to the demand and offer

- ✓ If the demand- offer rate is increasing \Rightarrow the price of the tourist services can grow ;
- ✓ If the demand- offer rate is decreasing \Rightarrow the price of the tourist services can drop off ;
- ✓ If the demand $>$ the offer \Rightarrow the companies can use high prices;
- ✓ For the low season when the risk of not using the services is high we recommend to reduce the charge.

The price strategies according to the demand and offer:

The advantage identification strategy –consists of establishing high prices when the demand on the tourism market is high, overwhelming the offer level. On this basis the profit increases because of the difference between the price and the cost and also on the selling volume. The (high) price is the result of the (high) demand.

The surviving strategy – it is necessary from different reasons (the growth of competition, old products, the decrease of the purchasing power standard of the population etc.); the tourism product position is in danger because the prices are decreasing.

The penetration strategy- it is recommended when the tourism enterprise has the purpose to encourage the demand (to attract customers) and the widening of its own market , when the profit growth stands on the growth of the selling .

The (low) price is the cause of the future high demand.

The trend of the price policy according to the competition

The strategy of high charge – consists of the advertising of the tourist product on a market where the tourist demand doesn't oscillate depending on the charge changes and it allows to the enterprise to retrieve the costs before the emergence of an offer from the competition;

- It is recommended to the entrepreneurs who have high costs and also to the luxury tourism which is characterized by a high level of comfort and it is accessible only for a certain category of tourists.

The strategy of all inclusive offer – consists in selling „all inclusive” packages which offer the tourists different varieties of travels to different destinations at a global price and it includes a minimum package of compulsory services at a certain comfort level;

- The flat-rate price corresponds to some real preferences of the tourists and the advantage is that they can find in time the price of the journey and they are able to establish a holiday budget without the risk of surprises at the destination

The strategy of low charge (launching price) – it is used when the enterprise intends to get on a certain market and it is usually used by big travel agencies for a limited period;

- As soon as the position on that market was consolidated the travel agencies come with higher price products.

The strategy of differenced charges – consists in applying some prices and charges for differenced services during a year according to the location of hotels or even of the rooms;

- Following a good organization and usage of the material basis, the entrepreneurs sometimes offers some facilities to the tourists who travel individual or in groups. These can offer a certain discount or even free services;
- It is chosen depending also on the life cycle of the tourism product;
- Many tourism enterprises attract the tourists using competitive prices to the base products and services considering that the profit will increase from the complementary services (entertaining, offering particular services)

The trend of the price policy according to the economical potential of the consumer

1. The market strategy of luxury tourist – there is a market of luxury tourism:

~ quite small, made of customers with high income, difficult to be pleased;

~ they ask sophisticated tourist products to a higher or lower level of price;

2. The market strategy of mass tourist – there is a market of mass tourism:

~ it consists of customers with moderate or even modest income, quite numerous, who ask for less elaborate tourist products to a lower price;

~ the accepting of high prices is difficult, slow and hard to observe from a year to another.

3. The strategy of middle class tourist – there is a market for middle class tourism:

~ it consists of customers with low income;

~ it is easier to please these customers but they tend to copy the conduct of luxury tourists.

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