

Features of Pricing in Tourism

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Abstract: Price shows the published or negotiated terms of an exchange transaction for a product, between a producer who aims to achieve a predetermined sales volume and revenue objectives, and prospective customers who seek to maximise their perceptions of value for money in the choices they make between alternative products.

Keywords: Tourism, Price, Marketing, Strategy, Advertisement.

Pricing is one of the most important factors in 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 achieved commercial results, and a correctly chosen pricing strategy has a long-term and decisive impact on both the competitiveness of tourism products and the activities of the enterprise.

The relevance of the problem of developing a pricing strategy in the activities of travel agencies is associated with the following factors:

- pricing is one of the main aspects of marketing activities, an important management tool that allows you to form the volume of profit of the company;
- freely setting prices for 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 tourism firms do not have sufficient resources to actively use non-price competition methods;
- 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 distribution of goods and services to customers, have begun to have a relatively stronger impact on consumer choice. Firms approach pricing problems in different ways.

In small firms, prices are often set by senior management. In large companies, pricing issues are usually dealt with by branch managers and product line managers.

But here, too, top management determines the general guidelines and goals of the pricing policy and often approves the prices proposed by lower echelon managers. Setting a certain price for a product or service serves to subsequently sell it and make a profit.

It is very important to set the price so that it is not too high or too low. In a small business, establishing the required price level is all the more important because the entrepreneur has the opportunity to directly communicate with the client and he, in turn, can express his complaints about the established prices for goods or services.

Setting a high price may result in loss of interest in the purchase. Setting 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 mind of the buyer and helps determine the position of that 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 a final product intended directly for consumption, therefore prices for tourism products or tourism services are retail prices.
2. The sustainability of demand for tourism 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 used in the service sector; The demand for tourism services is strongly seasonal.
4. Tourism services are sold both on the domestic and global markets, therefore, when assessing quality and standardization, international requirements are taken into account, since prices for foreign tourists are usually set in foreign currency.
5. Prices for tourism 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. High price elasticity in various segments of the tourism market.
7. The time gap between the moment the price is set and the moment of purchase and sale of the tourism product.
8. 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 unsold 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 controls.
11. A high level of orientation towards the psychological characteristics of the consumer, since the price of travel may be related to the status of the client, his position in society.

Literature review:

According to consumer behaviour research by Stevens (1992: 44) "consumers perception carry the greatest weight in the various decisions made by tourists - the choice of a destination, the consumption of commodities while on vacation, and the decision to return. Perception are the consumer's subjective reality. Perception is important because contemporary consumers are becoming more and more discriminating". They are more experienced travellers, older and more value conscious. It is important in influencing travel behaviour. To stay competitive in such a climate, the tourism product must be perceived as of a quality similar or better to that of other competitors, and its price must be perceived as attractive. Thus the information on tourists' perceptions of prices and quality and on the role price plays in tourist behaviour is of the utmost importance. Price and quality interact to produce the value for money concept. Because pleasure travel is an experiential product, and therefore the value for money concept must be very subjectively measured by travellers: "Measurers of travelers' price/quality perceptions are key to determining a country's or industry's competitiveness, because competitive advantage grows out of a value that a country is able to create for its buyers which exceeds the cost of creating it". Thus studies of price, quality and value can provide insights into a country's tourism product, and eventually give information for a competitive advantage in marketing its product and planning an industrial development strategy (Stevens, 1992: 48).

The real meaning of price to tourists can be overlooked by tourism organisations like the National Parks Board. In a regional context there are actual charges of accommodation facilities, effort costs, time costs and psychological costs, for example, the possibility of a potential tourist patronising the tourism facilities can be based upon:

- The actual price of the tourism facilities in the region.

- The time costs and trouble of travelling a long distance to the specific region.
- If the destination and its offerings are unknown to him, the tourist experiences will be uncertain (Heath and Wall, 1992: 141-142). 58 Consumers do tend to believe that price is a good indicator of quality (Wells and Prensky, 1996: 276). The price of a product is an indication of its quality. When price differences between several tourism offerings are small, tourists will not use price as a basis for decisions whom to support. Consumers (tourists) tend to lean on price when they make an important decision, especially when they have no self-confidence during decision making. It may happen that tourists are sceptical about tourism destinations that require much less than others of the same kind. They might wonder what is wrong with the tourist destination, and assume that other more expensive places offer better tourism facilities. This price-quality relationship should be taken into account by tourism organisations and tourism businesses during the price-fixing for regional tourism offerings.

These features predetermine the pricing of tourism enterprises at two levels.

The first level corresponds to the pricing strategy and is a set of prices that are subject to mandatory publication in catalogues, brochures, guidebooks and other printed publications.

These prices affect global issues, global issues of the position of the product and the company, long-term return on invested capital.

The second level, which generally determines pricing tactics, characterizes the prices at which services are sold based on a specific situation (for example, travel time, group travel, etc.).

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

- 1) identification of factors external to the enterprise that influence prices;
- 2) pricing;
- 3) choice of pricing method;
- 4) determining the pricing strategy of the enterprise.

The end result of the first stage of developing a pricing strategy should be the establishment of the boundaries of the enterprise's freedom in setting prices for the services offered. Price setting is also largely determined by the image of the tourism enterprise.

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