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Unveiling the Dimensionality of Pricing Strategy in the Tourism Industry: An Exploratory Factor Analysis

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ABSTRACT

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Tourism is a dynamic and ever-changing industry that plays a significant role in the global economy. As competition intensifies, tourist firms must design effective pricing strategies to attract and retain clients. The objective of the study is to explore the most influencing pricing strategies in the tourism business. A structured questionnaire was developed

to discover the price strategy of various tourism enterprises in the Gandaki Province of Nepal. Exploratory factor analysis entails several stages to uncover these hidden components. Factors with eigenvalues greater than one are considered significant to confirm the constructs. Among five construct variables, competition-based pricing explains the highest variance and is followed by a customer-centric pricing strategy. This study provides significant insights into tourism industries' sustainable competitive advantages.

Keywords: Exploratory factor analysis, Nepal, Pokhara, pricing strategy, tourism business

INTRODUCTION

The tourism business is a dynamic and ever-changing sector that is vital to the global economy. As competition heats up, tourist businesses must devise efficient pricing strategies to attract and keep customers. Various factors such as cost, competition, market structure, demand, supply, and judicial factors are mostly affected to determine the selling price of the tourism business (Durmaz et al., 2016). Generally, small and medium enterprises agree that

competitors' information and macro environmental factors significantly influence pricing decisions however product performance and customer relations play a vital role in developing pricing strategies in business enterprises (Cant et al., 2016) costs and the setting of the price need to be managed correctly. The primary aim of this study was therefore to investigate the factors considered by small business enterprises (SME's).

Costing information received from the management accounting system in product pricing is mostly useful for pricing decisions and a cost-based pricing strategy may contribute to long-term growth and sustainability (Thi et al., 2018). Major corporations have implemented a cost accounting system, which leads them to exclusively employ the cost-based pricing approach for determining both external and internal selling prices. In contrast, small and medium enterprises tend to set their selling prices based on the pricing strategies of their competitors, with a specific focus on larger firms. (Thi et al., 2018). However, cost information remains an issue for small and medium-sized businesses since they must still calculate the cost of the product to be sold at market prices to secure the business's profitability. As a result, regardless of the size of the firm, feed mills consider cost information. Firms place significant emphasis on various market elements including competition, demand, and market share in the process of establishing their pricing strategy; however, studies have indicated that cost data plays a significant role in determining the pricing strategy. The importance of cost-plus pricing is influenced by market share, customization, the effect in deciding selling prices, components of differentiation strategy, the intensity of competition, and the importance of cost information (Al-Hussari, 2006). The company's stronger competition positions use absorption pricing but the tourism industry has imposed cost accounting as the limit for getting formation for pricing strategies (Pellinen, 2003).

The existence of an object to which the price is applied is always required for pricing. Pricing in normative literature is mostly concerned with physical goods. A tourism service, on the other hand, is more difficult to price. The product can be described in several somewhat different ways. As stipulated by the specifications, a product has the potential to comprise an amalgamation of items procured by the consumer. Said assortment could encompass transportation, accommodation, and recreational pursuits. Conversely, the product may consist of an individual service proffered by a sole producer, or a service tailored explicitly for particular patrons or clientele. The pricing strategy could be contingent upon an abstract concept in addition to a geographical site (Pellinen, 2003). As a result, there are numerous options for establishing a product concept for price purposes. Pricing is frequently offered

as a series of various pricing concepts or strategies. In general, there are four main pricing methods. Pricing might be determined by the edition, customer psychology, cost, or time (Pellinen, 2003). If pricing is determined by sales and objectives for growth in market share, adopting a competitive approach for market share is achieved through a strategy of offering low prices, often in conjunction with a low-cost strategy. The determination of pricing may also be impacted by the psychological factors of customers. Under such circumstances, a high or affordable price may be construed as an indication of the quality of the product or linked to a specific lifestyle (Murakami & Ikenouchi, 1997)we are making the assumption that taking an active, independent attitude to learning and independently undertaking a learning task, is beneficial to learning; that somehow, personal involvement in decision making leads to more effective learning. This is not a universal view. Some teachers and researchers either articulate or demonstrate beliefs which are in conflict with those concerning learner autonomy. Thus the claims of the desirability and effectiveness of learner autonomy need to be justified through convincing arguments. What arguments might be offered? One would be to argue that a measure of individual involvement in decision making in one's own learning enhances motivation to learn, and it is this link between autonomy and motivation that is investigated in the present paper. Cognitive motivation is the most promising model of motivation for this purpose, but there has been little published research into language learning and cognitive motivation. Consequently, this paper will review research from general education and will show that there is evidence that learners' active and independent involvement in their own learning (autonomy. It allows for quick earnings, but the opportunity to do so may not stay long. There is also a danger with high-price strategies of pushing customers away and losing sales volume for what is gained in high prices. The third pricing method is cost-based. Time can be considered the fourth pricing basis. The goal could be to achieve the highest feasible sales revenue, margin, or profit during a specific period necessitates a thorough understanding of the cost-volume-profit relationship as well as demand-price elasticity. It is also one kind of pricing that allows for price changes based on demand, competition, product life cycle, and, in the case of tourism, season (Smith, 1994). Intuition or the trial-and-error method are two more frequently suggested pricing methods (Ling et al., 2011). The numerous options for defining the product concept are especially important in the price of tourism items. To some extent, the topic applies to all service products, but what distinguishes the tourism product is the geographic importance and the tourists' subjective experiences.

LITERATURE REVIEW

Essentially, there are numerous barriers to product pricing decisions. Only a few models are proposed as being equivalent to the new product-line pricing. The qualitative descriptive alternative tactics of skimming and penetration cannot explain complete pricing strategies (Monroe & Bitia, 1978). Companies are facing the issues of developing an acceptable pricing strategy and determining a suitable price for their product and services. This function is determined by its nature. It can be challenging to determine if a particular pricing strategy and approach for a given product or service could constrain pricing determinations. The establishment of relation to the provision of transmission grid pathways may be perceived as a genuinely monopolistic service; hence, its pricing is derived from costs and its fees are usage-dependent. While the provision of generation-based ancillary services can be rendered competitive, its pricing is influenced by market dynamics (Zobian, D. Ili, 1997). The ancillary service charge can be expressed as the market price multiplied by the quantity consumed, in more precise terms. This marks a notable shift away from viewing the entirety of the ancillary business as a packaged, cost-driven proposition.

The supplier assumes investment risk, availability risk, and quality risk while lowering capital expenses (Stoppel & Roth, 2016). While producing revenues in the use phase, the measurement unit is not properly matched with the customer's consumption or the production of value-in-use. The provider develops a value proposition and assigns a monetary value to it for a single usage time. This can lead to a significant difference between the anticipated and actual determined value. Customer-centric pricing strategy focuses on producing value for customers by building relationships with them, integrating products and services into their favor, and maintaining positive relationships with society (Stoppel & Roth, 2016). The analysis reveals that customer-related deviations converge-theoretical energy management mechanisms may be the enveloped main factors for practical smart grid system adoption (Poor & Ieee, 2016).

Price prescriptions require more than just an accurate calculation of price elasticity, especially in a dynamic competitive environment. pricing elasticity levels simply recommend which items to charge greater or lower margins on they do not fully address how to respond to competition pricing adjustments. Consumer engagement in price comparison across stores is crucial for accurate responses to competition pricing changes (Fisher & Gallino 2017). Furthermore, answers should be differentiated based on the importance of the competition in the market. Competitors' price and product availability data can be acquired through the

observation of websites, however, the lack of competitors' sales data hinders the accurate estimation of a comprehensive consumer-choice model. Within the realm of the hospitality sector, a direct correlation exists among differentiation, competitiveness, and pricing tactics. Predominantly, hotels have utilized strategies of differentiation as a means to evade intense competitive pricing pressures. Previous scholarly investigations have revealed that the primary impact predominantly favored the differentiation approach, along with the assessment of competition and pricing strategies. (Becerra et al., 2013). Vertical differentiation appears to be more relevant than horizontal differentiation in understanding pricing strategy in the hotel business.

The majority of the businesses did not employ a cost-based pricing strategy. Four factors, including perceptions of non-zero cost adopting, value-based pricing, corrective pressure, and use of fuel cost, explained the positive influence of cost-based pricing strategy, while the size of the company, customer willingness to pay, and competitors posited negative effects on cost-based pricing (Amaral & Guerreiro, 2019). The utilization of cost-plus formulas facilitates the simplification of pricing strategies through the incorporation of margins, enabling organizations to align costs with data pertaining to competitiveness and value. Put differently, our empirical research revealed that the implementation of cost-plus formulas does not oppose the integration of competitor and value-related details (Amaral & Guerreiro, 2019). By integrating system performance and organizational learning, one can assess the impact of various actions on performance levels and the resulting benefits in the manufacturing sector. Pricing and performance serve as key metrics in manufacturing firms, with a focus on cost-based pricing strategies (Ståhl, 2018).

The research illustrates the impact of the organization's value-generating characteristics on centralized versus decentralized value evaluation responsibilities, along with variations in value-in-use among diverse consumer groups within specific market segments. Through the amalgamation of studies on pricing and value structures, the researchers introduce a framework upheld by four illustrative case analyses (Liozu, 2017). Through the examination of the implications stemming from value creation models in the context of value evaluation, the authors enhance comprehension regarding the allocation of value assessment responsibilities for organizations that implement value-based pricing.

MATERIAL AND METHODS

Instruments

A structured questionnaire was created to identify the pricing strategy and pricing decisions employed in the tourism business. This was accomplished by analyzing prior research on various pricing theories and models in the linked field. Various empirical studies have also analyzed and taken statements and facts relating to price strategies and pricing decisions in tourism and other areas. A self-administered questionnaire with measurement scales for five pricing strategies and pricing decisions was created. Before defining the construct, total scale items were carried out from various sources. The major sources of the scale items are:

“The influence of contextual factors on cost system design and pricing decision” (Al-Hussari, 2006).

“Key factors influencing pricing strategies for small business enterprises” (Cant et al., 2016) costs and the setting of the price need to be managed correctly. The primary aim of this study

was therefore to investigate the factors considered by small business enterprises (SME’s

“ The factors affecting pricing strategies in tourism in Tukey” (Durmaz et al., 2016)

“Making price decisions in tourism enterprises” (Pellinen, 2003)

The Scale statement used for measuring opinions from respondents from the tourism industry

Table 1

Scale Statement Used for Measuring Opinion from Respondent

Definitions	Reference
1. We often consider customers’ benefits while allocating overheads to our products and service	(Cant et al., 2016)costs and the setting of the price need to be managed correctly. The primary aim of this study was therefore to investigate the factors considered by small business enterprises (SME’s, (Gabor, 1979)
2. We often consider the benefits of our consumers while setting prices for products and services.	
3. The positive reviews from customers about our product/ service offering influence the price	
4. We often considered customers’ feedback while setting our selling price	
5. We believe in delivering value for money for our customers while setting our selling price	
6. We use the competitor’s price as a benchmark while setting prices.	
7. The higher quality and performance of products and services are affected while setting the selling price.	

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|--|--|
| 8. We offer discount packages for our repeat and regular customers. | (Cant et al., 2016)costs and the setting of the price need to be managed correctly. The primary aim of this study was therefore to investigate the factors considered by small business enterprises (SME's, (Durmaz et al., 2016) (Al-Hussari, 2006), (Pellinen, 2003) Jagels, M.C. (2006) (Thi et al., 2018), (Al-Hussari, 2006), |
| 9. The quality of the product is not a key factor when determining our selling price. | |
| 10. Our company's profitability is positively impacted by adopting a competition-based pricing approach | |
| 11. The performance of our product or service is considered when setting the selling price. | |
| 12. We considered cost-plus pricing with fixed and variable costs. | |
| 13. Our company regularly evaluates and updates cost data to maintain an accurate cost-based pricing model | |
| 14. We considered ABC costing information for setting our selling price. | |
| 15. We considered demand and supply for pricing decisions. | |
| 16. We considered offering pricing | |
| 17. We considered bottom-up pricing | |
| 18. We considered market share while setting our selling price. | |
| 19. We considered customers' value perception while setting the selling price of our product and service | |
| 20. We consider profitability and cost while setting our selling price | |
| 21. Reasonable pricing is important for our organization | |
| 22. We consider government interference to be important for setting our selling price | |
| 23. Direct trace overheads to the product or service | |
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The survey instruments were classified into the three sections to collect the response from the respondents. Out of them, the first section recorded the respondents' demographic profile, which included business characteristics, location, turnover, and so on. The second section of the questionnaire captured the business's preferred pricing strategy in a five-point Likert scale. The third and last section detailed the pricing decision favored by Nepal's tourism industry.

The questionnaire's first draught included 35 scale items. When the instrument was finished, it was discussed with subject matter experts, and suggestions for pre-testing were made. Following that, it was pre-tested with a sample of 50 people. Some scales were deleted

because they measured the same aspect as another scale. The final questionnaire contained 23 questionnaires.

Data Collection

The information was gathered in Nepal's Gandaki Province. Because Gandaki province covers the majority of Nepal's tourism destinations, Pokhara and its outskirts were chosen for the collection of responses from respondents. The area of tourism only covers four important sectors of the tourist industry: travel and transportation, hotels and resorts, restaurants, and tour operators and travel agencies. The owners, managers, and account and finance heads of the concerned tourism business were vetted as replies. The poll was carried out over the first six months of 2022. Only 237 of the total 350 sent questionnaires were returned, yielding a response rate of 67.7 percent. Following a review, 36 replies were deemed to be incomplete and were removed from the study. Finally, 199 respondents were used for the analysis.

Table 2

Respondents Demographic Profile

	Frequency	Percent
Nature of Business		
Travel and Transport	30	15
Hotel and Resort	71	36
Restaurant	68	34
Tour operator and travel agent	30	15
Business Coverage Area or Location		
Kaski, Pokhara	95	48
Kaki, outskirts Pokhara city	14	7
Another tourist place in Gandaki	90	45
The age bracket of business		
1-5 years	90	45
6-10 years	66	33
Over 10 years	43	22
Number of employees of the business		
5 and fewer	78	39
Between 6-20	93	47
Between 21 and 100	25	13
101 and more	3	2

Monthly turnover of the business		
Less than one lakh	22	10
one - five lakh	68	35
Five -ten lakh	59	30
Above ten lakhs	50	25

Note: Survey result 2022

The business is made up of 36,34, and 25 percent hotel and resort, restaurant, travel and transportation, and tour operators, respectively. The majority of businesses are concentrated in the Kaski district and the Pokhara metropolitan metropolis. The bulk (45 percent) of the business's age group is one to five years, followed by six to ten years and over 10 years of operations. Forty-seven percent of businesses have 6-20 employees and thirty-five percent have a monthly revenue of less than five lakhs.

Validity and reliability

A pool of all items was assessed for construct validity since it is risky to test theories in the face of measurement error and measurement validity should be established before testing the theory (Bagozzi et al., 1991). Convergent and discriminant validity are used to determine construct validity in general. The factor analysis approach is a popular way to test the convergent and discriminant validity of measurements (Sangle & Awasthi, 2011). For this investigation, exploratory factor analysis was performed, and factor loading was calculated using varimax rotation. Measurement items with a loading of 0.5 or higher on one construct and a reasonably moderate loading of 0.5 or lower on another are generally considered to have good convergent and discriminant validity. Eleven components had loading values less than 0.5 on other structures, thus they were removed then the following five constructs were finalized.

- Customer-centric pricing strategy
- Competition-based pricing strategy
- Cost-based pricing strategy
- Market-based pricing strategy
- Holistic pricing strategy

Table III displays the final results of the construct and their scale statements along with reliability. Internal consistency was tested to ensure the stability of the individual measurement items before further analysis. Because the measuring scales had to be adapted to fit the current research issue, dependability had to be established. In the 50-person pilot study,

it was discovered that four of the five constructs' items were unreliable; they all had extremely low correlations with item total variance. After reading the items several times, it became clear that the complex language of the items asked for thoughts on two linked ideas at the same time, leaving the reader with uncertainty. This could account for the low correlations. Seven items were removed from the final questionnaire. The final set of items was tested on a wider collection of data, and Cronbach's α values were recalculated which are shown in Table 3.

Table 3*Measurement Items and Reliability*

Construct	Measurement items	α Values
Competition-based pricing strategy (CBS)	We use the competitor's price as a benchmark while setting prices.	0.65
	The higher quality and performance of products and services are affected while setting the selling price.	
	We offer discount packages for our repeat and regular customers.	
	Our company's profitability is positively impacted by adopting a competition-based pricing approach	
Cost-based pricing strategy (COBS)	We considered cost-plus pricing with fixed and variable costs.	0.70
	Our company regularly evaluates and updates cost data to maintain an accurate cost-based pricing model	
	We considered ABC costing information for setting our selling price	
Customer-centric pricing strategy (CCS)	We often considered customers' benefits while allocating overheads to our products and service	0.67
	We often consider the benefits of our consumers while setting prices of products and services.	
	The positive reviews from customers about our product/service offering influence the price	
Market-based pricing strategy (MBS)	We considered demand and supply for pricing decisions.	0.62
	We considered offered pricing.	
	We considered bottom-up pricing	

Holistic pricing strategy (HPS)	We considered market share while setting our selling price. We considered customers' value perception while setting the selling price of our product and service We consider profitability and cost while setting our selling price.	0.61
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Notes: Overall Cronbach's α value of the instrument, 0.79

RESULTS

Factor analysis

A statistical technique used to investigate the underlying structure or dimensions of a group of data is factor analysis. To find these hidden factors, factor analysis involves multiple phases. It was analyzed with a screen plot, which aids in determining the number of components to extract. The eigenvalues of each factor are displayed on the screen plot, and factors with eigenvalues larger than one are usually deemed significant. After determining the right number of factors, varimax rotation is used to improve the interpretability of the factors. Varimax rotation tries to maximize the variation of each factor's squared loadings, resulting in more unique and interpretable factor structures. This rotation method simplifies the factor pattern by maximizing high loadings and minimizing low loadings, making it easier to interpret the relationship between variables and factors.

The unearthed dimension's construct validity was established by factor analysis, and the same technique was applied for additional data analysis. Prior to applying factor analysis to the sample, the sampling adequacy was verified. The Kaiser-Meyer-Olkin (KMO) assessed sample adequacy value was found to be 0.703. With each dimension being uncorrelated in the population, Bartlett's test of sphericity (2426.377) supported the rejection of the null hypothesis and indicated the application of factor analysis. The results are shown in Tables 5 and 6.

Table 4

Test for Sampling Adequacy

KMO and Bartlett's Test	
Kaiser-Meyer-Olkin measure of sampling adequacy	.703
Bartlett's test of sphericity approx. Chi-square	246.377
Df	496
Sig.	0.000

Table 5*Rotated Component Matrix*

Component assessment	Construct				
	Competition-based pricing strategy	Cost-based pricing strategy	Customer-centric pricing strategy	Market-based pricing strategy	Holistic pricing strategy
CBS1	.737				
CBS2	.707				
CBS3	.635				
CBS4	.614				
COBS1		.752			
COBS2		.745			
COBS3		.696			
CCS1			.811		
CCS2			.799		
CCS3			.574		
MBS1				.759	
MBS2				.733	
MBS3				.517	
HPS1					.808
HPS2					.642
HPS3					.608

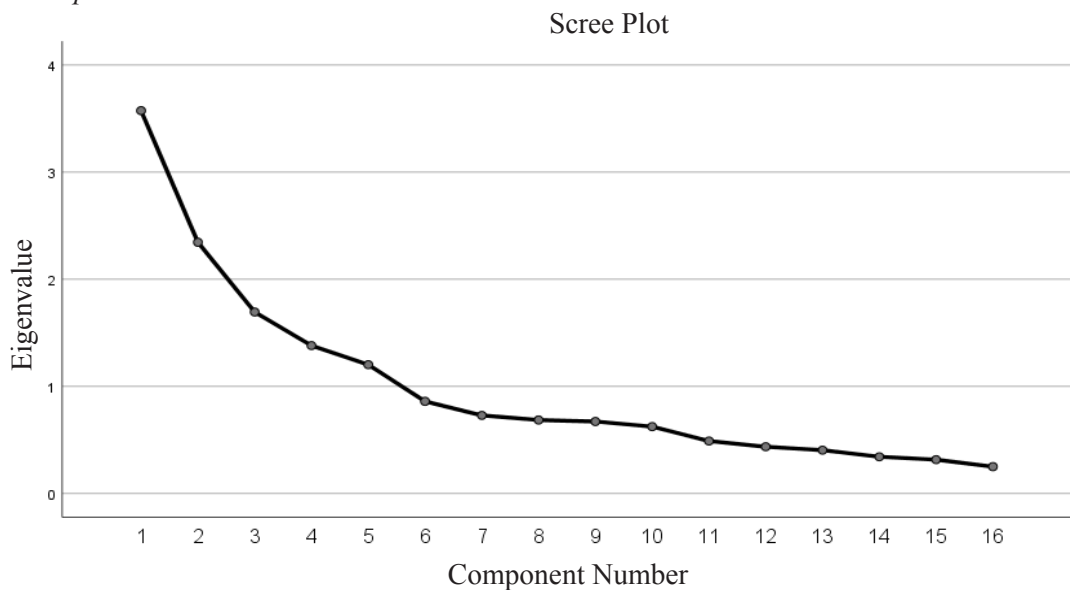
Note: Extraction Method: Principal Component Analysis, Rotation Method: Varimax with Kaiser Normalization

SPSS 26.0 was used to do principal component analysis on the data. Initially, 30 data points were used for analysis. Seven items were eliminated because the anti-image correlation was less than 0.5. The first component matrix demonstrated decreased interpretability of the factors, resulting in component matrix rotation. Using Kaiser normalization and the varimax rotation approach, the matrix was rotated. The goal of the study and earlier research were consulted in order to establish the norm and criteria. Ultimately, the construct was loaded

with the sample size after consideration for the cut-off point of 0.5. In order to obtain a higher level of variance extraction for every variable, the eigenvalue cut-off was established at 1. The factor analysis was performed after eliminating such items to remove uncertainty caused by low-item loadings or loading of a single item on many factors. The factor loadings exhibited an acceptable structure in the second run, and five factors were retrieved. Despite significant discrepancies, the factor analysis results were generally consistent with the hypothesized constructs. Even though the elements were redistributed, the depicted meaning of the structures remained the same or improved. Finally, a five-factor structure was agreed upon for future debate for further analysis.

Figure 1

Screeplot



The Scree plot's interpretation is subjective. The eigenvalue-greater-than-1 criteria tend to over-extract or discover an excessive number of components. It is frequently recommended as the best way to estimate the number of components in current studies. The real eigenvalues from screen plots from the principal component analysis of extraction are shown in Figure 1. According to the heuristic supported by (Guerin et al., 2015), the retained components should explain more than 63% of the variance. At first, the five factors accounted for about 64% of the total variance..

Table 6*Total Variance Explained*

Component	Initial Eigenvalues			Extraction sums of squared loadings			Rotation sums of squared loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.573	22.334	22.334	3.573	22.334	22.334	2.284	14.275	14.275
2	2.345	14.657	36.990	2.345	14.657	36.990	2.171	13.567	27.842
3	1.694	10.588	47.578	1.694	10.588	47.578	2.113	13.208	41.051
4	1.380	8.627	56.205	1.380	8.627	56.205	1.898	11.864	52.915
5	1.202	7.513	63.718	1.202	7.513	63.718	1.728	10.803	63.718
6	.860	5.374	69.091						
7	.728	4.552	73.644						
8	.685	4.283	77.927						
9	.672	4.198	82.125						
10	.624	3.898	86.022						
11	.489	3.057	89.079						
12	.436	2.725	91.804						
13	.404	2.524	94.329						
14	.342	2.139	96.468						
15	.315	1.971	98.438						
16	.250	1.562	100.000						

Note: Extraction Method: Principal Component Analysis.

Five factors were created by combining the valid factors of the selected items. The first component ('competition-based pricing strategy') explained the most variance (22.334%). It is followed by a cost-based pricing strategy and a customer-centric pricing approach, which explains 14.65% and 10.58% of the total variance, respectively. Similarly, market-based pricing strategy and holistic pricing strategy accounted for 8.6% and 7.5% of the variance, respectively. The total variation explained by the components is roughly 64%, indicating that the retained variables explain 64% of the content. Table VI shows the details of the variance explained by the components.

DISCUSSION

The pricing strategies can ultimately be used to (i) increase revenue, (ii) change user behavior by making water consumption more expensive, and (iii) control demand. Customers might receive a strong message about scarcity (Sahin et al., 2017). The current study sought to investigate and identify the various pricing strategies employed by Nepal's tourism industry. According to the findings of the analysis, the tourism industry used four key pricing strategies: competition-based pricing strategy, cost-based pricing strategy, customer-centric pricing strategy, and market-based pricing strategy. The result indicates that the competition-based pricing strategy is the most prominent factor in pricing decisions. The result supports the findings of key factors influencing pricing strategy (Cant et al., 2016) costs and the setting of the price need to be managed correctly. The primary aim of this study was therefore to investigate the factors considered by small business enterprises (SME's. The author argues that the competitor's information plays a significant role in pricing decisions. The author contends that competitive information is important in pricing decisions. The element states that competition information is used as the key benchmark for pricing decisions and profitability, and different skimming pricing decisions are also made with rivals in mind while setting the strategies for pricing. The cost-based pricing method considers fixed costs, variable costs, and activity-based costing when making pricing decisions in the tourism business. It was discovered that the tourism business took into account costing information while formulating its pricing strategies. The conclusions are further supported by the findings of research on factors affecting cost-based pricing methods conducted by (Thi et al., 2018) and (Cant et al., 2016) costs and the setting of the price need to be managed correctly. The primary aim of this study was therefore to investigate the factors considered by small business enterprises (SME's (Pavlatos & Paggios, 2009). Customers-centric pricing decisions include customer benefits and customer reviews when determining the price of products and services. Various overheads are given to their product and service under this plan, taking into account the benefits of customers. Pricing strategy is especially critical for service businesses. The study's conclusions are comparable to the conclusions of the variables influencing price decisions in tourism sectors in Vietnam conducted by (Durmaz et al., 2016) and (Pellinen, 2003). The items relating to market demand, offer pricing, and bottom-up price considerations comprise a market-based pricing strategy. The findings of this research confirm the conclusion of a study of pricing decisions in tourism firms undertaken by (Pellinen, 2003) and ((Al-Hussari, 2006), that the tourism business requires a very careful balancing of profitability and sales

price. Reputation and customer reviews plays an increasing role in pricing decision in the hotel industry (Abrate & Viglia, 2016). Utilizing a variable price policy depending on the response of their clients in different regions is made possible by pricing optimization (Levy et al., 2004). The compatibility of value-based pricing strategies with product- and customer-centric pricing schemes. The term “pricing scheme” in more detail and categorizes various product- and customer-centric pricing schemes according to their measuring unit. The study analyses cutting-edge customer-centric pricing strategies and their effects utilizing case studies and expert interviews, demonstrating that customer-centric pricing strategies are better matched to customers’ value-in-use since they change the revenue models from transactions to the customer’s usage indicator, strengthening the bonds between customers and businesses (Liozu, 2017). Cost-based pricing is a method of setting prices that is motivated by financial considerations. Products are priced to make a fair profit over and above the expenses incurred in their manufacture. Customer-driven pricing is market-driven and bases costs on what consumers are willing to pay for a given good and Competition-driven pricing strategy in which prices are set based on the point at which a firm achieves its desired market-share level (Collins & Parsa, 2006)

CONCLUSION

The examination of the pricing strategy used by the tourism sector in Nepal has, in the end, exposed the complex interaction of numerous elements that influence pricing decisions. In this study, we aimed to gain a better knowledge of the numerous elements influencing pricing strategies for tourism firms in Nepal’s Gandaki Province. Based on past study findings, we used five components for this aim. Five important pricing strategies were found in the study: competition-based, cost-based, customer-centric, market-based, and holistic pricing strategy. Competition-based pricing emerged as the dominant factor guiding pricing decisions, indicating the significance of competitive information as a benchmark for profitability. The cost-based pricing technique heavily considered costs, both fixed and variable, which was consistent with earlier research findings. Additionally, customer-centric pricing included consumer advantages and reviews, demonstrating the expanding significance of reputation and customer perception in influencing pricing decisions. The study also emphasized the significance of market-based pricing, in which market offers, demand, and considerations for prices from the bottom up all play crucial roles and holistic pricing strategy covers market share and value proposition of products and services. Overall, the study confirmed the delicate

balance between profitability and customer relations in this dynamic industry by revealing that factors impacting pricing decisions in the tourism sector were consistent with current literature. The findings will contribute to further research in tourism and service sectors.

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