ADDIS ABABA UNIVERSITY

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CENTER FOR ENVIRONMENT AND DEVELOPMENT STUDIES

Pricing Tourism Services and Products in Ethiopia: Evidencing from Lalibela Tourist Site

Bogale Abey Mesfin

Advisor:

Tesfaye Zeleke (Ph.D)

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A Thesis on

Pricing Tourism Services and Products in Ethiopia: Evidencing from Lalibela Tourist Site

By

Bogale Abey Mesfin

Advisor:

Tesfaye Zeleke (Ph.D)

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Bogale Abey Mesfin

The thesis entitled, on Pricing Tourism Services and Products in Ethiopia: Evidencing Lalibela has been read and approved as meeting the requirement of Master of Art in Tourism Development & Management, Addis Ababa University, Ethiopia.

Approval Sheet

Advisor: **Tesfaye Zeleke (Ph.D)** ______________________________

Date: ______________________________

External Examiner: ______________________________

Date: ______________________________

Internal Examiner: ______________________________

Date: ______________________________

Declaration of Authorship

I, Bogale Abey Mesfin, declare that this thesis entitled "Pricing Tourism Services and Products in Ethiopia: Evidencing from Lalibela Tourist Site" has not been submitted for any other award and that it is all my own work. I also confirm that this work fully acknowledges opinions, ideas and contributions from the work of others. The work was done under the supervision of TESFAYE ZELEKE (Ph.D).

Bogale Abey Mesfin

Sign: ____________________

Date: October 28, 2021

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Abstract

Tourism provides products and services for consumers and consumers are motivated by needs, desires, and impulses that serve as driving forces. The tourism products may be a bundle of products purchased by the tourist or a single service offered by an individual producer. A tourism product is priced and sold through distribution channels and it has a life-cycle. Price is the solitary element in the marketing mix which actually produces revenue. Fixing of a price is never an easy work, since there are a number of pricing strategies which any tourism establishment may apply. These strategies include price discrimination, discount strategy, penetration pricing and price skimming. Additionally, a number of factors are determining what type of pricing strategy could be employed. Such factors include cost of production and market, competition, laws and regulations, demand and market structure, distribution channels, and customer behaviors among other matters. Pricing and pricing strategies are important aspects of business markets to improve the tourism services in the tourism industry. However, pricing of tourism products and services is not a well-articulated policy and strategy in Ethiopia, but comparatively the price is not much expensive compared with other African countries. To partially address the problem this study employs a descriptive research design to achieve its underlying objective. After analyzing the data, the research discovered that Government and legal regulations have the least effect on the pricing policies of tourism establishments, the majority of the tourism companies follow strategies based on various conditions at varied levels. This study primarily focused on assessing the potential pricing challenges, policies, strategies and determinant factors in the study area, reviewing the state-of-art on trends and approaches of pricing tourism products and services that helped the objective of the research partially achieved.

Key Words: Tourism products, Pricing, Destination pricing, Pricing policies, Pricing strategies

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Abbreviations and Acronyms

COVID-19	-	Coronavirus Disease
ETO	-	Ethiopian Tourism Organization
FGD	-	Focus Group Discussion
GDP	-	Gross Domestic Product
IBM	-	International Business Machines
MOCT	-	Ministry of culture and Tourism
ROI	-	Return on Investment
SPSS	-	Statistical Package for the Social Sciences
TE	-	Tourism Ethiopia
UNESCO	-	United nations scientific and cultural organization
UNWTO	-	United Nation World Tourism Organization
ETB	-	Ethiopian Birr
USD	-	United States Dollar
EC	-	Ethiopian calendar

CHAPTER ONE

Introduction

1.1. Background

Tourism can be defined from both demand and supply side. The demand-side definition refers to the activities of travelers and their role in acquisition of tourism products and services whereas the supply side definition refers to the set of productive activities that cater mainly to visitors. A visitor is a traveler who travels to a principal destination outside of his or her typical surroundings for less than a year and for any primary reason (business, leisure, or other personal reason) other than to work for a resident entity in the country or place visited (International Recommendations for Tourism Statistics (IRTS 2008), para. 2.9). According to Elida, Tourism is defined as the supply of services to persons who are traveling and staying outside of their customary abode for less than a year, either on vacation or for business. (Elida, 2014).

The rise of international tourism continues to outstrip that of the global economy. In 2019, there were 1.5 billion international tourist arrivals worldwide. A 4% increase was also forecasted for 2020, confirming tourism as a leading and resilient economic sector. International arrivals, meanwhile, decreased by 72 percent in the first ten months of 2020, according to UNWTO data, with travel restrictions, low consumer confidence, and a global battle to combat the COVID-19 virus all adding to the worst year in tourism history. Africa saw a 69% drop in tourist arrivals in the first ten months of 2020 from 67 million international arrivals in the years before and Ethiopia had a maximum tourist arrival of 933,000 before it started to drop down in the year 2020 due to this Global Pandemic. Looking ahead, UNWTO has made public 2 situations for 2021, that contemplate an attainable rebound in international travel within the half of the year (UNWTO report Jan 2020). (UNWTO report Jan 2020).

It is known that Ethiopia is endowed with varied historical, cultural, and natural attractions; the possessor of nine tangible world heritage sites and many fossils attesting that it is the cradle of humankind, and their cultures diversified. Ethiopian tourism has an immense potential to bring growth and development to the country by contributing to the GDP of the economy and generating job opportunities. Cognizant of this fact, the government put the sector among the top priority sectors (Ethiopia Tourism Marketing strategy 2021-25).

Tourism products are not identical, because of location, owing to the individuals and also the activities that compose the experience you give for the traveler. According to the definitions, a tourism product may be a bundle of products purchased by the tourist. This package may include the journey, accommodations, and activities at the tourist destination. Alternatively, the product may be a single service offered by an individual producer, or a service produced for individual customers or customer groups (for example, hotel accommodations or transport or guide service). It may be implausibly numerous and pricing ways will evolve as a tourism business enterprise develops its complete market share. Even star ratings for accommodation only give a general guide for travelers on what the pricing will be; there are no set criteria (Hugh winters 2010).

Consumers are driven by needs, desires, and impulses that act as driving forces: the price is also substitutable with image, prestige, and social recognition. Consumers are less sensitive to the price of a tourism product or service that's valued for a vital attribute that sets it with the exception of the competition, or if the higher quality is offered. One of the key success factors in tourism enterprise business is how you position the price of your product. To ensure Consumers purchase your product, the price must be consistent, accurate, and competitive. Price is an element of the marketing mix; a product's price is that those buyers exchange with the market to buy the product. Consumers take into account price to be a vital criterion in their analysis of alternatives, each before and once creating a purchase (Boz, et al, 2017).

The object for pricing can also be a geographic area or place. There are therefore many possibilities in defining the concept of a product for pricing. The most common price strategies are high and low-price strategies and adjustable strategies. Adjustable strategy identifies strategies like price discrimination strategy, price skimming, discount strategy, penetration pricing and yield management. According to Mcintosh and (Goeldner, 1995), many factors are affecting those pricing strategies which are discussed under this research. Marketing managers must take these factors into account that affect price strategies. Additionally, price is determined by many factors such as cost of production and market, competition, laws and regulations, demand and market structure, distribution channels, and customer behaviors (Murat.K. et al, 2016).

Pricing of tourism products and services is not a well-articulated policy and strategy in Ethiopia, but comparatively the price is not much expensive compared with other African countries (Ethiopia Tourism Master plan 2015-2025). The purpose of this research is not about helping with a formula to devise pricing, but more of an outline of the things tourism establishments should consider, components of their pricing strategy and policy, different pricing challenges to avoid, and ways to stimulate demand. This study is an assessment of the pricing of tourism services and products that considers factors that affect tourism pricing strategies and pricing policies, price determining factors and challenges on pricing of tourism products, perception of tourists on these issues, and pricing practices that are in use by tourism establishments in Ethiopia with a case study in one of the popular tourist's destination-Lalibela. These issues are analyzed and assessed for their potential benefits and drawbacks in the tourism industry. As demand for global tourism continues to grow, especially in Ethiopia, the opportunities for sustainable development in tourism industries also increase. This study makes its contribution by drawing "scientific" conclusions under the subject matter of the study within its scope of limitations and making recommendations for researchers, policy makers and the public.

1.2. Problems Statement

Ethiopia, found in the Horn of Africa, is a rugged, landlocked country split by the Great Rift Valley with well-known potential tourism attractions and ancient cultures. In the country, there are different tourism services and product providers that provide different services and products for their customers in different forms and strategies. However, as learned from the literature part of this research, pricing of accommodations, guide fees, entrance fees, tourist transportation fees as well as other tourism services and products provided by the tourism service providers have neither been studied nor have a clear pricing strategy and policy.

In Ethiopia, it is observed that less work is done to increase productivity and sales of tour products, increase of income, profit and profitability (Yechale, Haimanot and Ashenafi, 2017). Pricing estimates on a tourist spending on total expenditure on transportation, about food and lodging and on entertainment and shopping were found inconsistently (Getahun and Dhaliwal, 2017). The absence of price policy and strategy for tourism and hospitality services have contributed to the rise of prices that do not provide value for money (Ethiopian Tourism Marketing strategy 2021-2025).

Determining the price is a very complex and difficult process in terms of tourism services. Touristic products are formed by gathering various goods and services together. They are presented by different units. Therefore, the concept of pricing and pricing strategies needs to be examined in detail. In Ethiopia, there is no clear pricing policy and strategy that govern the various tourist destination sites. Destination owners and managers, guides as well as other tourism establishments, are said to be increasing prices without prior consultations and involvement of other tourism service providers such as tour and travel operators in the country.

Involvement of higher-level tourism regulatory bodies is said to have been low and none in matters related to pricing. This case has been a long-time challenge for cooperation among the destination owners, tour operators, the public, and tourists. This leads to a lower integrated and sustainable development of tourism in the country as well as unregulated and unclear pricing practices.

Primarily, this study assesses potential pricing challenges, policies, strategies, and determinant factors of Ethiopian key tourist attraction sites of their tourism product and service pricing practices and recommend the possible solutions and recommendations to tourism policymakers and tourism stakeholders. Out of the strategy and policy documents which are prepared and implemented so far, the single document which the researcher found concerning pricing is Ethiopian tourism marketing strategy which says that Ethiopian tourism sites pricing practice doesn't have consistence's but comparatively the tourism services and products price are not as expensive as other tourism destination in Africa. Hence part of the study of this research will have an answer to this problem.

This study aims to analyze the limitation that has been creating challenges for the sustainable development of the country's tourism industry in terms of pricing strategy and policy by collecting and examining significant ideas and proposed solutions among stakeholders within this research.

Generally, this study has addressed the following research questions:

1. What are the practices of pricing tourism services and products in the study area?
2. What are the challenges observed on the pricing of tourism products in the study area?
3. How do pricing factors and perception of tourists affect the tourism industry in Lalibela and generally in Ethiopia?

1.3. Objectives

1.3.1. General Objective

The underlined objective of this study was to assess, study and investigate the pricing practices of tourism services and products in Lalibela.

1.3.2. Specific Objectives

Throughout the research process, this research achieved the following specific objectives to deliver the overall research goal.

1. To study the current pricing practices in Lalibela tourist destination
2. To study the challenges on pricing of tourism products and services in the selected destination
3. To assess the determining factors of pricing tourism products and services in the selected destination
4. To study perception of tourists on tourism product and service pricing of the destination Lalibela

1.4. Scope and Limitation of the Research

The study focused on the pricing of tourism services and products in Ethiopia: Evidencing from Lalibela Tourist Site. This study can be described as a case study in the sense that it focuses only on the rock-hewn churches of Lalibela tourist attraction sites and tourism service providers aligned to pricing policies and strategies, factors determining those strategies and challenges observed on pricing tourism products and services. The pricing to be assessed in this research is only limited to the pricing of accommodations, local guide service fees, entrance fees, tourist transport fees as well as community service fees of the St. Lalibela site. Additionally, due to the challenge of COVID-19 the number of tourist respondents in Lalibela were limited to 29, the maximum arrival number available in the data collection period.

1.5. Significance of the Research

Pricing policy is one of the challenges for the country's tourism service development. In this regard, this research recommends and shows the possible problems and solutions for the concerned organization. It implies that the output of this study can be used as a help for the decision-maker and destination managers on how and when pricing change should take place and how to make researched pricing methods on tourism services and products. The contribution from this research helps potential stakeholders to come together to have a common understanding of Ethiopian tourism development and destination pricing strategies. It can also be used to fill previous research gaps and to be a base to conduct further research related to tourism service and product pricing in Ethiopia. Moreover, the study will have significance to give them a clue and the basic knowledge of matters regarding pricing strategies.

In conclusion, the significance of the research can be generalized as follows:

- Can be used as a reference or a foundation to design pricing policy and strategy in tourism
- Provide insight to design involvement platforms for higher-level tourism regulatory bodies in pricing matters
- Helps to visualize the role of price in the tourism development
- Allows the user to understand the mutual relationship between services and associated prices
- Raise awareness of pricing tourism services and products as a tool for the development of tourism industries

CHAPTER TWO

Literature Reviews and Related Works

Determining a price means finding balance and coherence between internal and external business factors. The internal factors include organization, costs, and expected profits. The external factors include the consideration of market realities in terms of fluctuations in demand, the purchasing power of customers, and competitive prices (international labor office 2012). There are six steps used to determine prices: establishing pricing objectives, determining costs, estimating demand, studying the competition, deciding on a strategy, and setting the actual price. This chapter focuses mainly on reviewing literature on Pricing of tourism products and destinations, pricing strategies and policies, factors affecting those strategies, pricing determinants, pricing challenges as well as the theoretical, empirical and conceptual literature reviews. Ethiopian pricing policy as well as strategy issues are also discussed in the context of government roles.

2.1. Pricing of Tourism Products and Services

Pricing always requires an object to which the price applies. In normative literature pricing usually focuses on physical products. A tourism service, however, is not such a clear-cut object for pricing. According to operational definitions adopted by UNWTO on the 22nd Session of the General Assembly held in Chengdu, China (11–16 September 2017) (A/RES/684 (XXII)), a tourism product is a combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities around a specific center of interest which represents the core of the destination marketing mix and creates an overall visitor experience including emotional aspects for the potential customers. A tourism product is priced and sold through distribution channels and it has a life-cycle. Kannan (2009) stated that the price of the tourism services is the cost of producing, delivering and promoting the product charged by the tourism organization.

A tourism product may be a bundle of products purchased by the tourist. This package may include the journey, accommodations, and activities at the tourist destination (for example, a Christmas trip from London to Lalibela). Alternatively, the product may be a single service offered by an individual producer, or a service produced for individual customers or customer groups (for example, hotel accommodations). The object for pricing can also be a geographic area or place (for example, Ethiopia or Finland). Tourism products include a complete experience from the time he leaves home to the time he returns home (David, 2010).

Tourism businesses must cut expenses while boosting revenues in order to thrive in an increasingly competitive environment. Hence, tourism companies take all these factors affecting costs and incomes into consideration before deciding on a price (Didin and Köroglu, 2008).

Pricing may also be based on customer psychology. In this case, a high or low price is seen as a message regarding the quality of the product or is connected to a certain lifestyle. "Skimming" pricing is usually a possible means with new products or selected segments when the price is not important for the customers. It enables quick profits, but the chance of doing this may not last for a very long time. In the high-price strategies, there is also a risk of driving the customers away and losing in sales volumes what is gained at high prices. The third way of pricing is cost-based. The variations of cost-based pricing are gross margin, absorption cost, and return of capital employed pricing. Time may be thought of as the fourth basis of pricing. The target may be the best possible sales revenues, margin, or profit during a certain given period. This requires good knowledge of the cost–volume–profit relationship and the price elasticity of demand. It is also one means of pricing to change prices according to phases in demand, competition, the life span of the product, and in the case of tourism, the season (Gu, 1998). The geographic relevance of the tourism offering, as well as the tourists' subjective experiences, makes the tourism product special (Gummesson, 1994).

Price triggers customers to assess the quality of a tourism product and its positioning on the subject of the options available in e the identical segment (Dwyer, Forsyth, & Dwyer, 2010: 176). As a Consequence of this evaluation, clients opt to choose from the alternative products available in the market. Services are priced in various ways such as guide fees, entry fees to museums, castles, villages, parks and other heritage places, dance clubs, rounds of golf and so on (Shoemaker & Mattila, 2009: 536).

2.2. Pricing Tourism Destinations

A tourism destination is a physical space with or without administrative and/or analytical boundaries in which a visitor can spend an overnight stay. Tourism destination is the set of products and services, as well as combination or individual activities and experiences along the tourism value chain. A destination brings together various stakeholders and can be combined to form larger destinations. A destination can be tangible or intangible image which may influence its market competitiveness. (Operational definitions adopted by UNWTO at the 22nd Session of the General Assembly held in Chengdu, China (11–16 September 2017) (A/RES/684 (XXII))

A wide range of pricing techniques apply to tourism destinations and setting pricing for tourism services and products is a strong mix of marketing strategy and financial analysis. It can be very diverse and pricing strategies can advance as a tourism business develops its brand and market share (Tourism Industry Blog). However, pricing is a difficult process for destinations as it is often determined by the pricing and marketing policies of individual enterprises both at the destination and distributors at the place of origin. Local suppliers can have their policy and thus coordinating and establishing a destination-wide pricing strategy is almost unachievable (Jenkins, J. 2011). Furthermore, national economic policies and economic conditions in the international marketplace also impudence pricing. Therefore, both macro and microeconomics determine the pricing function of tourism organizations locally and in destinations. The cost of living and employment, as well as in the nation, exchange rates, and local science and competition all contribute to the pricing equation. For example, tourism in Japan is inevitably much more expensive than tourism in Indonesia due to the differences between the two economies. Macroeconomic changes have a great influence on the pricing of destinations and the attraction of consumers (Edwards, 1993).

Enforcing pricing regulations is extraordinarily difficult; tourism administrators should formulate partnerships with tourism and hospitality managers and teach them the significance of retaining a reasonably standardized pricing strategy and policy. In several leisure destinations, tour operators also play a critical role in determining the price consumers pay for products locally. This has significant implications for regions that depend on intermediaries (tour operators) for their clientele, and in particular for destinations that have an oversupply of facilities. Tour operators in Europe and especially the larger/mass/integrated operators, such as Air tours, Thomson, TUI, and Neckerman, exercise bargaining and coercive power because of the large volume of tourists they represent and reduce the prices of principals at destinations. This enables them to competitively priced products at their marketplace. However, as local suppliers may not be able to gain enough profit from the basic product (i.e., accommodation and transfers) they may need to overprice other elements of the product (i.e., catering, entertainment, local excursions) to boost their portability (Dwyer, L., & Forsyth, P., 2011).

The higher the expenditure of tourists locally, the better it is for destinations, as it increases the portability of local enterprises and enhances the economic benefits. Consumers take into consideration the total cost of a trip, i.e., before, during, and after their visit. In most cases, they have not visited the destination before they purchase their travel product. Hence, pricing plays an important role in determining the image of destinations. Perhaps the biggest travel expenditure is transport to and from the destination, especially for long haul trips, and thus can determine the willingness and ability of travelers to visit destinations.

Destinations can only charge premium prices if they are a unique experience. Venice for example profits from its unique product attributes and charges substantially higher prices than other Italian destinations. However, more and more consumers are not impressed with tourist facilities and products, as they have traveled a lot and gained a multitude of experiences. Global competition and oversupply, as well as the emergence of new destinations in Third World countries with lower labor costs, generate frequent price wars, especially for constrained capacity at the last minute. As a result, consumers are increasingly prepared to pay less for getting more. Nevertheless, consumers need to perceive prices as fair and good value for money, because dissatisfaction damages the competitiveness of the destination (Buhalis, 1999).

2.3. Pricing Strategies

A pricing strategy is beneficial in terms of the different purchasing behavior of different customers. On the other hand, the rigidity of production boosts the organization to play with prices (Dolgui & Proth, 2010). The effectiveness and relevance of different pricing strategies such as penetration strategy and price differentiation strategy can be determined by its results in terms of sales and customer satisfaction. Organizations can apply any of these strategies to meet their price target. Pricing is one of the major elements of the marketing plan. It enables us to differentiate a product or service from another one of similar characteristics. Pricing decisions should be based on objectives and best-suited strategies. Pricing objectives of tourism establishments includes profit maximization, sales maximization, market share maximization and market share increase, return on investment (ROI), price differentiation, price and sale stability in the market, discouragement of new competitors, maintenance of existing customers, long term survival (Avlonitis & Indounas,2005).

In the tourism industry setting the right price is an important function of effective tourism marketing. To implement pricing strategies, the pricing managers should start by analyzing their economic situations such as cost structure and strategic goals. Tourism service providers use pricing strategies to make customers feel and perceive that the tourism products provided by the tourism service providers are the best services and have greater benefits (Sabine and Wagner, 2011).

The most common price strategies are high and low-price strategies and adjustable strategies. The high price strategy involves a price set based on the perceived value of the product by customers. The adjustable strategy identifies strategies such as price discrimination strategy, price skimming, discount strategy, penetration pricing, and yield management. Market segmentation or price discrimination strategy depends on customers' different levels of needs and their purchasing ability. Among the other popular pricing methods, the discount strategy indicates the selling of a given service or product item at a reduced price for a specific period (Camilleri M.A.,2018).

Conversely, penetration pricing refers to an environment in which the initial price is lower than the next price, as this type focuses on reducing costs over time and discourages entry of competitors. Lastly, yield management or revenue management focuses on sales anticipation as well as competitors' behavior to generate revenue (Dolgui & Proth, 2010). Other pricing strategies which are used by tourism service establishments include; mark-up Pricing Strategy, Packages, rack rates, and last-minute pricing.

Another popular pricing strategy is price skimming, where a product or service is sold out at a higher price in the beginning and is getting lowered gradually. This skimming strategy can lead to increased demand for the product. For example, first class or business class fares have a number of characteristics of prestige products. In the marketplace, such fares are considered to be the airlines' premium products. These products reflect the status and high-quality lifestyles of passengers, mainly business travelers (Swarbrooke & Horner, 2001).

2.4. Factors That Affect Pricing Strategies

According to Mcintosh and (Goeldner, 2005), marketing managers must take the following factors into account that affect price strategies. These include Product quality, Product distinctiveness: A standard or staple product with no distinctive features offers little or no opportunity for price control. But a novel and different product may be able to command a higher price (Jooste, 1995). Method of distribution, they are much more difficult to estimate than other costs. And the margin of profit desired. The profit margin built into the product's price must be higher than the returns realized on more conventional investments to compensate for the risk involved in the enterprise. The potential to reduce costs through effective use of the value chain within the company and in terms of suppliers. Many companies look and try to reduce costs in the supply of tourism services so that it allows for greater pricing (Dwyer, L., et al. 2000).

Seasonality: Most tourism products are affected by seasonality because of school-year and holiday patterns. Consequently, the seasonal aspects must be considered when developing prices. Special promotion prices. It is often a good strategy to offer introduction prices and special one-time price offers to introduce the product to consumers (Corluka, G. 2019).

Psychological considerations: Throughout the economy psychological pricing is applied, usually in the form of prices that are set in odd amounts such as (Lumsdon 1997). Premium pricing is used when tourism marketers are selling a unique or unusual type of experience, or when a brand holds great value. The following figure shows that the pricing strategies and factors affect pricing.

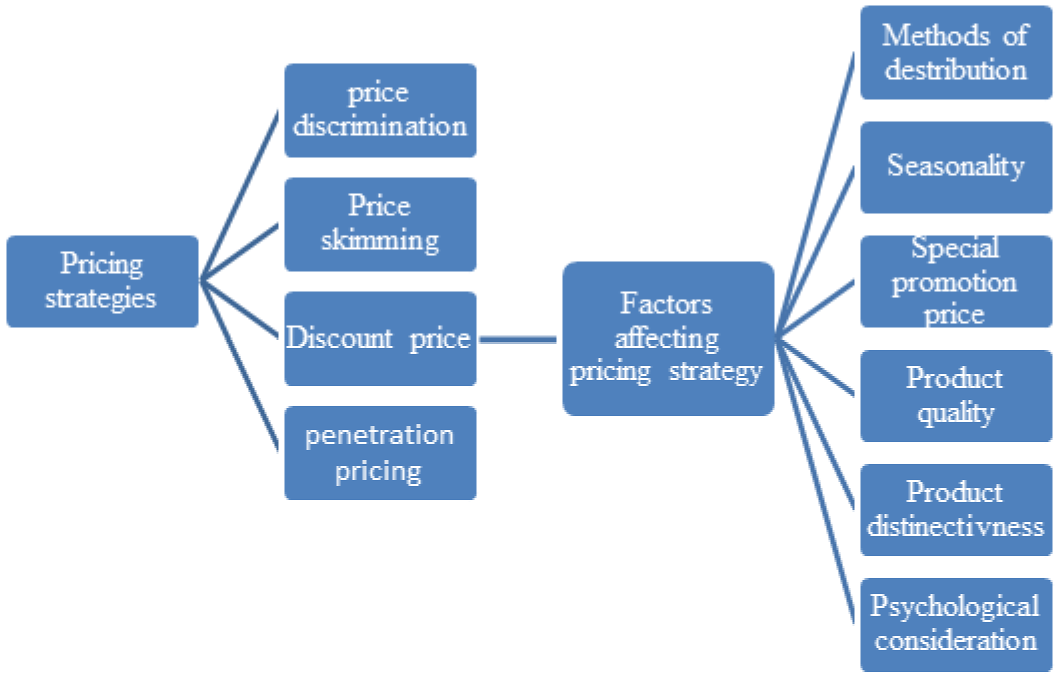

Figure 1 Price strategies and factors affecting pricing strategies

Source: own design - Distribution channel, seasonality, promotion price, product quality, psychological consideration

2.5. General Factors Affecting Pricing of Tourism Products and Services

According to (Murat. K et al, 2016) factors affecting pricing can be discussed and summarized as follows:

2.5.1. Cost of the products

One of the most important factors affecting pricing is the production and market costs of products. Cost is not only an important factor in pricing, but it is also a very important criterion for companies to prevail over their competitors in competing in the markets Three factors of production which includes; natural resources, labor, and capital are applied to the tourist products. Capital cost is the cost of monetary resources like fixed and business capital. Natural resources cost consists of costs depending on the location of tourism management (Camilleri M.A.,2018).

The cost rate directly affects the price demand for tourism products. In conclusion, costs determine the decisions of tourist establishments and their status in relation to their competitors and their market shares

There are two kinds of costs in tourism establishments; fixed-cost and variable cost. Fixed costs are independent of the level of output. Wages of senior managers are made up of expenses like insurance, land taxes, communication expenses and maintenance, and repair expenses. With the increase in the production rate of tourism products the amount of fixed-cost per production decreases (Murat. K et al, 2016).

2.5.2. Competition

Competition is the fight among businesses who want to sell goods or services to consumers (Bingol, 2005). In tourism, sector prices should be at a level in which tourism establishment can compete each other in the tourism market (Becerra et al., 2013: 73). To find a way to deal with rivals' strategies, market place and rivals should be examined carefully (Kothandaraman and Wilson, 2001). For tourism companies to be able to survive from strong competition conditions, they should minimize their costs and maximize their incomes.

2.5.3. Judicial Factors

Laws and regulations are the things to be considered in assigning prices. Governments may intervene in pricing of tourism of the tourism companies either directly or indirectly via local governments or administrations. The Ministry of Culture and Tourism sometimes allocate maximum and minimum limits for room prices in accommodation provider (Kozak, 2010). Hotel management needs to inform the Ministry of Culture and Tourism about the prices they prepare for regular customers and they need to comply with the prices for a year. These prices are called board prices. Prices applied for customers who are brought by travel agencies or tour operators are, on the other hand, called exceptional prices (Içöz, 2001).

2.5.4. Demand and Market Structure

With regard to demand and Market Structure, tourism businesses need to determine all types of demand for their goods and services. To do this, tourism establishments must first conduct market research to identify the preferences and income levels of the target market group (Collings & Parsa, 2006). Pricing takes place after assessing all the factors related to the target market. Evaluations about the relationship between demand and price should be considered when deciding on a pricing strategy. Different market structures may have different demand-price elasticities. That is, different consumer groups may react in a different way to price changes.

2.5.5. Service and product Distribution Channels

The length of distribution channels used by tourism companies affects pricing control. In tourism markets, consumers go to the places where tourism products are available, not the other way around. Baker (1992) contends with this view by asserting that distribution channels provide a link between production and consumption by filling any gap or discontinuity, which exists between them. The marketing mix elements, including; promotions (the integrated marketing communication mix) and place (distribution channels), determines the target customers' perceptions of the tourism products and services, in a given competitive context and can affect a given pricing strategy (Camilleri M.A.,2018).

The price of the product will be affected by the distribution methods and technology Kotler (1997) defines distribution channels as assets of institutions, agencies, and establishments through which a product must move from the producer to the final consumer.

2.5.6. Consumer Behaviors

Consumer experiences and behaviors are among the factors affecting tourism product and services pricing (Andrlic & Ruzic, 2010). It is stated that thanks to consumer behaviors, the product range has been widened to the ones which are interesting and intriguing (Baumol, 2004). Prices of substitute goods and services should also be considered before starting the pricing process. The price and income elasticity rate of tourism products are generally high. It is said that when pricing is done without considering this information, consumer demands may change towards other goods and services since tourism products are luxurious (Schütze, 2003). What consumers want is to be able to benefit from tourism products within their budget. In this case, pricing is done considering consumers' budget while maximizing profit at the same time. Tourism demand occurs at both the national and international levels (Pellinen, 2003). One final thing to note is that perceived value can vary based on the customers and their respective needs. For example, if selling the same product to a nuclear power plant, the cost of replacing a failed pipe and the cost of damage will be much higher. Even if a business is selling the same product to multiple customers, it should consider charging separate prices based on the perceived value. (Nagle and Holden, 2013).

2.6. Pricing Policy and the Role of Government in Ethiopia

Reasons for government price controls, usually, prices are set by the market forces such as demand and supply. However, governments may sometimes be interested to interfere in setting prices even under a free-market economy. Those interference conditions can be to make some products more expensive (e.g., food to increase the revenue of farmers or discourage demand for demerit goods. Make some goods cheaper (e.g., to make sure housing is affordable) to stabilize prices (e.g., prevent rapid fluctuations in the price of products or services (Tejvan Pettinger, 2018). All market economies have some state intervention in pricing in the form of taxation and subsidies.

Direct controls arise from prices and income policies, Anti-monopoly and restrictive legislation, and also regulations and licensing. The above-mentioned discussion of pricing policies under different market conditions can be summarized as: "optimal pricing requires a full Consideration of both demand and cost conditions. There is a case for a more flexible approach to pricing where markets with different price elasticities are supplied or where a peak-load problem exists. Successful firms are those which gain competitive advantage and price remains an important variable in achieving this advantage" (Nellis and Parker, 1992).

Ethiopia has implemented a tourism development policy since 2009 followed by the establishment of different government regulatory organs in tourism including the MOCT. The Country has also developed some tourism marketing and strategy documents (tourism master plan for 2015 to 2025, marketing strategy for Ethiopia a plan for 2016-2020 as well as the national tourism development strategy plan). Out of the strategy and policy documents which are prepared and implemented so far, the single document which the researcher found concerning pricing is the Ethiopian tourism marketing strategy which says that Ethiopian tourism sites pricing practice doesn't have consistency's but comparatively the tourism services and products price are not as expensive as other tourism destination in Africa. Hence part of the study of this research will have an answer to this problem. The focus of the federal government on critical policy, strategy, program, rules, and regulations has expanded the possibility for the active engagement of the private sector in promoting, marketing, and managing tourism. Yet, the gap between the rhetoric of decentralization and regional/local decision-making powers and processes seems to be quite limited. The results of the study by the World Bank (World Bank 2006) showed that different tourism sectors suffer from several challenges including bureaucratic and clear pricing policy, weak management and coordination, and weak product management.

2.7. Pricing Challenges and Considerations

The price of your products and services is one of the most important decisions you can make as a businessman, and the price you set for your products and services is a determining factor in profit (or loss). It is consequently to your best will to make sure of the elements which impact your pricing selections and the possibilities that exist to permit you to maximize your income. There are 4 pricing demanding situations to avoid: Underselling: You can't price your service or product well till you pick out all of your costs. Run the expenditures with your accountant to make sure that you have covered everything, including a reasonable wage or salary for yourself. Following the competition: don't base your price with your competitors' prices as it is dangerous, you don't even know if they are operating at a loss or using different cost structures for you. However, usually, it makes sense to look at what your competitors are charging, then you will have the space to raise your prices. If you find that your price is higher, then you will be expected to check with your cost structures. You may require to think and look for suppliers with preferable prices of offering similar qualities. Avoid competing on price discounting if you can because it can seriously impact your profits and no one wins from a price war. The impact of a discount is always much higher than the discount. It makes more sense to avoid discounting and instead show customers you offer better value or more features and services (Fáilte 2013). Lowering price without changing service delivery is inappropriate, if you have to negotiate to win the business, make sure you get an appropriate concession in return. You may ought to lessen the room price, however perhaps breakfast is then no longer included. A variety of products and services (as an instance a room price which include breakfast and a price without breakfast) will allow you to soothe both and value-aware customers (UNU-GTP. 2007).

2.8. National Tourism Development Strategy

Based on the findings of the 2006 World Bank study, a strategic framework for the development and management of a sustainable and productive tourism sector was elaborated using the following four fundamental and interlocking issues: sector management and governance; enabling environment; tourism enterprises cluster, and the resource base.

The five-year tourism development plan had incorporated human resources development, strengthening information and management capacity, mega reconstruction strategy, improvement of services, infrastructure development, and the promotion of domestic tourism as priority areas. The key generic tools to translate the strategies into actions included well-developed sector strategies and policies; a strong public investment program; public-private partnerships; strong community involvement; reliable and timely information; strong coordination among sectors and strong public promotion campaigns (World Bank, 2006). Ethiopia was recently reported as launching a major revamp of the tourism sector. Pricing is one of the most central management tasks in which cost information may be of use.

Based on a recent study under the title of "Economic Growth and Tourism Sector in Ethiopia", the government indicated that the lack of skilled manpower, poor infrastructure, lackluster marketing, weak financial and pricing system, and poor government support were the key obstacles for the under exploitation of the rich and diverse tourism potential development of the country. The new tourism development policy that came out in 2010 encouraged the more vigorous participation of the private sector in tourism development.

In a March 2014 statement, the Minister of Culture and Tourism indicated that government support for tourism was visible. The recent establishment of the Ethiopian Tourism Transformation Council headed by the prime minister was a clear demonstration of the priority attention that the sector was getting from the government. The establishment of the Ethiopian Tourism Organization (ETO) and the now Tourism Ethiopia (TE) was cited as another important strategic move in promoting destination development and marketing.

As the above-mentioned research indicated that the government considered among others a weak financial and pricing system is one of the key obstacles for the under exploitation of the rich and diverse tourism potential development of the country.

2.9. Theoretical literature review

Theoretical review focuses on theoretical frameworks, underpinning theories, constructs' operational definitions, and operationalization of measurement of the instruments. So, then this research is focused on the pricing of the tourism destination focused on pricing practice, pricing challenges, and identifying determinant factors of tourism pricing. Setting pricing for tourism businesses is a strong mix of marketing strategy and financial analysis. It can be incredibly diverse, and pricing strategies can evolve as a tourism business grows its brand and market share. A systematic approach to pricing requires the decision to generalize an individual pricing situation and codify it into a policy that covers all major pricing issues. it can and should be adapted to different competitive situations. A policy approach that is becoming normal for sales activities is comparatively rare in pricing. (Bolton, R.N., et al, 2010).

The pricing of your products and services is one of the most important decisions you can take as a business person, and the price you set for your goods and services is a key determinant of the final profit (or loss) that your business will make. Pricing strategy is the policy arm adopts to determine what it will charge for its products and services. Strategic approaches fall broadly into the three categories of cost-based pricing, competition-based, and demand-based pricing (Bolton, R.N., et al, 2010). The price contributes to increase the competitiveness factors of a company linked to the costs of products and services and; such as food, ground transportation, souvenirs, guide and entertainment services and related expenses incurred by tourists in a particular destination to meet their needs and wants (Navickas & Malakauskaite, 2009; Dwyer &, Kim 2003; Gooroochurn & Sugiyarto, 2005). In most situations, cost should act as a floor on pricing. In some circumstances, a firm intentionally sells at a loss for a time to establish a position in the market, but it is often difficult to increase prices later due to the customer's use of the introductory price as a reference point. With perceived value in mind, the first question is what is the marketing objective and how does the pricing objective derive from that? For example, the price that would maximize short-term profit is typically higher than the one which would maximize market penetration subject even to making some profit on each item. It can be described as a choice between a 'skim' and 'penetration pricing strategy. In a skim strategy, the focus is on those consumers with high value. Starting with a high price and targeting a segment that is willing to pay this price. Later on, prices are reduced to reach the segments below. In penetration pricing, the firm sets a lower price to generate lots of sales quickly. It is designed to preempt competition and gain a significant number of customers early on. The appeal of a penetration strategy increases to the extent that: Considering Customers are sensitive to price, Economies of scale of the destination are important, Adequate production capacity is available and if there is a threat of competition among service providers.

Since customers typically assign different values to the product, the business should consider whether it is worth trying to capitalize on these changes in value by charging different customers to different prices. In some cases, legal constraints and logistical practicalities can make this infeasible. However, many firms owe their economic well-being to their ability to customize prices. In many cases, for example, prices are varied depending on when the buyer is booking, for how long, for what days of the week, and so on.

2.10. Empirical Literature of the Study

According to (Nellis and Parker 1992) the motive of pricing strategies is selecting the accurate price to ask for products and service is one of the most important challenges facing management. According to (Mcintosh and Goeldner, 1995), marketing managers must take the following factors into account that affect price strategies: Product quality, Product distinctiveness, Extent of the competition, Method of distribution, Character of the market.

According to (Shivam N, 2015) considerations need to be involved in formulating the pricing policy (Price Sensitivity, Overall Goals of Business, Government Policy, Competitive Situation and Goal of Profit and Sales). For Murat (Murat. K et al, 2016) pricing is determined by the cost of production and market, competition (the fight among businesses who want to sell their goods and products), laws and regulations, demand and market structure, distribution channels, and customer behaviors. The chances for cost-based pricing are markedly limited, and in most cases, prices are set on other grounds than cost. This result may be considered conflicting with the results in the survey conducted by (Damitio and Schmidgall, 1990). The differences in pricing practices may be explained from the theoretical standpoints of contingency theory (see, Chapman, 1997). There are so many characteristics which contribute to price increase and can also determine a differentiated offer compared with other establishments, and finally to increase the customer satisfaction, and to attract new segments of customers (Espinet, Saez, Coenders, & Fluvià, 2003). Destination owners and managers may increase destination prices for several reasons. The study extends this work by examining a more comprehensive set of factors on multiple pricing strategy dimensions across multiple products and services categories. Competitor activities shape a firm's pricing decisions to the extent to which they affect the market share of the firm (Ailawadi et al. 2001).

2.11. Conceptual Framework

Tourism pricing strategy and policy involves many issues to take into account to have standard pricing technique in the tourism industry. The study rotates around core concepts which can be challenges of pricing, current tourism pricing practice, determinant factors for pricing, pricing policy, and pricing strategy of the tourism products and services in the St. Lalibela site of Ethiopia. For service providers and to assess current practice on the destination. There are different variables that directly or indirectly affect tourism service pricing strategies and policies, and pricing decision in the destination such as level of fixed costs, overall cooperation with other business, customer characteristics, the costs of intensive staff employed, perishability of the unsold tourism service, marketing methods, government, and legal regulations, consumers demand (more units of a product when its price is low and vice versa), product costs, seasonality (determine the fluctuations in business between high and low seasons that leads to determining the price), target markets (has an impact on the decision of the service price too), demand for the product (generated by both existing and potential customers that makes the price difference) and product life cycle are among the lists. The relationship between these concepts is shown in the diagram of the conceptual framework below. Additionally, there is a proposed conceptual framework that helps to understand the tourist's perception on price increases, extra charges, and fluctuation in pricing of tourism products and services. The framework also helps to establish appropriate marketing strategies related to consumers' perceptions of price (un)fairness (Jin et, al, 2016).

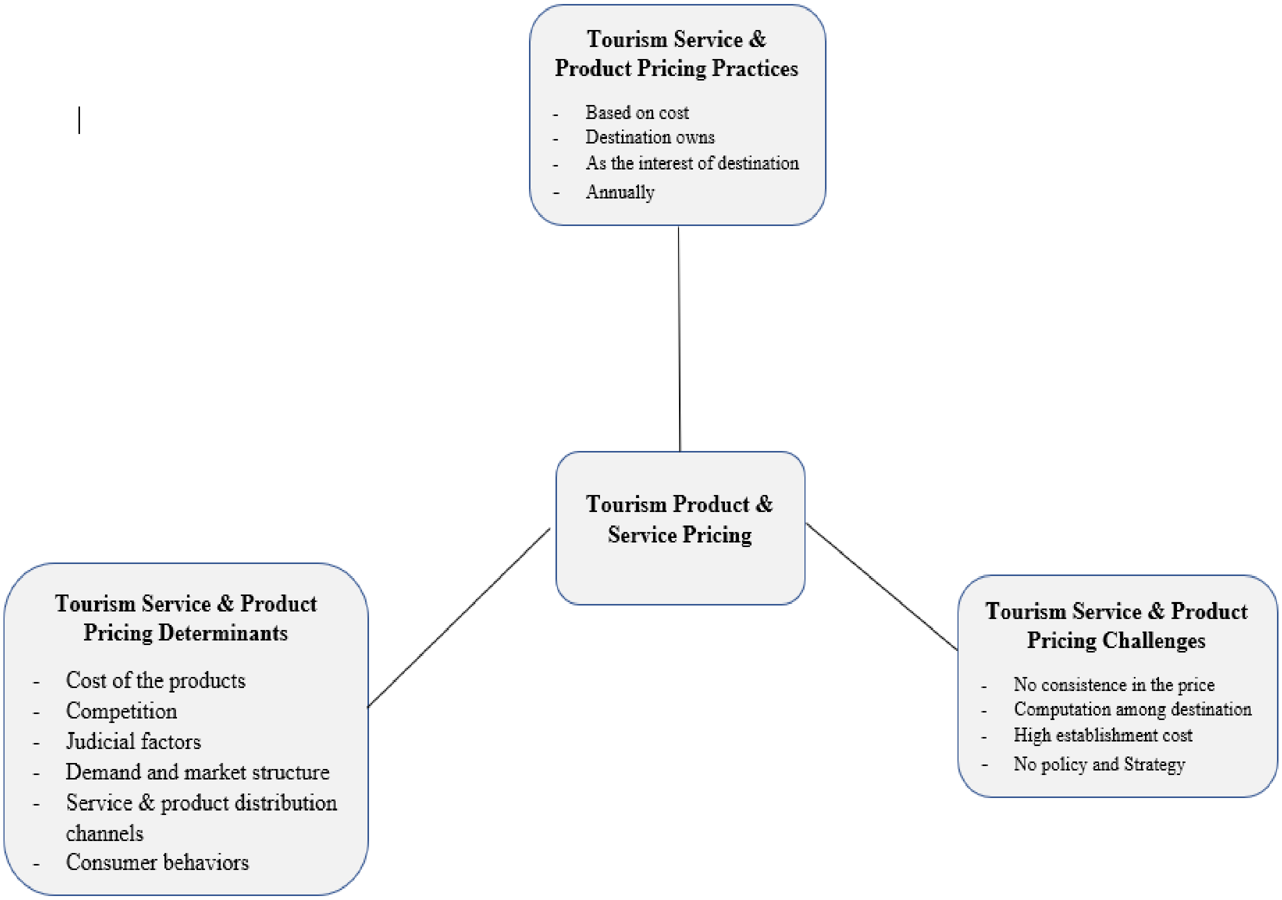

Figure 2 Conceptual framework

Source: Researcher own design

2.12. Conclusion

Based on the literature reviewed in this section, proposed and developed researches on the pricing of tourism products and services in the tourism industry focuses on studying Pricing of Tourism Products, Pricing Tourism Destinations, Pricing Strategies of Tourism Products and Services, Factors that Affect Pricing Strategies of Tourism Products and Services, Pricing Policy and the Role of Governments in the tourism industry, Pricing Challenges and Considerations in the tourism industries.

Determining the price is a very complex and difficult process in terms of tourism services. Literature suggests that different pricing strategies can be applied by tourism establishments to achieve their pricing objectives. Adjustable pricing strategies such as price skimming, discount pricing, price discrimination as well as penetration pricing are the common pricing strategies that are found to be practiced in the study area.

According to Mcintosh and (Goeldner, 1995), many factors are affecting those pricing strategies. Quality of product and services, number of customers, profit margin, seasonality, promotions, psychology, and government involvement are the major factors considered affecting pricing strategies.

According to (Shivam N, 2015) considerations need to be involved in formulating the pricing policy (Price Sensitivity, Overall Goals of Business, Government Policy, Competitive Situation and Goal of Profit and Sales). The study assessed 9 factors that might affect the pricing policy of tourism establishments. These factors focus on the nature of the tourism products and services, demand and its management, cooperation and competition among the companies, marketing strategies followed by the companies, government and legal regulations on tourism service in the country, seasonality, target marketing, and product life-cycle of tourism services. For (Kotler et al., 1996) Local suppliers can have their policy, and thus coordinating and establishing a destination wide pricing strategy is almost unachievable.

Price is determined by many factors such as cost of production and market, competition (the fight among businesses who want to sell their goods and products), laws and regulations, demand and market structure, distribution channels, and customer behaviors (Murat. K et al, 2016).

For (Fáilte Ireland 2013), four pricing challenges are identified and to be avoided by individual companies. These include; underselling, following the competition, competing on price, and lowering price without changing service delivery. For him, all these pricing challenges should be avoided in an economic sense. In this research eight pricing challenges were assessed in the study area and analyzed by using descriptive statistics. These challenges include lack of organized pricing strategy and policy; unsustainability of demand; lack of communication on price changes; lack of involvement of stakeholders during price changes; lack of guiding strategies and policy on pricing; customer complaints on destination prices; and lack of coordination and difficulty in establishing destination wide pricing strategy.

What consumers want is to be able to benefit from tourism products following their budget. In this case, pricing is done considering the consumer's budget while maximizing profit at the same time. Tourism demand occurs at both the national and international levels (Pellinen, 2003). Perceived value can vary based on the customers and their respective needs.

To the best of my knowledge and the literature discussed in this section, no study has been conducted to assess the Pricing of tourism services and products in Ethiopia to exploit the pricing practices and associated drawbacks of Ethiopian tourism industry service providers. This study aims to fill the gap mentioned above by assessing pricing for Tourism Services and Products in Ethiopia evidencing St. Lalibela Tourist destination.

CHAPTER THREE

Materials and Methods

3.1. Description of the Study Area

Ethiopia is endowed with various Cultural, Natural and Historical Heritages and attracts hundreds of thousands of tourists every year. One of those top historical as well as cultural attractions are the rock-hewn churches of Lalibela. The study focused on this destination that is known for the highest number of tourist receipts and generating hard currency earnings for the local communities and the country in general. This study selects Lalibela as a study area because of the highest number of foreign visitors recorded and it has been a source for various criticisms about the services and products price consistency issues. The destination has been practicing tourism activities for a long time compared to other Ethiopian tourism destinations (Gobeze, 2012).

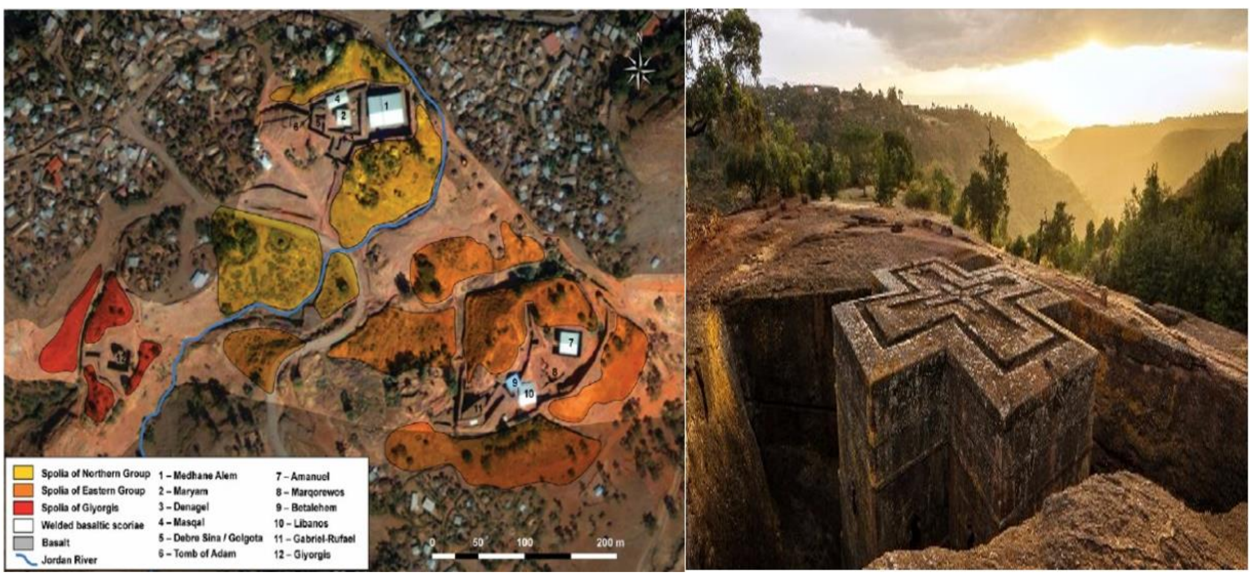

Figure 3 Map and photos of Lalibela Rock hewn churches

The site is named for King Lalibela (d. after 1225) of the Zagwe dynasty (c. eleventh to thirteenth centuries), to whom later written sources (from the fifteenth century) ascribe the foundation of ten churches (Derat 2006). Francisco Alvares (a member of a Portuguese embassy to Ethiopian King Lebna Dengel) visited Lalibela in the early sixteenth century (Alvares 1540 1943), providing an early record of the organization, topography, and state of preservation of the site. But it is not until the Italian occupation, and again from the 1960s onwards, that the site, now more easily reachable from the capital Addis Ababa, attracted the attention of amateurs, scholars in architecture (Monti Della Corte 1940; Bianchi Barriviera

1963, 1966) and art history (Lepage 1997; Gervers 2003a), liturgists (Fritsch, 2008) and archaeologists (Phillipson 2009).

A program of preservation and tourism management was also implemented under the aegis of UNESCO, the World Monuments Fund, and the Ethiopian authorities (the site of Lalibela was placed on the World Heritage list in 1978). Interest has intensified in the last decade or so, mainly devoted to the iconography on the walls of the churches (Lepage 1999, 2006), the typology of the monuments. Architecture (e.g., Lepage 1997; Gervers 2003a; Phillipson 2006) and its liturgical functions (Fritsch & Gervers 2007; Fritsch 2008).

The Lalibela complex is traditionally divided into three groups of churches. The first group, located in the northern part of the site, includes five monuments (listed here in the order in which they are usually visited): Medhane Alem, Maryam, Denagel, Masqal, and the complex of Debre Sina/Golgota/Sellassie (which comprises three churches). This Northern Group is separated from the Eastern Group by a seasonal stream, the Jordan (Yordanos), which runs in a deep gully that collects water from the entire massif. This gully shows evidence that it is partly man-made. The Eastern Group has five monuments: Gabriel-Rafael, Bethlehem, Marqorewos, Amanuel, and Libanos. Another group, to the west, only comprises the church of Giyorgis.

The site of Lalibela on the northern plateau of Ethiopia has gained worldwide fame as a historical riddle and tourist attraction. This complex of a dozen rock-hewn churches was occasionally mentioned (under the names of Warwar or Dabra Roha) in Ethiopian sources written in geez (Bosc-Tiesse 2009; Derat 2009). Lalibela currently hosts a large number of domestic and outbound visitors annually and the local community is, directly and indirectly, dependent on the destination tourism income.

3.2. Research Design /Approach/

Burns & Grove (2001) stated that a research design is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose. A research design is a step-by-step approach used by a researcher to conduct a scientific study. It includes various methods and techniques to research so that a research problem can be handled efficiently. Research design is a framework that has been created to find answers to research questions. This study is conducted to assess the pricing of tourism services and products in Ethiopia, specifically at Lalibela. According to Creswell (2018), the three methods that are commonly implemented in research are quantitative, qualitative, and mixed, where one of them is not better than the others, all of this depends on how the researcher wants to do a study. The study is a descriptive case study since the research describes the existing situations regarding practices, policies, strategies, and challenges of the pricing of tourism products in the case of the St. Lalibela site.

Thus, the study describes pricing practices by using descriptive methods. Therefore, this study employs a descriptive research design to achieve its underlying objective. Descriptive research aims to accurately and systematically describe a population, situation, or phenomenon. It can answer what, where, when, and how questions, but not why questions. Therefore, here in this study, the descriptive research approach is applied to define and describe the St. Lalibela potential tourism site as a population, the pricing system or methodology for tourism products and services as situation and phenomenon. The identified problem in the problem statement section of this study is answered by applying this approach. The solutions to the stated problem include what factors affect the pricing of tourism services and products, how these factors affect the tourism industry, and where and when these factors have a great influence on the tourism service providers.

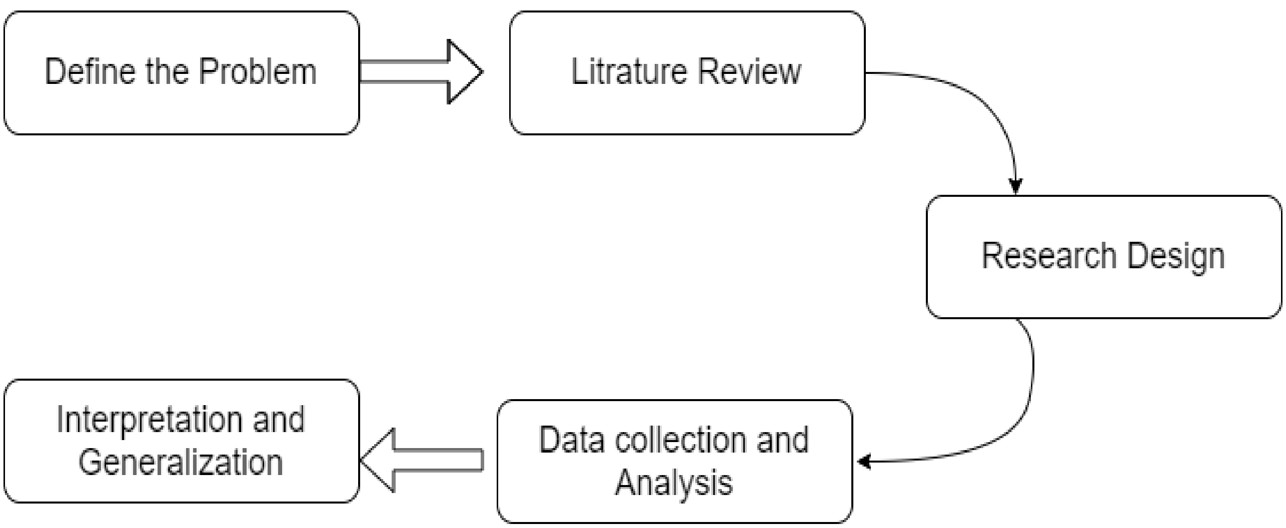

Figure 4 General Research Approach for the study

3.3. Data Collection and Sampling

3.3.1. Data Collection Methods

To achieve the objective of this study, the researcher followed a mixed approach in that the study used quantitative and qualitative data. The quantitative data is generated by using a structured questionnaire and the qualitative data is collected by using interviews and FGD. Therefore, in terms of approach, this study employed a mixed approach while conducting the study.

The data has been gathered from both primary and secondary sources. The primary data for the study is collected from personnel who are directly or indirectly involved in the pricing activities of tourism services and products. In addition, customers have been used to assess perception about the price of the services and products. Employees/owners in the tourism industry and users of tourism services in Lalibela are primary sources. The data has been gathered from different secondary data sources such as books, journals, magazines, brochures, folders, and the internet.

The study collects data mainly from primary sources. As a primary data collection instrument, the study used questionnaires and interviews. The questionnaire is intended to cover a larger size of respondents and the interview is intended to collect detailed information from key stakeholders and leaders. The study has developed two separate questionnaires; for service providers and tourists. The questionnaires were designed based on the backgrounds of respondents and the content of information required. It is intended to collect data from destination managers, hotel and transport service providers, tour operators, tourists, and guides. In addition, this study has used questionnaires to collect data from tourists that is intended to assess perception about price.

The questionnaire was prepared by using both close-ended and open-ended questions. Close-ended questions are prepared in different styles/types like the Likert scale, yes/No. In addition, open-ended questions were developed to get detailed viewpoints of respondents. The researcher conducted semi-structured and non-directive interviews with regulatory organs. Three focus group discussions with tour guides, hotel service providers and destination experts have been conducted in Lalibela with 4 persons participating per each group discussion.

The data has been gathered through the proposed research instruments (questionnaire, interview and FGD), after being screened and commented on by the adviser. Questionnaires containing the popular categories of design (Likert scale are used to check the level of practice, application and consideration with the particular questions or statement), open-ended questions, yes/no questions are included to be checked with the respondents. Questionnaires are collected by email using google form and in person. Google Forms is a flexible web application survey running software provided by Google as a free online software to create custom forms for surveys and questionnaires, to share the forms and view responses.

The distributed questionnaires are collected by the researcher personally and/or his assistant through the above-mentioned means of communication. The researcher also interviewed different governmental and non-governmental leaders in tourism. In addition, the researcher has taken data from secondary sources of information through document review.

3.3.2. Target Population

The purpose of this study is to assess pricing the tourism services and products at Lalibela. Different organs are either directly or indirectly linked with the pricing. These organs exist at the study area and/or national level. Therefore, the researcher targeted these organs that are directly or indirectly concerned with pricing at the study area and national level.

Managers of destinations and hotels and lodges, tour guides at destinations and national levels, and tour and travel companies directly involved in pricing the products and tourist transport service providers are included. On the other hand, Tour Operator Associations, Guide Associations, Regional and local tourism bureaus, the Ministry of Culture and Tourism, and Tourism Ethiopia are regulatory organs that are involved in the pricing. In addition, this study targets tourists to assess their perception of the price of the services and products.

There are different stakeholders of tourism in Lalibela. The study has targeted respondents based on their direct involvement in the tourism business and has a contribution to the tourism services and products pricing decision. As a result, this study has targeted three groups of stakeholders; tourism service providers, regulatory organs, and tourists. The target population of the study is presented in Table 1.

As shown in Table 1 below, the target population includes 1,159 service providers; 21 administrative and regulatory organs; and 30 tourists. Foreign tourists are included to assess their perception of the price of services and products. This study included tourists that visited Lalibela within 14 days that the researcher had budgeted for financial purposes. Based on low season estimation due to COVID 19, 30 tourists are targeted.

As represented in the below source information table (Table 1), the list of service providers and tourist population are subject to survey type questions whereas the regulatory or administrative organ division population are those who are sampled for the interview type question.

Table 1 Target Population

No.	Type of subject	Sample	Target Population
Service providers	Destination tour guide at Lalibela	50	195
	National tour guides	119	464
	Tour and travel companies	103	400
	Destination tourism experts	13	50
	Sales marketing managers in 3-Star Hotels	5	20
	Tourist transport service providers	8	30
	Total Service Providers	**297**	**1,159**
Regulatory (Administrative) organs	GM and directors at Tourism Ethiopia	3	3
	Minister and director at Ministry of Culture and Tourism	2	2
	Head and destination manager at Regional Tourism Bureau	2	2
	Local tourism Bureau Manager	1	1
	Association Managers at Hotel association	5	5
	President and board members at Tour operator associations	3	3
	Association Managers at Tour Guides Association	5	5
	Total administrative organs	**21**	**21**
	Tourists	**29**	**30**
	Total target population	**347**	**1,210**

Source information (MOCT, 2020)

3.3.3. Sampling Technique and Sample Size

This study employed both probability and non-probability sampling types. The probability sampling is implemented by using simple random sampling and the non-probability sampling is implemented by using purposive sampling. The researcher has selected respondents randomly. The respondents are contracted at their workplaces. Further, the study used census sampling to select all targeted regulatory organs and tourists.

Alreck & Settle (2005) noted that the choice of sample size is made after considering statistical precision, practical issues, and availability of resources. There is no single and precise way to determine the size of the sample; hence there are several inadequacies for deciding on sample size.

As shown in Table 3.1 above, since the target population for regulatory organs and tourists is very small, sample size determination is not computed. But the sample size is determined for the service providers. For the sample size determination, the study has followed Yamane's (1967) formula that provides a simplified method to calculate the sample size. This formula is based on a 95% desired confidence level and 5% desired level of precision.

$$n=N/(1+N(e)^2)$$

Where： n = sample size, N = target population and e = precision level (5%)

$$n = 1159/(1 + 1159(0.05)^2)$$

$$= 1{,}159/3.9$$

$$= 297$$

Therefore, based on the sample size determination formula St. Lalibela by the study, the sample is determined to be 297 respondents. In addition to the sample of service providers, the study uses the total target population for regulatory organs and tourists, 21 and 30 respectively. Therefore, the total sample size is 348 respondents. But 21 of the tourism administrative /regulatory/ organs are not included in the survey questions. These organs were subject to interview type question. Based on the size of the target population, the sample size for service providers is computed proportionally for the group of respondents and the result is presented in Table 3.2 below.

Table 2 Sample Size of Service Providers

No	Type of subject	Sample size	Surveyed
1	Destination tourism managers and experts	13	8
2	Hospitality and tourism Service Providers in Lalibela (destination tour guides, Tourist transport service providers, and Sales marketing managers in the hotels and lodges)	62	48
3	Tour and Travel Operators	103	69
4	National Tour Guides	119	91
	Total	297	216

3.4. Data Analysis Methods

In this study, data collected through data collection methods and instruments are analyzed in both qualitative and quantitative data analysis methods to present the results in meaningful contexts. Data collected through questionnaires are coded to computer software, IBM SPSS 25. The data is analyzed by using descriptive statistics such as frequency, percentage, mean and standard deviation and presented by using tables and graphs.

The qualitative data collected through interviews and FGDs is narrated qualitatively to support findings discovered through a questionnaire. Data collected through document review from secondary sources is used to verify the quantitative data and the questionnaires' results.

3.5. Reliability and Validity

3.5.1. Validity

Bryman & Bell (2007) defined validity as how much an instrument of data collection measures what it is intended to measure. The important issue of measurement validity relates to whether measures of concepts really measure the concept or not. There are several ways of establishing validity such as content validity, concurrent validity, predictive validity, construct validity, and convergent validity. This study addressed content validity through the review of literature and adapting instruments used in previous studies.

3.5.2. Reliability

Reliability is the consistency of a test, survey, observation, or another measuring device. The level of reliability of the instrument indicates the consistency of the variables. Cronbach ‘s alpha is an index of reliability associated with the variation that accounts for the true score of the underlying construct and it can only be measured for variables which have more than one measurement question. 0.5 is a sufficient value, while 0.7 is a more reasonable value. Therefore, the reliability of the questionnaire is analyzed by using Cronbach’s alpha statistics.

Table 3 Reliability Statistics

Variables	Cronbach's Alpha	No. of Items
Pricing Policy	.839	9
Challenges	.836	8
Pricing strategies	.844	4
Customer perception	.722	7

As it is indicated in the table 3 above, all Cronbach ‘s alpha indexes are above 0.7 suggesting that the variables are consistent to measure pricing policy, challenges of pricing, pricing strategies and customer perception.

3.5.3. Ethical consideration

Every person involved in the study will be entitled to the right of privacy and dignity of treatment, and no personal harm will be caused to subjects in the research. Information obtained will be held in strict confidentiality by the researcher. All assistance, collaboration of others and sources from which information was drawn were acknowledged.

CHAPTER FOUR

Data Analysis and Interpretations

4.1. Response Rate

This study used questionnaires and interviews as data collection instruments. The questionnaire data is collected physically and virtually by using email communication. The questionnaires were converted into Google Forms and shared with the respondents by email. To collect data through a questionnaire, the study has used two groups of respondents that include tourists and employees and managers of tourism establishments (tourism and hospitality service providing organizations and destination managers) that are directly or indirectly e involved in pricing the tourism services and products. Four groups of organizations were used to assess their pricing practices. These organizations include destination managers, hospitality service providers, travel and tour operation companies, and tourism service providers. The study has distributed 297 questionnaires to the employees/owners/managers of those tourism and hospitality establishments and 30 questionnaires to tourists who visited Lalibela in two weeks from mid to end of December 2020. But the 216 questionnaires from employees/owners/managers and 29 questionnaires from tourists have responded accurately that are usable for the study. Thus, the response rate is 72.7% and 96.7% for the employees/owners and tourists respectively. The number of respondents in each group of organizations is presented in Table 4 below.

Table 4 Respondents in the organizations

Organizations	**Frequency**	**Percent**
Destination Tourism Managers and Experts	8	3.7
Hospitality Service Providers	48	22.2
Travel and Tour Operators	69	31.9
Tourism Service Providers	91	42.1
Total	**216**	**100**

Source: Own Survey, 2021

4.2. General Information

This section of the chapter presents general information about the respondents; employees, owners, managers and customers (tourists). Information about the respondents includes gender, marital status, experience, and level of education. It is summarized by descriptive statistics; frequency and percentage;

and the result is presented in Table 5 and Table 6 below for employees/owners/managers and customers (tourists) respectively.

Table 5 General Information about the employees/owners/managers

Variable	Category	Count	Percent
Gender	Female	15	6.9
	Male	201	93.1
Marital status	Married	156	72.2
	Single	60	27.8
Work Experience in the Tourism industry	Below 1 year	6	2.8
	1-3 year	40	18.5
	4-6 year	31	14.4
	7-10 year	62	28.7
	More than 10 years	77	35.6
Highest level of Education	Certificate/diploma	55	25.4
	First degree	125	57.9
	MA/MSc and Above	36	16.7

Source: Own Survey, 2021

The majority of respondents from the organizations and tourists are males that include 93.1% of respondents from the companies as in table 5 and 82.8% of respondents from the customers/tourists as in table 6. This implies that males are big players in the tourism engagements of the study area and a high number of tourists visiting Lalibela are males. Therefore, a need to increase female engagement in the tourism service as well as female visitors should be something to be considered.

Among the respondents, 72.2% of the respondents from the organizations are married and 27.8% are single; 34.5% of the tourists are married and 65.5% are single. The statistics about the tourists suggested that the tourism destination of Lalibela is mainly preferred by tourists who have the marital status of single.

Various levels of working experience and travel experience were observed for the employees and tourists respectively. Regarding the working experience, the majority of the respondents have work experience for more than 10 years in the industry. This group of respondents include 35.6% and followed by a group of respondents with an experience of 7 to 10 years that comprises 28.7% of the respondents. This result may imply that pricing in the companies is practiced by well-experienced experts in the industry.

Finally, the educational level of the respondents was assessed and the survey result showed that experts of the organizations have an educational qualification of diploma, bachelor's degree, and master's degree. The majority of the employees/owners have an education level of bachelor's degree that includes 57.9% of the respondents and followed by an educational level of diploma that includes 25.4% of the respondents. These statistics suggested that tourism organizations are employing people with higher educational qualifications.

Table 6 General Information about Tourists

Variable	**Categories**	**Count**	**Percent**
Gender	Female	5	17.2
	Male	24	82.8
Age Group	20-29	9	31.0
	30-39	20	69.0
Marital Status	Married	10	34.5
	Single	19	65.5
Traveling experience	Below 1 year	2	6.9
	1-3 year	4	13.8
	4-6 year	11	37.9
	7-10 year	7	24.1
	More than 10 years	5	17.2
Education	Complete secondary	7	24.1
	First degree	10	34.5
	MA/MSc and above	12	41.4

Source: Own Survey, 2021

Regarding the traveling experience by the tourists, the majority (37.9%) of the respondents have touring experience for 4 to 6 years and followed by the experience of 7 to 10 years that includes 24.1% of the respondents. This indicates the tourism destination of Lalibela is preferred by experienced tourists. The age of the tourists also supports the suggestion that only 31% of the tourists are at age below 30 years and 69% of tourists are the age of above 30 years.

On the other hand, among the tourists, the majority of the respondents have an educational qualification of master's degree and above that includes 41.4% of the respondents and it is followed by educational qualification of bachelor's degree that includes 34.5% of the respondents.

Interviewee type questions are conducted with destination managers and owners in Lalibela (Mergeta Melkamu Lalibela tourism Bureau head and Deacon Mekonen Gebre Meskel, Lalibela church administration head of external relation department and focal person for Lalibela-heritage conservation project), Head of hotel Association (Ato. Yohannes Assefa), Head of Lalibela Guide Associations (Ato. Kasahun Ababu), Board of director of Ethiopian Tour operators Association (Ato Fikre Selassie Admasu), Ethiopia Ministry of culture and Tourism (Ato Nigussie and Ato Tewodros), Tourism Ethiopia Director (Ato Seleshie) and Ethiopian tourist guide association president (Ato Ashenafi) are to mention few. Additionally, three focus group discussions have been conducted with Lalibela Guides and hotel managers each of which comprising 4 to 6 individuals. The interview is conducted physically, by phone, and virtually through email conversation on filling out google form and zoom meetings.

4.3. Pricing Strategies of Tourism Establishments

This section of the study presents the survey results about pricing strategies followed by those tourism establishments and their level of implementation. The study has assessed four pricing strategies; price discrimination, price skimming, discount pricing, and penetration pricing; and identified the level of implementation of the pricing strategy followed. The survey result about the pricing strategy is presented in Table 7 below.

Table 7 Descriptive Statistics for Pricing Strategies

		Count	Percent	Mean	Std. Dev
Price discrimination is the priority in destination pricing strategy	Strongly Disagree	33	15.3	3.34	1.35
	Disagree	27	12.5		
	Neutral	36	16.7		
	Agree	74	34.3		
	Strongly Agree	46	21.3		
Price skimming is the priority method in the destination pricing strategy	Strongly Disagree	21	9.7	3.57	1.23
	Disagree	15	6.9		
	Neutral	58	26.9		
	Agree	64	29.6		
	Strongly Agree	58	26.9		
Discount price is the priority method for the destination pricing strategy	Strongly Disagree	23	10.6	3.50	1.28
	Disagree	29	13.4		
	Neutral	30	13.9		
	Agree	84	38.9		
	Strongly Agree	50	23.1		
Penetration pricing is the priority method for the destination pricing strategy	Strongly Disagree	30	13.9	3.53	1.33
	Disagree	15	6.9		
	Neutral	40	18.5		
	Agree	73	33.8		
	Strongly Agree	58	26.9		

Source: Own Survey, 2021

As shown in Table 7 above, the four pricing strategies are implemented by the tourism industry in Ethiopia, in general, and companies that are involved in the tourism destination of Lalibela, in particular. The majority of the companies follow whole strategies based on conditions. But the level of adoption varies; price skimming is followed by most companies and price discrimination is least practiced. The second most practiced pricing strategy is penetration pricing. Discount pricing is the third priority pricing strategy.

Price discrimination is a very high priority strategy in 21.3% of companies and it is used as a high priority strategy of pricing in 34.3% of the companies. But it has a very low practice in 15.3% of companies and it has a low practice in 12.5% of companies. The value of the mean, 3.34, suggests, overall, price discrimination is practiced in the majority of companies at of assessment a and time different levels of implementation.

Further, the interview results suggested that organizations follow price discrimination at the company and individual levels. Hotels give preferential prices based on occupancy or business generated while some give competitive prices to close friends and with some special relationships. Some organizations follow price discrimination based on strength of the relationship with their customers. Continuous relation benefits lower rate in accommodation, customers with a higher number of tourists receive incentives including price reductions and supplements. Corporate agreement with tour operators is another instance of price reduction. The bargaining power of budget travelers and locals will entail a lower price. The discrimination observed is based on age, nationality, paying capacity, bargaining power, and purpose of visit. Guides charge more for foreigners and less for local tourists as they think paying capacity of locals is not equally competent with foreigners. They also give special discounted rates for tour operators working with them permanently. For the destination owners and managers in Lalibela price description is mainly based on nationality (Ethiopians don't pay entrance fees while visiting the rock-hewn churches), age (for example children below 9 years old of any nationality are free of charge), and delegates of international organizations and religious institutions, media people as well as church representatives are mostly excluded from paying entrance fees. This means the purpose of the visit is another factor for price discrimination. The interview result therefore suggests that Price discrimination is highly practiced in the destination, whereas the questionnaire result suggested that it is the least practiced.

On the other hand, price skimming is the most practiced pricing strategy in companies. It is the main priority in 26.9% of the companies and highly prioritized in 29.6% of companies. But only 9.7% of companies have very low usage of this strategy. According to the interview result, price skimming is mostly practiced by hotels when they are newly started operating. They think that increasing the rate, in the beginning, will give them a special place in the Market where they have higher standard quality than their respective competitors. Through time they will start reducing the price according to the business size. Another reason is related to the target market of the organization where they look for high-class travelers.

Based on this finding, this study suggests that different pricing strategies are followed in the tourism industry in Ethiopia and the frequency of implementation varies from company to company.

4.4. Factors that Affect Pricing Strategy and Policy

In this section, the survey result about factors that affect pricing strategies is presented by using descriptive statistics such as mean and standard deviation. The summary of the result is presented in Table 8 below.

Table 8 Descriptive Statistics of Factors that Affect Pricing Strategies

Factors Affecting Pricing Strategies	Mean	Std. Dev
The quality of products and services determines the price of the destination	3.99	1.250
Tourism services and products pricing consider the number of consumers.	3.53	1.047
The profit margin is a factor for price and must be higher than the returns realized on more conventional tourism investments.	3.27	1.022
Most tourism products and service pricing are affected by seasonality	3.75	1.284
Special promotion pricing techniques (one-time price) offers are one of the best strategies	3.56	1.222
Psychological consideration is important in pricing.	3.33	1.308
The government has a high level of involvement in the destination pricing	2.44	1.396

Source: Own Survey, 2021

As shown in Table 8 above, the study has assessed factors affecting destination pricing strategy; quality of products, number of customers, profit margin, seasonality, promotions, psychology, and government involvement. Except for government involvement, all factors have a mean score above the value of 3.00 suggesting that these factors are used in the majority of the companies. Quality of products and services is the main factor for pricing strategy and it is followed by the seasonality of demand for the products and services. Although they are considered important factors, profit margin and psychology are the least practiced factors that affect destination pricing. Further, considering demand and promotions are importantly affecting the pricing strategy of the companies.

Identifying factors affecting the pricing policy of tourism companies is among the main focuses of this study. Based on this focus, a study has assessed 9 factors that might affect the pricing policy of the companies. These factors focus on the nature of the tourism products and services, demand and its management, cooperation and competition among the companies, marketing strategies followed by the companies, government and legal regulations on tourism service in the country; and product life-cycle of tourism services. The summary statistics of factors affecting the pricing policy are presented in Table 9 below.

Table 9 Descriptive Statistics of Factors Affecting Pricing Policy

Factors affecting pricing policy	**Mean**	**Std. Dev**
The perishable nature of the tourism products and services leads to last-minute tactical pricing	3.50	1.169
Demand management problems create a challenge on the price	3.43	1.218
Overall cooperation with other business and competition conditions affects tourism pricing	3.39	1.353
Distribution system, quality of salesmen, advertising, type of packaging, customer services, affect the pricing	3.50	1.384
Government and legal regulations control the price to regulate pricing escalation.	3.19	1.520
Seasonality is the one that determines the price of a tourism destination	3.78	1.202
Target marketing system has an impact on the decision of the tourism service pricing	3.64	1.208
Supply and Demand for the product have an impact on the pricing	3.41	1.431
The Product life-cycle of tourism services affect the pricing policy	3.51	1.177

Source: Own Survey, 2021

As shown in Table 9 above, mean scores are above the mean value of 3.00 suggesting these factors are affecting the pricing policy of the majority of companies in the study. These mean scores vary from factor to factor, suggesting that these factors have varying levels of impact on the pricing policy. Further, the values of standard deviation indicate the effect of these factors on the pricing policy varies within the companies in the study.

The smallest mean score is observed for consideration of legal regulations imposed to control price escalations. This factor is an indicator of the involvement of the government in tourism price administration. It is computed that the mean score for this factor is 3.19 suggesting that, overall, the companies are giving the lowest attention to consider the legal framework in pricing policy. This finding has a connection to the non-existence of the pricing policy legal framework in the country.

Other factors that affect pricing policy are related to the tourism industry in the country. It is represented by supply and demand factors. The supply is indicated by cooperation and competition within the industry and the demand is indicated by the seasonality of demand. It is computed that cooperation and competition among the companies have a mean score of 3.39 suggesting that the industry factor is getting low attention in the pricing policy of the companies. This, furthermore, indicates there is weak cooperation within the tourism industry in the country. Demand-related factors have the highest importance in pricing policy within the factors under study. Seasonality of demand is the main feature in the tourism industry. It is indicated that the tourism companies in Ethiopia are highly considering the seasonality of demand while determining price. The survey result indicated that the mean score for this practice is 3.78 that suggests the companies highly consider the seasonality of the demand. Concerning supply and demand related factors, the overall result suggests that supply and demand for the product has an impact on the pricing policy. The overall mean score for this practice is 3.41 that indicates the companies use supply and demand conditions in the pricing policy. Furthermore, as it analyzed with a mean score of 3.64, the target marketing system has an impact on the decision of the tourism service pricing.

Product and service-related factors are important to focus areas for pricing policy. Similarly, this study identified that these features have an impact on pricing policy within the tourism industry in Ethiopia. These features are represented by the perishable nature of the service and product life cycle. The survey result indicated that the perishable nature of the tourism products and services leads to last-minute tactical pricing, and the product life-cycle of tourism services affects the pricing policy.

The final group of factors underpricing policy is the company-related factors that are mainly about management practices. It is mainly about demand management and market management. The survey result indicated that the demand management problem creates a challenge on the price. In addition, it is indicated that distribution system, quality of salesmen, advertising, type of packaging, and customer services affect price policy for tourism products and services.

The survey regarding pricing policy suggests that government and legal regulations have the least effect on the pricing policy and, on the other hand, seasonality and target marketing system are the main factors that affect the pricing policy of tourism services.

In addition to finding through questionnaires, this study has used the interview to collect detailed information for findings on pricing strategy and policy of the companies. Based on the interview result, it was observed that the companies can set their price based on different conditions. The companies consider the destination price, the price set by competitors, and other partners.

Regarding the questions, if there is a pricing policy or strategy document in the country developed at the local, regional, or national level? Most interviewees responded that there is no policy and strategy document in Ethiopia as far as their knowledge goes. But the interview was collected from regulatory organs mainly from Tourism Ethiopia, MOCT, Amhara tourism Bureau as well as the head of St. Lalibela tourism Buero implied that there have already been public-private discussions and meetings conducted among the key players of tourism to have a national tourism pricing policy and strategy document which can be used by the tourism and hospitality stakeholders in Ethiopia. So far there are directives and simple strategies which are sometimes applied and mainly used by destination managers and guides giving some guidelines as to how pricing should be managed. The previous Ethiopian tourism marketing strategy (2015-2015), discussed pricing issues in a narrow sense, however, the newly drafted marketing strategy document (2021-2025) gives better consideration and coverage for pricing, viewing it as one of the main integral parts of the marketing process. This happens because the pricing was a major point of discussion which created problems in the delivery of services and development of tourism in the country as well as in the study area. The researcher discovered that there is one national pricing strategy document approved by the Ministry of culture, Sport and Tourism in March 2021. But this document is unknown by the local destination managers as well as tourism and hospitality business operators. This implies that less attention is given by the federal tourism authorities and there is a need to communicate the issue well.0

For all respondents of this research, the answer to the question of whether establishing a destination-wide pricing strategy and policy is possible/achievable or not is “yes, it is Possible and achievable”. But the’ how’ question is addressed mainly by applying an inclusive participatory approach involving all these tourism stakeholders in the discussion, decision making, and drafting of the file. A consensus for the general terms, conditions, and guidelines of pricing management can be reached so that pricing can be regulated by law. They believe that this will have no conflict with the free-market economy system since the idea of having a national pricing policy and strategy document doesn’t mean fixing the price of individual tourism and hospitality business entities and destinations. They argued that the strategy document is not about commanding and fixing prices rather is a leading policy that shows justifiable lawful grounds as for when and how to change prices, factors to be considered, put procedures about getting official approval when destination owners are making price changes, put a period how long before prices should increase before communicated to tourists and the public in general as well as wholesaler companies such as travel and tour operators in particular, etc.. Taking this document as a base each organization will be able to develop their customized pricing policies and this can avoid a sudden and unfair increase in prices

4.5. Challenges of Pricing Tourism Service and Products

In this section of the study, survey results about the challenges of pricing tourism services and products are presented. Based on the preliminary study, eight challenges were assessed and the survey data were analyzed by using descriptive statistics. These challenges include lack of organized pricing strategy and policy document, unsustainability of demand due to price discrimination, lack of communication on price changes, lack of involvement of companies during price changes, lack of guiding strategies and policy on pricing practices, customer complaints on destination prices, and lack of coordination among tourism stockholders and difficulty in establishing destination-wide pricing strategy. The result of the data analysis is summarized in Table 10 below.

Table 10 Descriptive Statistics of Challenges of the Pricing

Pricing Challenges	**Mean**	**Std. Dev**
There is no well-organized pricing strategy and policy document at the Regional, Local or National level.	3.91	1.515
Price discrimination among customers create unsustainable tourism services	3.73	1.262
There is very limited communication about the new prices to customers and partners	3.54	1.487
Destination pricing strategy and policy did not consult the private company (e.g. tour operators).	3.44	1.575
There are fewer/no destination pricing strategies, policies, and practices being applied in the tourism services	3.57	1.285
There are likewise conflicts among key stakeholders of tourism destinations because of the pricing communication gap	3.87	1.217
A high number of tourists have been complaining of the price of tourism destination	3.41	1.418
Coordinating and establishing a destination wide pricing strategy is achievable	3.34	1.306

Source: Own Survey, 2021

As presented in Table 10 above, this study has assessed 8 challenges of pricing the tourism service and products. The survey result shows that the companies face all challenges at either moderate or at high levels. The main three challenges include lack of well-organized pricing strategy and policy documents at the Regional, Local, or National level; conflicts among key stakeholders of tourism destinations because of pricing communication gap; and unsustainable tourism services due to price discrimination among customers. Lack of well-organized pricing strategy and policy documents at the Regional, Local or National level is the main challenge while pricing the tourism service. The mean score is computed to the value of 3.91 suggesting that the tourism service-providing companies could not get centralized pricing strategy and policy at the Regional, Local or National level.

The interview results also confirmed that there is no pricing strategy and policy document at the regional, local, and national levels. Further, they suggested there are weaknesses in leadership practices within the respective offices and there is a lack of integration with other stakeholders. Some of the companies observed that there is a pricing strategy and policy document with some limitations. But the problem is the implementation of the document. Furthermore, few companies have experience in the existence and implementation of the document at the regional level but they did not get the document from a national level. The existing document needs further improvement to use as a source document for the pricing strategy and policy of the tourism companies.

This finding indicates that although there is a lack of appropriate source documents from the government at the national and regional level, there is the weakness of the companies in considering existing documents for the pricing and there are companies that do not know even the existence of the strategy document.

The second main challenge of the pricing is conflicts among key stakeholders of tourism destinations because of the pricing communication gap. Response of the companies is summarized with a mean score of 3.87 that suggests the problem is highly practiced in the majority of the service providers. Lack of destination pricing strategies and policies and limited communication about the new prices to customers and partners became additional challenges to the destination pricing. The interview result showed that destination owners and guides have independently been changing prices without considering a reasonable time for prior notice; while the tourism companies are bound by international law not to change the agreed prices. But services that were not booked before the price change are priced based on the new price. Therefore, the tourists are paying different prices for the same service at the same destination. This is creating another problem in the provision of the service. This is causing price discrimination perception among customers due to non-uniform tourism services. The companies suggest this practice needs a unified and well-structured approach by the government and all stakeholders for the development of tourism in the country.

Further interview results suggested that the development of tourism will be highly challenged in Ethiopia if a clear pricing strategy and policy are not applied and the pricing of tourism products is not regulated. There is a sudden increase in price continuing in the destination Lalibela without prior consultation with key players of tourism such as tour operators. Escalating rates during festival times such as Gena and Timkat charged by Guides and Accommodations in Lalibela are found to be one of the unnecessary practices challenging the sector. For most of the tourism professionals interviewed (mainly tour operators) by the researcher, unless pricing policy and strategy is placed at a reasonable time with consultation and dialogue with the tourism and hospitality establishment, destinations as well as other tourism service providers, a self-determined price increasing practice will have an overall impact on tourism. Some of these negative impacts suggested by the interviewees such as association leaders and Directors including tour operator associations, tourism Ethiopia and ministry of culture and tourism; includes decreasing in tourist arrivals, decreasing income, lowering tourism job opportunities, loss of tourism supply chains, decrease tourism infrastructure, bad image, conflict, cash shortages or excess by visitors due to low information on pricing, and unclear price that leads to uncertainty of tourists to travel, cooptation (cooperation + competition) unsustainable growth, challenges on Marketing the destination, stagnant or deteriorated tourism development, loss of competitive and comparative advantage, total loss of business, etc.

In addition to the general policy and strategy document on pricing, it is also suggested that there should be a way to work together with the owners of the rock-hewn churches of Lalibela. Enjoying the constitutional advantage of the separation of religion and government, the church is fixing its entrance fee at any time of the year and when thinking is reasonable for them. For the church representative of Lalibela (D/N Mekonen G/Meskal and Keygeta Belay), the main driving factors for them to increase the entrance fees were inflation, the standard of living, Increase or decrease in tourist flow (demand increase) as well as the increase in the price of other reference destinations such as Axum, increase in supply such as new Museums are included. But others are arguing surprisingly that the conservation fee of this outstanding cultural heritage is not a factor considered by the church community in price increase. This unexpected price increase created many conflicts, mainly with tour operators since a surprising price increase without any reasonable period of prior notice is challenging these tour operators who usually sell their products before a year and above have been facing a huge financial crisis. The researcher has discovered that there is no consideration of the minimum period of communication before entrance fees are increased so that tour operators and tourists are informed in advance. For tour operators, a minimum of one year in advance is required to have the price increase communicated to them. Their reason is that they sell their tourism products for the international market in advance of up to one year before the tour is taking place.

Further, lack of involvement of companies in the decision of price changes; customer complaints on destination price changes; and lack of coordination and difficulty in establishing destination-wide pricing strategy are moderately observed challenges in tourism companies in Ethiopia.

Additional challenges were indicated from the interview results. It is owned by a great range of stakeholders and to have an easy understanding among all is almost impossible. In some cases, prices are increased right when tourists arrive at the destination, whereas the companies offer to clients up to a year in advance. For the tour operators, the challenges they faced due to pricing escalation includes working at a loss or mostly at break-even in most cases, loss of trust or distrust from their respective clients, loss of business as well clients, harsh business environment, high risk of business crisis, become less competent, are to mention few from what is gathered from the interviewed individuals.

It is observed that there is no penalty or at least a clear strategy for increasing prices. Further, it is indicated that there are various stakeholders in the service delivery. Some of them include churches, guides, and tourist support service providers. Transportation, entrance fee, accommodations, and local guides need to keep following the Tobe-agreed guidelines drafted by the ministry of tourism.

Further findings from both the interview and FGD result is suggesting that there is no clearly defined time as when prices are increased and what communication tools are used to inform price changes to the tourists, tour operators as well as the public. Different stakeholders use different periods as well as communication Media. Some increase prices in 2 years, others in 3 years and others arbitrarily. For communication of changes, some use official letters, others on websites, others with only board notice, and others only upon request. This shows that there is still the challenge of uncertainty concerning when prices are increased and where to get the information from. Therefore, one central information source at least per each tourism service and product division is required.

4.6. Perception of Tourists about the Tourism Service and Its Price

Before presenting the perception of tourists on the service provided and price set, the number of tourists and revenue collected from the tourists are presented. Further, the study presents the trend of growth of tourists and revenue on an annual basis. This is the belief of the researcher that this table showing the trend of growth on tourist arrivals as well as revenue will help to investigate some changes in pricing during those periods and their respective effect on revenue and tourist arrival as well as other related issues to pricing and revenue management. This will also support the perception of tourists surveyed in the research. The number of domestic and foreign tourists; and revenue collected from the tourists is presented in Table 11 below.

Table 11 Number of Tourists and Revenue

Year	Domestic	Foreign	Revenue in ETB
2007/08	6,784.00	21,641.00	42,794,017.00
2008/09	8,445.00	23,597.00	47,412,161.00
2009/10	10,875.00	25,225.00	53,591,652.00
2010/11	14,149.00	35,169.00	77,291,153.00
2011/12	15,492.00	35,437.00	94,504,573.00
2012/13	10,954.00	30,260.00	153,147,681.00
2013/14	21,469.00	40,526.00	221,917,784.00
2014/15	14,780.00	34,623.00	181,033,533.00
2015/16	25,006.00	38,235.00	220,789,242.00
2016/17	12,670.00	25,039.00	147,034,797.00
2017/18	24,625.00	36,828.00	225,050,750.00
2018/19	29,909.00	45,144.00	276,535,303.00
2019/20	21,061.00	39,249.00	488,805,663.00

Source: Lalibela Tourism, Culture and Sport Buero, 2020

Based on the information about tourist flow and revenue, this study has computed the flow of tourists and revenue in a year and presented it by using descriptive statistics such as mean, standard deviation, minimum and maximum. The summary statistics are presented in Table 11.

Table 12 Summary Statistics flow of Tourists

Variable	Mean	Std.Dev.	Min	Max
Domestic	16,632	7125.589	6,784	29,909
Foreign	33,151	7342.703	21641	45,144
revenue	171.531	122.899	42.794	488.806

Source: Own computation, 2021

As it is presented in Table 12, the flow of foreign tourists is larger than the flow of domestic tourists to the tourism site. The average annual flow of domestic tourists to the tourism site is 16,632 tourists, however, the flow of foreign tourists is 33,151 tourists per year in the last 13 years. The minimum number of the flow for both domestic and foreign tourists was observed in the same year, 2008. In this year, the tourism site was visited by 6,784 domestic tourists and 21,641 foreign tourists. Similarly, the maximum flow of tourists was observed in 2019. In 2019, the tourism site was visited by 29,909 domestic tourists and 45,144 foreign tourists.

The trend of growth pattern is presented in Figure 5 below. As it is shown in Figure 5, during the study periods, the number of foreign tourists is higher than the number of domestic tourists. Overall, both domestic and foreign tourists flow is showing growth but there is a frequent fluctuation of the growth. In recent years, it was identified that there is a decline in the number of tourists visiting the destination.

As for some tourist guides interviewed at the destination, the price perception of domestic tourists for Lalibela is that the destination is expensive. They think that only tourist class Hotels are available for foreigners and every Hotel is charging in US Dollars. Therefore, this can be taken as one of the reasons why the number of domestic tourists is lower than foreigners. Further investigation might be required in this area. But according to the interviewee's result with the Lalibela tourism Buero Head (Mergeta Melkamu), this number never considered the local pilgrims visiting Lalibela for *Gena, Ekul tsome, and Sene Michael.*

Another issue is that due to the increase in the entrance fee for the Lalibela churches from 300 ETB to 50 USD in the year *Tkimit* 2005 EC (2012/13), a sudden decline of the foreign tourist arrival was observed. But to the contrary, the revenue has increased from 94,504,573.00 to 153,147,681.00, which is the result of the high increase in the entry fee. However, in the year after the flow started to rise again which shows that the increase in entrance fees had only created a short-term effect on tourist flow. The main driving factors for them to increase the entrance fees were inflation, the standard of living, Increase or decrease in tourist flow (demand increase) as well as the increase in the price of other reference destinations such as Axum, increase in supply such as new Museums are included.

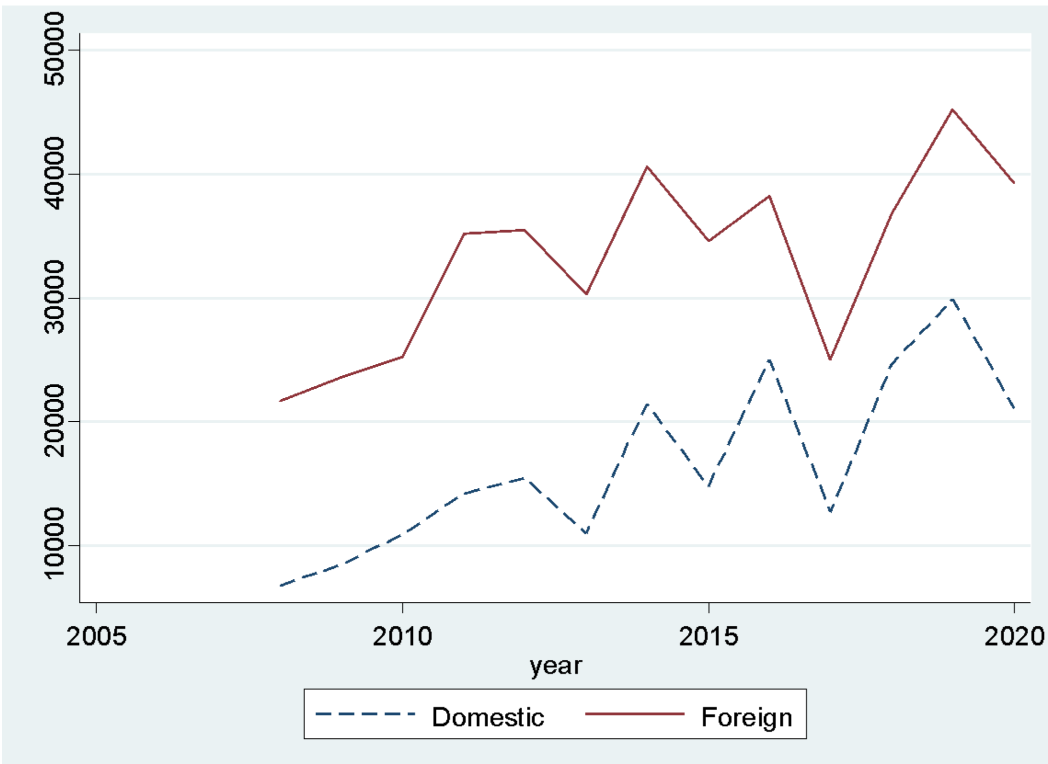

Figure 5 Trend of Flow of Tourists

Source: Own Computation, 2021

The study has computed revenue from the tourists and the result is presented in Table 12. It was calculated that, on average, annually 171.53 million birr of revenue was gained, ranging from a minimum of 42.79 million birr in 2008 to a maximum of 488.81 million birr in 2020.

Furthermore, the growth of revenue from the tourist flow is analyzed by flowing trend analysis, and the result is presented in Figure 6 below. As shown in Figure 6, overall, the revenue collected from tourists is highly increasing from year to year and the revenue reached the maximum in recent years. However, there is a frequent fluctuation in the growth of the revenue. Specifically, starting from 2014, the fluctuation is highly observed.

The reason behind these fluctuations is either security or Covid. In the year 2016/17 tourist arrivals declined from 38,235 to 25,039 foreign tourists. At the same time revenue decreased a lot from 220,789, 242 ETB in the year 2015/ 16 GC to 147,034,797 ETB in the year 2016/17 GC. The reason for the decline of tourist arrivals and revenue was due to the unstable condition in the country which influences the tourist flow in Lalibela a lot too. The decline observed in 2019/20 GC is due to covid-19 which appeared in the country after mid-March 2020.

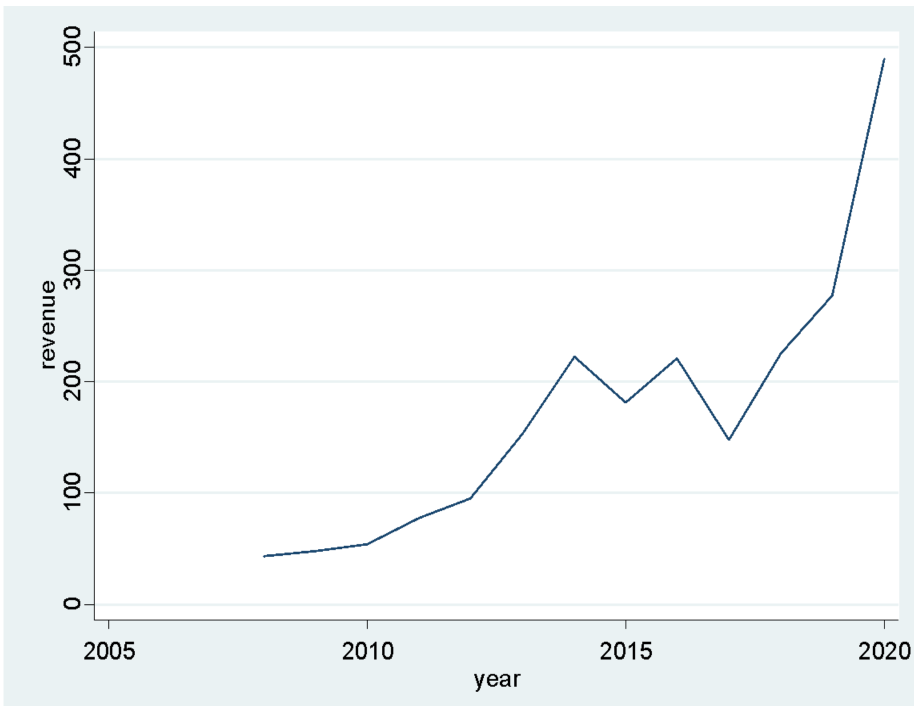

Figure 6 Revenue Collected

Source: Own Computation, 2021

After analyzing the flow and role of tourists to the tourism destination, the perception of the tourists is analyzed based on data collected through questionnaires and analyzed by using descriptive statistics such as frequency, percentage, and mean. The survey result is presented in Table 13 below.

Table 13 Descriptive Statistics of Perception of Tourists

Factors Considered	Responses	Count	Percent	Mean
Quality service delivered at Lalibela	Neutral	11	37.9	3.62
	Agree	18	62.1	
The price is fair with the services and product delivered	Disagree	2	6.9	3.41
	Neutral	18	62.1	
	Agree	4	13.8	
	Strongly Agree	5	17.2	
The price for products and services at Lalibela is reasonable	Disagree	8	27.6	3.03
	Neutral	15	51.7	
	Agree	3	10.3	
	Strongly Agree	3	10.3	
The price charged is the same as your expectation	Disagree	7	24.1	3.24
	Neutral	8	27.6	
	Agree	14	48.3	
Tourism price escalation is parallel with the quality of service and products	Disagree	4	13.8	3.69
	Neutral	6	20.7	
	Agree	14	48.3	
	Strongly Agree	5	17.2	
There are rules and codes of conducting pricing of destination	Strongly Disagree	2	6.9	3.28
	Disagree	2	6.9	
	Neutral	16	55.2	
	Agree	4	13.8	

	Strongly Agree	5	17.2	
Extra payments are charged for reasonable services and products	Strongly Disagree	2	6.9	3.55
	Disagree	2	6.9	
	Neutral	8	27.6	
	Agree	12	41.4	
	Strongly Agree	5	17.2	

Source: Own Survey, 2021

Perception of the tourists about the service and its price is assessed and the survey result is presented in Table above. As it is rated by the tourists, they perceive that price corresponds with the quality of service and products. It is indicated by 62% of the tourists. The overall mean is computed to the value of 3.62 suggesting that the tourists are satisfied with the quality of the service. This indicates the tourists are earning quality service at Lalibela tourism destination.

In addition, the respondents indicated that the price is fair with the services and products delivered. As the summary result shows, although the majority of the tourists are undecided about the fairness of the price with the services and products provided, 13.8% and 17.2% of the tourists indicated as the price is fair and highly fair respectively. The overall mean is computed as a value of 3.41 suggesting that tourists in Lalibela are satisfied with the fairness of the price with service and products. This is supported by the perception of the expectation of the services. The tourists indicated that the price charged is the same as their expectation. It is indicated by 48.3% of the respondents.

For detailed information about the perception of the tourists, the study provided further questions which are about the cause of price escalation. The tourists indicated that tourism price escalation is parallel with the quality of service and products. The study has computed a mean value of 3.69 suggesting that tourists in Lalibela perceive that price escalation is parallel with the quality of service and products.

Further, the fairness of price is indicated by the perception of the tourists about an extra charge on services provided by the service providers in the tourist destination. It is observed that extra payments are charged by the service providers for reasonable services and products. The mean value for this perception is 3.55 that suggests the tourists are paying a reasonable price for extra services. As shown in Table 4.8 above, 41.4% and 17.2% of the respondents perceive those extra payments are reasonable and highly reasonable respectively.

Therefore, the response of the tourists suggests tourism service-providing companies have set a fair and reasonable price. In addition, it is indicated that the companies are providing quality services and products concerning the price of the service and product.

CHAPTER FIVE

Conclusion and Recommendation

5.1. Conclusion

Literature suggests that different pricing strategies can be applied by tourism establishments to achieve their pricing objectives. Adjustable pricing strategies such as price skimming, discount pricing, price discrimination as well as penetration pricing are the common pricing strategies that are found to be practiced in the study area. The findings in this regard show that these four pricing strategies are implemented by tourism players in Ethiopia, in general, tourism destinations of Lalibela, in particular. The majority of the companies follow whole strategies based on conditions. But the level of adoption varies; price skimming is followed by most companies and price discrimination is least practiced. Price discrimination is based on age, nationality, paying capacity, bargaining power, and purpose of visit. Price skimming is mostly practiced by hotels when they are newly started operating. Many factors are affecting those pricing strategies. Quality of product and services, number of customers, profit margin, seasonality, promotions, psychology, and government involvement are the major factors considered affecting pricing strategies. The findings from the quantitative study showed that these factors are practically used and affect the majority of the tourism establishments when making pricing decisions and strategies. Quality of products and services is the main factor for pricing strategy and is followed by the seasonality of demand for the products and services. Among those major factors, government involvement is the one with the least consideration and found to have an insignificant effect on pricing strategies.

The study has assessed 9 factors that might affect the pricing policy of tourism establishments. These factors focus on the nature of the tourism products and services, demand and its management, cooperation and competition among the companies, marketing strategies followed by the companies, government and legal regulations on tourism service in the country, seasonality, target marketing, and product life-cycle of tourism services. It is found that these factors have varying levels of impact on the pricing policy of organizations in the study area. The smallest mean score is observed for consideration of legal regulations imposed to control price escalations. This factor is an indicator of the involvement of the government in tourism price administration whereby companies are giving the least attention to consideration in their pricing policy. The survey regarding pricing policy issues of the study area showed that government and legal regulations have the least effect on the pricing policy and, on the other hand, seasonality and target marketing system are the main factors that affect the pricing policy of tourism services.

Determining a price is a very complex and difficult process in terms of tourism services. Price is determined by many factors such as cost of production and market, competition (the fight among businesses who want to sell their goods and products), laws and regulations, demand and market structure, distribution channels, and customer behaviors (Murat. K et al, 2016). According to the group discussions and individual interviewees conducted, all of these factors are found to be considered in determining prices. However, the researcher observed that there are no government laws and regulations directly affecting the price determination of organizations in the study area. Cost of production of which both fixed and variable costs such as wages, labor cost, and cost of living (inflation and deflation), land lease, building, and maintenance, and government taxes are the number one driving factors for tourism and hospitality service providers considered when determining prices. The increase or decrease in demand, the flow of tourists, seasonality, quality of service standard, competitions (both healthy and unhealthy), living standard, personal interest, target market, promotional costs, and customers behavior are other factors considered at varied level when determining prices and making changes in the price of those tourism and hospitality services in the study area.

For (Fáilte Ireland 2013), four pricing challenges are identified and to be avoided by individual companies. These include; underselling, following the competition, competing on price, and lowering price without changing service delivery. For him, all these pricing challenges should be avoided in an economic sense. In this research eight pricing challenges were assessed in the study area and analyzed by using descriptive statistics. These challenges include lack of organized pricing strategy and policy document, unsustainability of demand due to price discrimination, lack of communication on price changes, lack of involvement of companies during price changes, lack of guiding strategies and policy on pricing practices, customer complaints on destination prices, and lack of coordination among tourism stockholders and difficulty in establishing destination-wide pricing strategy. It is proved that organizations faced all the challenges at either moderate or high levels. The main three challenges include lack of well-organized pricing strategy and policy documents at the Regional, Local or National level; conflicts among key stakeholders of tourism destinations because of pricing communication gap; and unsustainable tourism services due to price discrimination among customers. This finding is similarly supported by the interviewee results. The interview results suggested that the development of tourism will be challenged in Ethiopia if a clear pricing strategy and policy are not applied and the pricing of tourism products is not regulated.

What consumers want is to be able to benefit from tourism products following their budget. In this case, pricing is done considering the consumer's budget while maximizing profit at the same time. Tourism demand occurs at both the national and international levels (Pellinen, 2003). Perceived value can vary based on the customers and their respective needs. The survey result on Perception of the foreign tourists about the service and its price in Lalibela showed that price is corresponding with the quality of service and products. This indicates the tourists are earning quality service at Lalibela tourism destination. Although the majority of the tourists are undecided about the fairness of the price with the services and products provided, the overall mean is computed as a value of 3.41 suggesting that tourists in Lalibela are satisfied with the fairness of the price for tourism services and products. This is supported by the perception of the expectation of the services. The tourists indicated that the price charged is the same as their expectation. Therefore, the response of the tourists suggests tourism service-providing companies have set a fair and reasonable price. However, the trend of tourists flows in Lalibela taken from 2007 to 2020 GC was showing that the flow of foreign tourists is larger than the flow of domestic tourists to the tourism site. Price perception of domestic tourists for Lalibela is that the destination is expensive. They think that only tourist class Hotels are available for foreigners and every Hotel is charging in US Dollars. Therefore, this can be taken as one of the reasons why the number of domestic tourists is lower than foreigners. Further investigation might be required in this area. Overall, both domestic and foreign tourists flow is showing growth but the frequent fluctuation of the growth is observed. Due to the increase in the entrance fee for the Lalibela churches from 300 ETB to 50 USD in the year Tkimit 2005 EC (2012/13), a sudden decline of the foreign tourist arrival was observed. But to the contrary, the revenue has increased, which is the result of the high increase in the entry fee. However, in the year after the flow started to rise again which shows that the increase in entrance fee had only created a short-term effect in tourist flow.

For (Kotler et al., 1996) Local suppliers can have their policy, and thus coordinating and establishing a destination wide pricing strategy is almost unachievable. The answer to the question of whether establishing a destination wide pricing strategy and policy is possible/achievable or not is found to be “yes, it is possible and achievable” mainly by applying an inclusive participatory approach involving all these tourism stakeholders in the discussion, decision making, drafting as well as the implementation stages. A consensus for the general terms, conditions, and guidelines of pricing management can be reached so that pricing can be regulated by law. The price strategy document is not about commanding and fixing prices rather is a leading policy that shows justifiable lawful grounds as for when and how to change prices, factors to be considered, put procedures about getting official approval when destination owners are making price changes, put a period how long before prices should increase before communicated to tourists and the public in general as well as wholesaler companies such as travel and tour operators in particular. The researcher discovered that there is one national pricing strategy document approved by the Ministry of culture, Sport and Tourism in March 2021. But this document is unknown by the local destination managers as well as tourism and hospitality business operators. This implies that less attention is given by the federal tourism authorities and there is a need to communicate the issue well. The knowledge of tourism and hospitality service providers and destination managers is found to be limited and still, most of them are in doubt if there is a plan to have a national pricing policy and strategy document.

5.2. Recommendation and future works

Firstly, based on the research result there is no policy and strategy document in Ethiopia as far as the knowledge of this research respondents are going. Among those major factors affecting pricing strategies, government involvement is the one with the least consideration and found to have an insignificant effect in pricing the tourism services and products in Lalibela. Furthermore, the main three challenges in the pricing of the destination and identified as major problems include lack of well-organized pricing strategy and policy documents at Regional, Local or National level; conflicts among key stakeholders of tourism destination because of pricing communication gap; and unsustainable tourism services due to price discrimination among customers and irregularities in pricing decisions. Therefore, the researcher recommends that the local, regional as well as federal tourism Bureaus should have a proper communication channel with the private stakeholders to discuss the issue of pricing directives to be considered by Private tourism stakeholders. Both private and government bodies should work together to address the irregular and erratic pricing practice as an interim measure and formulate a pricing and cost strategy and popularize it among the stakeholders. To address this issue developing a national pricing policy and strategy document is an important tool recommended by the researcher. One of the major findings of this research is that coordinating and establishing a destination-wide pricing strategy is achievable by following a participatory approach involving all the stakeholders in the drafting, approval as well implementation stages. The price strategy document is not about commanding and fixing prices rather is a leading policy that shows justifiable lawful grounds as for when and how to change prices, factors to be considered, put procedures about getting official approval when destination owners are making price changes, put a period how long before prices should increase before communicated to tourists and the public in general as well as wholesaler companies such as travel and tour operators in particular.

Secondly there is no clearly defined period as to when prices are increased, how long in advance price increase should be communicated, and what communication tools are used to inform price changes to the tourists, tour operators as well as the public. Different stakeholders use different periods as well as communication Media. Conflicts proved to be raised among tour operators, guides, and church administrations due to communication gaps and negatively affecting tourism development. Therefore, the researcher recommends that stakeholder's discussion approach should be followed mainly among the tour operators, tour guides, and Lalibela church administration when price changes are about to be made.

Thirdly the researcher found that there is a limited strategy followed by those tourism and hospitality service providers in Lalibela practicing a cost decreasing strategy to regulate their prices and maximize profit. The researcher recommends that organizations should consider decreasing mainly unnecessary costs such as (unnecessary labor cost, using a shared transport than individual, use local and cheaper products than imported ones, etc.) which play also a big role in the pricing of tourism services and products

Fourthly, it is found that neither the destination owners and managers nor the tourism and hospitality service providers in Lalibela consider conservation fees when determining prices so the researcher recommends that one of the factors for price increase should be conservation fee charges.

Lalibela is found to be visited by foreigners rather than domestic tourists. This has mainly to do with the budget of travelers and the price of Hotels in Lalibela. The misleading perception by most local travelers that Hotels in Lalibela are charging in US Dollars and are highly rated and unaffordable for locals should be curved and managed correctly. Government should also encourage private investors to build hotels and restaurants designed for Local travelers. Developing the destination with the necessary tourism infrastructure facilities, such as road access, transportation including sufficient, affordable, and comfortable public transportations connecting with the capital and regional cities, water, electricity as well as sanitary places in the church area. Therefore, the Lalibela destination managers and the Lalibela guide association as well as hotel association should collaborate work together to promote Lalibela for domestic tourists. A new marketing strategy should be materialized in Lalibela targeting mainly Domestic tourists. Potentials such as the religious and cultural meaning of the heritage, the existing free entry to the churches, and less guiding fee to domestic travelers is an opportunity by itself and can attract local tourists if promoted well. Price issues should be curved and customized to the budget and paying capacity of tourists. Promotion should be made in Local mainstream media channels etc. Individual Hotels should start promoting their products by developing affordable prices.

Finally, this research only assesses the pricing practices, issues considered in pricing, challenges observed, and effects on the consumers in Lalibela. Therefore, it can be a base for researchers who are interested in furthering it, adopting to other destinations or using other research tools and models. I will recommend that a further investigation should be required to get an answer for questions such as why Lalibela is not a popular destination for domestic travelers, is the price the only factor? Detailed investigations regarding the preparation of detailed national pricing strategies and policies, experiences of countries as well as pricing models used in pricing tourism services and products can be areas which researchers can study about.

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ADDIS ABABA UNIVERSITY COLLEGE OF DEVELOPMENT STUDIES

PROGRAM OF MASTER OF ARTS IN TOURISM DEVELOPMENT & MANAGEMENT

Dear respondents

Dear Respondent, I am Bogale Abey, a post-graduate student undertaking a master degree in tourism development and management at Addis Ababa University. I would like to thank you in advance for showing your interest to fill out this questionnaire. Your input will be a key for the successful completion of this thesis in title on Pricing Tourism Services and Products in Ethiopia: Evidencing from Lalibela Tourist Sites.

Confidentiality of all the data and information you will be providing are fully guaranteed and which will only be used for the completion of this thesis. Your participation and contribution are highly appreciated. Thanks again!

Appendix 1

Demography (Respondents of background)

Questions for guides, tour operators, tourists, tourism experts and hotel service providers

1. Your organization

- Destination management -----------------
- Tourism service provider--------------
- Tourist---------------

2. Please indicate your gender ☐. Male ☐. Female
3. What is your age group?

☐. Up to 19 years ☐. 20-29 years

☐. 30-39 years ☐.430-49 years

☐. 50-59 years ☐. 60-69 years

☐. 70 years and above

4. Marital status:

☐. Single ☐. Widowed

☐. Married ☐. Divorced

5. How long have you been working on the tourism industries? If you are a tourist, with how many years

☐. 0-year ☐. 4-6 year

☐. 1-3 years ☐. 7-10 year

☐. More than 11 years

6. What is your highest level of education?

A) Complete Primary B) Complete secondary

C. Certificate/diploma D. First degree E MA and above

Appendix 2

Likert scale question for tourist respondent:

Strongly Disagree=1 Dis Agree=2 Neutral=3 Agree=4, Strongly Agree=5

No.	FACTORS	1	2	3	4	5
1	Quality service delivered at the site you visited					
2	The price is fair with the services and product delivered to you					
3	Pricing practice of Ethiopia tourism destination you visited are reasonable					
4	The price charged to you is the same as your expectation					
5	There is disagreement with the pricing trends among destination and tour operators in Ethiopia					
6	Tourism price escalation parallel with the quality of service and products.					
7	There are rule and code of conduct pricing of destination					
8	Establishing a destination wide pricing strategy is difficult					
9	The destination request (charged) extra payment for unreasonable services and products.					
10	Ethiopia is in general an expensive tourist destination					

Tour operators, guides, hotel servers, tourism experts and officers at the destination

Likert scale question for above respondent

Strongly Disagree=1, Dis Agree=2 Neutral=3, Agree=4, Strongly Agree=5

No,	FACTORS	1	2	3	4	5
	FACTORS THAT AFFECT PRICING POLICY OF THE TOURISM DESTINATION					
1	The perishable nature of the tourism products and services leads to last minute tactical pricing					
2	Demand management problem create a challenge on the price					
3	Overall cooperation with other business and competition conditions affects tourism pricing					
4	Distribution system, quality of salesmen, advertising, type of packaging, customer services, affect the pricing					
5	Government and legal regulations control the price to regulate pricing escalation.					
6	Seasonality is the one which determine price of tourism destination.					
7	Target marketing system has impact on the decision of the tourism service pricing.					
8	Supply and Demand for the product has an impact on the pricing.					
9	The Product life-cycle of tourism services highly affect the pricing policy of a destinations.					

FACTORS THAT AFFECT PRICING STRATEGIES						
1	The quality of products and services really to determines the price of the destination.					
2	Tourism services and products pricing character consider based on the number of consumers.					
3	The profit margin is a factor for price must be higher than the returns realized on more conventional tourism investments.					
4	Most tourism products and service pricing are affected by seasonality					
5	Special promotion pricing techniques (one-time price) offers are one of the best strategies.					
6	Psychological consideration is important in pricing.					
7	The government has high level of involvement in the destination pricing.					

No.	FACTORS	1	2	3	4	5
	Challenges of Tourism Service and Products Pricing					
1	There is no well-organized pricing strategy and policy document at Regional, Local or National level.					
2	Price discrimination among and between customers create an encounter to the sustainable tourism services.					
3	There is very limited communication about the new prices to customers and partners					
4	Destination pricing strategy and policy did not consult the private company (e.g., tour operators).					
5	There is less/no destination pricing strategies, policies and practices being applied in the tourism services					
6	There are likewise conflicts among key stakeholder of tourism destination because of pricing communication gap					
7	High number of tourists have been complaining on the price of the tourism destination					
9	Coordinating and establishing a destination wide pricing strategy is achievable					

No,	Pricing strategies of Tourism Establishments	1	2	3	4	5
	Pricing strategies of Tourism Establishments					
1	Price discrimination is the priority in destination pricing strategy					
2	Price skimming is the priority method in the destination pricing strategy					
3	Discount price is the priority method for the destination pricing strategy					
4	Penetration pricing is the priority method for the destination pricing strategy					

College of Development Studies

INTERVIEW FOR REGULATORY SECTORS, Destination and Hotel managers, Association boards …. (Decision Making Organs)

Tourism Development and Management Program

Key Informant Interview Confirmation Letter December, 2020

Dear Interviewees,

Thanks for your interest to be part of the interviewee. I appreciate your willingness to participate on the topic of the study area, Pricing Tourism Services and Products in Ethiopia: Evidencing from Lalibela Tourist Sites

Please answer the blow questions in a responsible and honest manner.

Date of Interview: ------------ Name. --------------------------Gender: Male------- Female--------- Educational level-----------------Title------------------Organization---------------------------Position----------- --------------------- Year of work experience in this sector: ------------------------

1. Are you involved in pricing of tourism destination products and services and can you decide by yourself? if yes, how?? -- --- --
2. Is there a pricing strategy and policy document at Regional, Local or National level? If no is there a plan to have for the future.? -- --- ---
3. Do you have a flexible or fixed timing tourism pricing strategy and policy for your destinations? How? ---

----

----

4. Destination pricing practices, strategy and policy usually consult the private company (eg. tour operators)? If no why? and if yes how?--
----
----
5. What are the determinant factors of pricing of tourism services and products? --------------
----

----
6. Do you have Price discrimination among and between customers? If yes, please specify why?

----
7. What do you think about the challenges of tourism development because of pricing policy and strategy limitations? --
----

----
8. The destination manager has a way to solve the conflict of the price difference within your clients/companies? --
----

----
9. What are the challenges of the Ethiopian tour operators when pricing escalation occurred on each destination? --
----

----
10. Was there a clear pricing communication method of among tourists, tour operators and destinations?

□ Yes □ No

If yes how long in advance and which way? --

----

11. Does the destination have pricing strategies and policies? If yes, please mention some policies and strategies?--
----
----
12. Is the study area having a problem of constant pricing increase? If yes what measures do you think should be taken? --
----
----

13. Establishing a destination wide pricing strategy policy is possible? If yes how? ------
----

----
14. *What kind of pricing* points appeal to target markets and how can these be achieved? ---
----

----
15. What is the most difficult part of pricing of tourism services and products? (Challenges on pricing)?---
----

----
16. Is Coordinating and establishing a destination wide pricing strategy is achievable or unachievable and how and why? ---
----

Appendix 3

		Count	Column N %
The perishable nature of the tourism products and services leads to last minute tactical pricing]	Strongly Disagree	10	4.6
	Disagree	44	20.4
	Neutral	35	16.2
	Agree	81	37.5
	Strongly Agree	46	21.3
Demand management problem create a challenge on the price	Strongly Disagree	25	11.6
	Disagree	19	8.8
	Neutral	50	23.1
	Agree	83	38.4
	Strongly Agree	39	18.1
Overall cooperation with other business and competition conditions affects tourism pricing]	Strongly Disagree	24	11.1
	Disagree	43	19.9
	Neutral	29	13.4
	Agree	64	29.6
	Strongly Agree	56	25.9
Distribution system, quality of salesmen, advertising, type of packaging, customer services, affect the pricing	Strongly Disagree	34	15.7
	Disagree	20	9.3
	Neutral	24	11.1
	Agree	81	37.5
	Strongly Agree	57	26.4
Government and legal regulations control the price to regulate pricing escalation.	Strongly Disagree	44	20.4
	Disagree	40	18.5
	Neutral	24	11.1
	Agree	48	22.2
	Strongly Agree	60	27.8
	Strongly Disagree	13	6.0

Seasonality is the one which determine price of tourism destination	Disagree	25	11.6
	Neutral	31	14.4
	Agree	74	34.3
	Strongly Agree	73	33.8
Target marketing system has impact on the decision of the tourism service pricing.	Strongly Disagree	18	8.3
	Disagree	20	9.3
	Neutral	41	19.0
	Agree	79	36.6
	Strongly Agree	58	26.9
Supply and Demand for the product has an impact on the pricing.	Strongly Disagree	34	15.7
	Disagree	30	13.9
	Neutral	27	12.5
	Agree	63	29.2
	Strongly Agree	62	28.7
The Product life-cycle of tourism services highly affect the pricing policy of a destinations	Strongly Disagree	13	6.0
	Disagree	29	13.4
	Neutral	63	29.2
	Agree	57	26.4
	Strongly Agree	54	25.0

Responses of Tourist

Quality service delivered at the site you visited					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	11	37.9	37.9	37.9
	Agree	18	62.1	62.1	100.0
	Total	29	100.0	100.0	

The price is fair with the services and product delivered to you					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	6.9	6.9	6.9
	Neutral	18	62.1	62.1	69.0
	Agree	4	13.8	13.8	82.8
	Strongly Agree	5	17.2	17.2	100.0
	Total	29	100.0	100.0	

Pricing practice of Ethiopia tourism destination you visited are reasonable					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	8	27.6	27.6	27.6
	Neutral	15	51.7	51.7	79.3
	Agree	3	10.3	10.3	89.7
	Strongly Agree	3	10.3	10.3	100.0
	Total	29	100.0	100.0	

The price charged is the same as your expectation					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	24.1	24.1	24.1
	Neutral	8	27.6	27.6	51.7
	Agree	14	48.3	48.3	100.0
	Total	29	100.0	100.0	

There is disagreement with the pricing trends among destinations and tour operators					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	6.9	6.9	6.9
	Neutral	12	41.4	41.4	48.3
	Agree	13	44.8	44.8	93.1
	Strongly Agree	2	6.9	6.9	100.0
	Total	29	100.0	100.0	

Tourism price escalation is parallel with the quality of service and products					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	13.8	13.8	13.8
	Neutral	6	20.7	20.7	34.5
	Agree	14	48.3	48.3	82.8
	Strongly Agree	5	17.2	17.2	100.0
	Total	29	100.0	100.0	

There are rules and code of conducts pricing of destination					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	6.9	6.9	6.9
	Disagree	2	6.9	6.9	13.8
	Neutral	16	55.2	55.2	69.0
	Agree	4	13.8	13.8	82.8
	Strongly Agree	5	17.2	17.2	100.0
	Total	29	100.0	100.0	

Establishing a destination wide pricing strategy is difficult					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	13.8	13.8	13.8
	Neutral	11	37.9	37.9	51.7
	Agree	14	48.3	48.3	100.0
	Total	29	100.0	100.0	

The destination request (charged) extra payment for unreasonable services and products					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	6.9	6.9	6.9
	Disagree	2	6.9	6.9	13.8
	Neutral	8	27.6	27.6	41.4
	Agree	12	41.4	41.4	82.8
	Strongly Agree	5	17.2	17.2	100.0
	Total	29	100.0	100.0	

Ethiopia is in general expensive tourist destination					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	6.9	6.9	6.9
	Disagree	4	13.8	13.8	20.7
	Neutral	9	31.0	31.0	51.7
	Agree	9	31.0	31.0	82.8
	Strongly Agree	5	17.2	17.2	100.0
	Total	29	100.0	100.0	

Responses of Companies

The perishable nature of the tourism products and services leads to last minute tactical pricing]					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	4.6	4.6	4.6
	Disagree	44	20.4	20.4	25.0
	Neutral	35	16.2	16.2	41.2
	Agree	81	37.5	37.5	78.7
	Strongly Agree	46	21.3	21.3	100.0
	Total	216	100.0	100.0	

Demand management problem create a challenge on the price					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	25	11.6	11.6	11.6
	Disagree	19	8.8	8.8	20.4
	Neutral	50	23.1	23.1	43.5
	Agree	83	38.4	38.4	81.9
	Strongly Agree	39	18.1	18.1	100.0
	Total	216	100.0	100.0	
Overall cooperation with other business and competition conditions affects tourism pricing]					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	24	11.1	11.1	11.1
	Disagree	43	19.9	19.9	31.0
	Neutral	29	13.4	13.4	44.4
	Agree	64	29.6	29.6	74.1
	Strongly Agree	56	25.9	25.9	100.0
	Total	216	100.0	100.0	

Distribution system, quality of salesmen, advertising, type of packaging, customer services, affect the pricing					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	34	15.7	15.7	15.7
	Disagree	20	9.3	9.3	25.0
	Neutral	24	11.1	11.1	36.1
	Agree	81	37.5	37.5	73.6
	Strongly Agree	57	26.4	26.4	100.0
	Total	216	100.0	100.0	

Government and legal regulations control the price to regulate pricing escalation.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	44	20.4	20.4	20.4
	Disagree	40	18.5	18.5	38.9
	Neutral	24	11.1	11.1	50.0
	Agree	48	22.2	22.2	72.2
	Strongly Agree	60	27.8	27.8	100.0
	Total	216	100.0	100.0	

Seasonality is the one which determine price of tourism destination					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	13	6.0	6.0	6.0
	Disagree	25	11.6	11.6	17.6
	Neutral	31	14.4	14.4	31.9
	Agree	74	34.3	34.3	66.2
	Strongly Agree	73	33.8	33.8	100.0
	Total	216	100.0	100.0	

Target marketing system has an impact on the decision of the tourism service pricing.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	18	8.3	8.3	8.3
	Disagree	20	9.3	9.3	17.6
	Neutral	41	19.0	19.0	36.6
	Agree	79	36.6	36.6	73.1
	Strongly Agree	58	26.9	26.9	100.0
	Total	216	100.0	100.0	

Supply and Demand for the product has an impact on the pricing.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	34	15.7	15.7	15.7
	Disagree	30	13.9	13.9	29.6
	Neutral	27	12.5	12.5	42.1
	Agree	63	29.2	29.2	71.3
	Strongly Agree	62	28.7	28.7	100.0
	Total	216	100.0	100.0	

The Product life-cycle of tourism services highly affect the pricing policy of a destinations					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	13	6.0	6.0	6.0
	Disagree	29	13.4	13.4	19.4
	Neutral	63	29.2	29.2	48.6
	Agree	57	26.4	26.4	75.0
	Strongly Agree	54	25.0	25.0	100.0
	Total	216	100.0	100.0	

The quality of products and services determines the price of the destination					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	20	9.3	9.3	9.3
	Disagree	11	5.1	5.1	14.4
	Neutral	16	7.4	7.4	21.8
	Agree	73	33.8	33.8	55.6
	Strongly Agree	96	44.4	44.4	100.0
	Total	216	100.0	100.0	

Tourism services and products pricing character consider based on the number of consumers.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	15	6.9	6.9	6.9
	Disagree	20	9.3	9.3	16.2
	Neutral	43	19.9	19.9	36.1
	Agree	112	51.9	51.9	88.0
	Strongly Agree	26	12.0	12.0	100.0
	Total	216	100.0	100.0	

The profit margin is a factor for price and must be higher than the returns realized on more conventional tourism investments.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	5.6	5.6	5.6
	Disagree	36	16.7	16.7	22.2
	Neutral	69	31.9	31.9	54.2
	Agree	80	37.0	37.0	91.2
	Strongly Agree	19	8.8	8.8	100.0
	Total	216	100.0	100.0	

Most tourism products and service pricing are affected by seasonality					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	20	9.3	9.3	9.3
	Disagree	25	11.6	11.6	20.8
	Neutral	16	7.4	7.4	28.2
	Agree	83	38.4	38.4	66.7
	Strongly Agree	72	33.3	33.3	100.0
	Total	216	100.0	100.0	

Special promotion pricing techniques (one-time price) offers are one of the best strategies					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.8	2.8	2.8
	Disagree	50	23.1	23.1	25.9
	Neutral	42	19.4	19.4	45.4
	Agree	52	24.1	24.1	69.4
	Strongly Agree	66	30.6	30.6	100.0
	Total	216	100.0	100.0	

Psychological consideration is important in pricing.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	24	11.1	11.1	11.1
	Disagree	43	19.9	19.9	31.0
	Neutral	31	14.4	14.4	45.4
	Agree	73	33.8	33.8	79.2
	Strongly Agree	45	20.8	20.8	100.0
	Total	216	100.0	100.0	

The government has high level of involvement in the destination pricing					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	81	37.5	37.5	37.5
	Disagree	45	20.8	20.8	58.3
	Neutral	20	9.3	9.3	67.6
	Agree	54	25.0	25.0	92.6
	Strongly Agree	16	7.4	7.4	100.0
	Total	216	100.0	100.0	

There is no well-organized pricing strategy and policy document at Regional, Local or National level.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	41	19.0	19.0	19.0
	Neutral	11	5.1	5.1	24.1
	Agree	49	22.7	22.7	46.8
	Strongly Agree	115	53.2	53.2	100.0
	Total	216	100.0	100.0	

Price discrimination among and between customers create an encounter to the sustainable tourism services					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	5.1	5.1	5.1
	Disagree	37	17.1	17.1	22.2
	Neutral	31	14.4	14.4	36.6
	Agree	57	26.4	26.4	63.0
	Strongly Agree	80	37.0	37.0	100.0
	Total	216	100.0	100.0	

There is very limited communication about the new prices to customers and partners					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	35	16.2	16.2	16.2
	Disagree	22	10.2	10.2	26.4
	Neutral	34	15.7	15.7	42.1
	Agree	41	19.0	19.0	61.1
	Strongly Agree	84	38.9	38.9	100.0
	Total	216	100.0	100.0	

Destination pricing strategy and policy did not consult the private company (e.g. tour operators).					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	48	22.2	22.2	22.2
	Disagree	15	6.9	6.9	29.2
	Neutral	27	12.5	12.5	41.7
	Agree	45	20.8	20.8	62.5
	Strongly Agree	81	37.5	37.5	100.0
	Total	216	100.0	100.0	

There is less/no destination pricing strategies, policies and practices being applied in the tourism services					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	25	11.6	11.6	11.6
	Disagree	19	8.8	8.8	20.4
	Neutral	36	16.7	16.7	37.0
	Agree	79	36.6	36.6	73.6
	Strongly Agree	57	26.4	26.4	100.0
	Total	216	100.0	100.0	

There are likewise conflicts among key stakeholder of tourism destination because of pricing communication gap					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	23	10.6	10.6	10.6
	Disagree	5	2.3	2.3	13.0
	Neutral	22	10.2	10.2	23.1
	Agree	93	43.1	43.1	66.2
	Strongly Agree	73	33.8	33.8	100.0
	Total	216	100.0	100.0	

High number of tourists have been complaining on the price of the tourism destination					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	44	20.4	20.4	20.4
	Disagree	5	2.3	2.3	22.7
	Neutral	38	17.6	17.6	40.3
	Agree	76	35.2	35.2	75.5
	Strongly Agree	53	24.5	24.5	100.0
	Total	216	100.0	100.0	

Coordinating and establishing a destination wide pricing strategy is achievable					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	30	13.9	13.9	13.9
	Disagree	26	12.0	12.0	25.9
	Neutral	43	19.9	19.9	45.8
	Agree	74	34.3	34.3	80.1
	Strongly Agree	43	19.9	19.9	100.0
	Total	216	100.0	100.0	

Price discrimination is the priority in destination pricing strategy					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	33	15.3	15.3	15.3
	Disagree	27	12.5	12.5	27.8
	Neutral	36	16.7	16.7	44.4
	Agree	74	34.3	34.3	78.7
	Strongly Agree	46	21.3	21.3	100.0
	Total	216	100.0	100.0	

Price skimming is the priority method in the destination pricing strategy					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	21	9.7	9.7	9.7
	Disagree	15	6.9	6.9	16.7
	Neutral	58	26.9	26.9	43.5
	Agree	64	29.6	29.6	73.1
	Strongly Agree	58	26.9	26.9	100.0
	Total	216	100.0	100.0	

Discount price is the priority method for the destination pricing strategy					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	23	10.6	10.6	10.6
	Disagree	29	13.4	13.4	24.1
	Neutral	30	13.9	13.9	38.0
	Agree	84	38.9	38.9	76.9
	Strongly Agree	50	23.1	23.1	100.0
	Total	216	100.0	100.0	

Penetration pricing is the priority method for the destination pricing strategy					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	30	13.9	13.9	13.9
	Disagree	15	6.9	6.9	20.8
	Neutral	40	18.5	18.5	39.4
	Agree	73	33.8	33.8	73.1
	Strongly Agree	58	26.9	26.9	100.0
	Total	216	100.0	100.0	