

PRICING FOR PROFIT FOR TOURISM BUSINESSES - TOP TIPS

Please find below a range of 'Top Tips' for how to develop a structured approach to pricing and how to embed good pricing practices in your business – Courtesy of Tony Haren, Admor Business Solutions.

1. **Define your products & services** – be clear about what you offer and define them in writing.
2. **Consider working collaboratively with others** – you can often expand your packages, market and profit if you work with other providers.
3. **Look at the big picture** – pricing is not a standalone issue as it is one of the “P’s” in the Marketing Mix and a key element of your own Business Model, which is one of the 5 Pillars of Good Business Finance.
4. **Work out what your products and services cost to deliver** – calculate your direct costs (booking fees; cost of supplies; etc.) and your indirect costs (marketing; rent; insurance; staff costs; bank fees; etc.) so you know what you’re spending.
5. **Know your gross profit from your net profit** – understand how these are calculated so you can see how to maximise both and reward you for your experience, expertise, time and risks.
6. **Decide on your pricing strategy, here are 3 common options:**
 - a. *Cost plus* – work out your costs and add on your desired profit
 - b. *Competitor based* – benchmark your prices against your competitors
 - c. *Consumer value* – look at it from the customer’s perspective and what they might pay
7. **Consider a mix of strategies** – combine different strategies to arrive at your prices.
8. **Develop your own pricing template** – a simple spreadsheet based system could help you to ensure you’re covering your costs and help you to sensitise your variables and maximise your profit.
9. **Don’t forget your time** – track the time you spend preparing for and winding up from a tour/event etc. and include travel and other time directly attributable to your products or services.



10. **Develop a clear written pricing policy** – documenting this forces you to be clear about what exactly you want from your pricing and allows you to share it with your team if appropriate.
11. **Seek outside challenge on your pricing** – find someone independent who will give you honest and professional feedback and advice on your pricing.
12. **Know your breakeven point** – this is particularly important if you are launching a new business or a new product or service (and remember timing of this is important too).
13. **Track and manage your pricing and your profit** – use a quality bookkeeping system so you can accurately measure your business performance.
14. **Develop a plan and a forecast** - use your prices as a basis for structured business planning so you can stabilise or grow your business over time.
15. **Be clear about your USP** – develop your own Unique Selling Proposition and communicate that to your customers and markets before you communicate your pricing.
16. **Don't undercharge** – it's easier to lower your prices if you need to, than it is to increase them.
17. **Use discounts sparingly** – premium products or services rarely need to offer discounts.
18. **And last but not least... don't undervalue yourself or your team** - if you don't believe in yourself, why would your customers?

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