



PRICING FACT SHEET

WULA GURA NYINDA ECO ADVENTURES, SHARK BAY WORLD HERITAGE AREA

It is important to price your product consistently, accurately and competitively. You will need a clear understanding of all product components and their impact on the total price.

How to price your product

Your price is the cost to consumers regardless of how and where they book in the distribution chain, including direct bookings and commissionable bookings.

Set your price according to:

- Your target market's value perception and their level prepared to pay (price sensitivity/competitor pricing)
- Distribution and marketing/sales costs (including commissions)
- Fixed and variable costs (operating costs, including all taxes)

Other factors that may influence your price:

- Seasonality (try to limit seasonal pricing as much as you can)
- Trial special offers including additional inclusions
- Demand for your product or service
- Block out dates
- Overall terms and conditions

Discounts and value adding:

Use value-added pricing as part of your marketing strategy. You can influence potential customers to buy your product by offering:

- Discount pricing such as a 'free cocktail on arrival' or 'get three for the price of two'
- Discounts for packaged/bundled products
- Free-of-charge policy
- Group booking discount – tour guide
- Student, senior or other concessions relevant to your target audience
- Pay/stay deals



Why pay commission

Commission is a type of payment for a service provided to your business. For tourism, the service is the introduction of a customer to your business and the distribution of your product through the distribution channels that lead to a sale. If you make a sale through an agent you must pay them commission.

In tourism, the distribution channels are online, retail, wholesale and inbound travel agents. Travel agents, booking agents, visitor centres, wholesalers and inbound tour operators all charge a fee for the service they provide.

They each play a different role and charge different levels of commission — generally from 10 to 30 per cent.

An agent or online distribution channel's role is to reach consumers and offer them products to generate sales. The sales potential of each is quite different and so are their fees.

When pricing your product, you will need to make allowance for the cost of distribution and generally the amount you allow is an average of the different commission levels that you pay.

Pricing to incorporate commission and distribution costs

Your product/service price is generally made up of the following:

- Fixed costs: overheads such as utilities, administration, marketing and wages
- Variable costs: expenditures associated with supplying the service such as inclusions, laundry and cleaning
- Profit margin: amount that will contribute to your end-of-year profit
- Average commission: allowance for travel agents, visitor centres etc
- GST: Goods and Services Tax, or other taxes if applicable

The total of all the above costs is referred to as your market, retail or gross price. This is the price you charge the consumer and is listed on your marketing material. To ensure rate parity, your rate should not differ whether you are selling directly to the consumer or through a wholesale distributor. Do not add the commission on top of your publicly displayed market price.

The net price is the amount you receive after commission is deducted.

Net price + commission = Gross price
(Consumer price)

For more information on pricing products for commissionable distributors and examples of rate sheets, view the Distribution fact sheet.