

# Strategic Pricing 1

Northern  
Ireland  
Embrace  
a Giant  
Spirit



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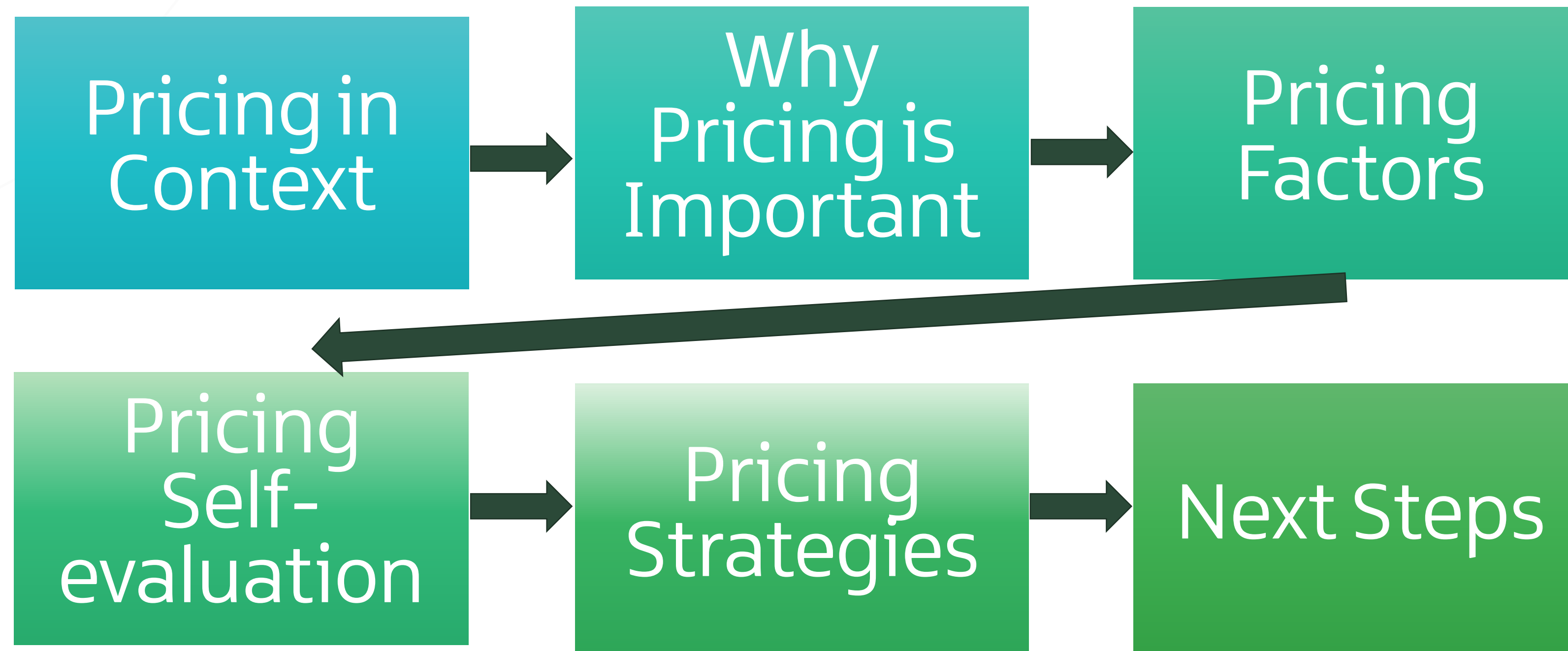
TED

Tourism  
Enterprise Development  
Programme



tourism  
northernireland

# Strategic Pricing



# Pricing in Business Is not...

1. Stand-alone
2. A one-off event
3. A quick fix

# Marketing Mix – 4 P's

Product



```
graph TD; Product[Product] --> Place[Place]; Place --> Price[Price]; Price --> Promotion[Promotion];
```

Place

Price

Promotion

# 5 Pillars of Good Business Finance

Improved Finances → Stronger Business → More Profit

Good  
Bookkeeping

Reliable  
Accountant

Robust  
Business  
Model

Adequate  
Funding

Regular  
Oversight  
& Planning

Pillar 1

Pillar 2

Pillar 3

Pillar 4

Pillar 5

*STRONG FOUNDATIONS – great products; strong finances; clear direction*

# Pricing for Profit in 6 steps

1

Define your  
Services

2

Calculate  
your direct  
costs

3

Work out  
your time

4

Set your  
price

5

Review  
your profit

6

Validate  
your  
pricing

# Pricing Factors Internal & External

# Internal factors

## (1) costs

Costs	Discounting	Route to market	Pricing for Profit
<ul style="list-style-type: none"><li>•Staff</li><li>•Booking fees</li><li>•Entrance fees</li><li>•Meals/drinks/goodies</li><li>•Hidden extras</li></ul>	<p>Why discount? When do we discount? Bulk/family/early? Difficult to increase later</p>	<p>Direct – website/phone Indirect – booking agency</p>	<p>Calculate our profit Price our time Control our cash flow Review our payment terms</p>



# Internal factors

## (2) SUPPLY

### Legislation

- COVID Guidelines
- Opening restrictions
- Indoor/outdoor
- Cap on numbers
- Risk assessments

### Location

Tied to one location?  
Flexible and transferrable?  
Broaden appeal

### Seasonality

One season or all seasons?  
Link to local events/sites

### Collaborations

Complementary services  
Who can we approach?  
Would it make us better?

# External factors

## (1) Demand

Products/Services	Target Market	Value For Money	Customer Experience
<ul style="list-style-type: none"><li>•Trends</li><li>•Premium experience or not</li><li>•Risk/health issues</li><li>•Unique Service Proposition</li><li>•Brand</li></ul>	<p>Niche</p> <p>Family/Couples/Children/Groups</p> <p>Leisure/Sport/Heritage/</p>	<p>Pricing</p> <p>Add-ons</p> <p>USP</p> <p>Discounts</p>	<p>Testimonials/Online Reviews</p> <p>Feedback</p> <p>Repeat business</p> <p>Referrals</p> <p>VFM</p>

# External factors

## (2) Competition

### Direct

- Who are they?
- What do they offer?
- Where do they operate?
- What do they charge?
- How are they different?
- How are they rated?

### Indirect

- Who are they?
- What do they offer?
- Where do they operate?
- What do they charge?
- How are they different?
- How are they rated?

### Differentiation

- How are we different?
- How do we stand out?
- What do customers think?
- Do they know our USP?

**SWOT analysis**

### Customer view

- What do customers say about them?
- Are we better?
- Do we need to adjust?

# Pricing Self-Evaluation

# Pricing self-evaluation

1. Complete it yourself
2. Review it with others – seek challenge
3. Take action where needed
4. Repeat at least annually

# Pricing strategies

- Cost-plus pricing
- Competitive pricing
- Value-based pricing
- Price skimming
- Penetration pricing

# Pricing for re-opening

1. **Dynamic Pricing**
2. **Demand & Supply**
3. **Short-term v Long-term**
4. **Regular customers - testimonials/reviews/feedback**
5. **Value for Money**

# Recap (1)

Pricing is not stand-alone

Understand the bigger picture – profit & marketing

Pricing for Profit

Know your income, costs and time

Self-evaluate

Step back and review your pricing



# Recap (2)

Consider the short-term	Consider the longer term	Develop Pricing Strategies
<ul style="list-style-type: none"><li>• Dynamic pricing</li><li>• Supply v demand</li><li>• Short-term gain</li></ul>	<p>Customer feedback Customer retention Customer referrals Sustainable Growth</p>	<p>Flexible approach Not just “competitor” Review pricing regularly Plans/forecasts</p>

# Webinar 2

## Thursday 27 May

1. Applying different pricing strategies
2. Develop a (written) pricing strategy
3. Using your pricing to plan/forecast ahead
4. A practical Case Study – Pricing in Action

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you

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