

DOI: <https://doi.org/10.32782/2524-0072/2021-32-46>

UDC 338.53

## CURRENT TRENDS IN PRICE POLICY AND METHODS OF PAYMENT IN THE HOSPITALITY INDUSTRY

## СУЧАСНІ ТЕНДЕНЦІЇ ЦІНОВОЇ ПОЛІТИКИ ТА СПОСОБІВ ОПЛАТИ В ГАЛУЗІ ГОСТИННОСТІ

**Stoica Mariana**

Ph.D., university lecturer,  
State University of Moldova.

ORCID: <https://orcid.org/0000-0002-1624-7353>

**Verstiuc Romina**

State University of Moldova

ORCID: <https://orcid.org/0000-0002-6566-9421>

In the hospitality industry, pricing policies and payment methods are and have always been common in the tourism market for organizing a safe, successful, and revenue-generating activity. The wish of being the best on the market is always actual, so the entrepreneur wants to use various strategies to promote their product by applying a convenient price but also to meet customer preferences the way that the applied pricing policy applied guarantee the success of the hotel business. Identifying and researching the pricing policy within the hotel industry but also highlighting the most modern payment methods used between customer-enterprise that ensures data confidentiality and fast, secure payment of services consumed remotely without direct interaction has become a well-defined goal in this article. The main objective of this article is to analyze the strategies for creating price offers, as well as to analyze the importance of reservation systems (IDS) in creating the discounts that will form the individualized pricing policy of the hotel enterprise. Determining all payment instruments and their characteristics in hotel enterprises has become another well-defined goal. The price policy is one of the most important elements of the overall business strategy, being one of the mechanisms by which decisions are made on the main types of markets to achieve the stability objectives of economic activity.

**Keywords:** price, pricing policy, pricing strategy, tourist market, tourist supply and demand, customer, hotel enterprise.

В індустрії гостинності цінова політика та методи оплати є і завжди були поширеними на туристичному ринку для організації безпечної, успішної та прибуткової діяльності. Бажання бути кращим на ринку завжди актуальне, тому підприємець хоче використовувати різні стратегії для просування свого продукту, застосовуючи зручну ціну, а також задовольняти вподобання клієнтів так, як застосована цінова політика гарантує успіх готелю. бізнес. У цій статті чітко визначеною метою стало визначення та дослідження цінової політики в готельній індустрії, а також виділення найсучасніших методів розрахунків між клієнтами та підприємствами, які забезпечують конфіденційність даних та швидку та безпечну оплату послуг, що споживаються віддалено без безпосередньої взаємодії. Основна мета даної статті — проаналізувати стратегії формування цінових пропозицій, а також проаналізувати значення систем бронювання (ІДС) у створенні знижок, які будуть формувати індивідуальну цінову політику готельного підприємства. Ще однією чітко визначеною метою стало визначення всіх платіжних інструментів та їх характеристик на готельних підприємствах. Цінова політика є одним із найважливіших елементів загальної бізнес-стратегії, будучи одним із механізмів прийняття рішень на основних типах ринків для досягнення цілей стабільності економічної діяльності. У ринкових відносинах ціна виступає сполучною ланкою між виробником і споживачем, щоб забезпечити баланс між попитом і пропозицією. В основі маркетингової діяльності готелю послуги є політикою стабільності ціни управління готелем. Важливість цінової політики та інструментів оплати впливає з того, що компанія прагне максимізувати прибуток і продажі, збільшити кількість туристів за рахунок надання високоякісних послуг, щоб готель заслужив повагу та лояльність покупців.

**Ключові слова:** ціна, цінова політика, цінова стратегія, туристичний ринок, туристична пропозиція та попит, замовник, готельне підприємство.

В индустрии гостеприимства ценовая политика и способы оплаты были и всегда будут обычным явлением на рынке туризма для организации безопасной, успешной и приносящей доход деятельности. Желание быть лучшим на рынке всегда актуально, поэтому предприниматель хочет использовать различные стратегии для продвижения своего продукта, применяя удобную цену, а также учитывать предпочтения клиентов, так как

применяемая ценовая политика гарантирует успех отеля. бизнес. Выявление и исследование ценовой политики в гостиничной индустрии, а также выделение наиболее современных способов оплаты, используемых между клиентом и предприятием, которые обеспечивают конфиденциальность данных и быструю и безопасную оплату услуг, потребляемых удаленно, без прямого взаимодействия, стали четко определенной целью в этой статье. Основная цель статьи – проанализировать стратегии создания ценовых предложений, а также проанализировать важность систем бронирования (IDS) в создании скидок, которые будут формировать индивидуальную ценовую политику гостиничного предприятия. Еще одной четко определенной целью стало определение всех платежных инструментов и их характеристик на гостиничных предприятиях. Ценовая политика является одним из важнейших элементов общей бизнес-стратегии, являясь одним из механизмов, с помощью которого принимаются решения на основных типах рынков для достижения целей стабильности экономической деятельности.

**Ключевые слова:** цена, ценовая политика, ценовая стратегия, туристический рынок, спрос и предложение туристов, заказчик, гостиничное предприятие.

**General problem statement and main objectives.** The pricing policy and payment instruments are the elements that ensure the organization and development of the tourism enterprise by using various strategies, methods, and reservation systems through which an accommodation structure analyzes the activity of competitors. This mechanism is always in a process of improvement, taking into consideration the tourist demand and supply as well as the need to ensure the economic stability of the tourism enterprise, in order to provide a successful activity that will facilitate the implementation of the best practices on market. The goal of this article is to examine the newest payment methods and price policy current trends in the hospitality industry.

**Publication analysis.** We investigated the pricing policy and payment instruments used in tourism sector as well as current trends on the tourism market of the Romanian researchers Stanciulescu G., Ionică M., Nistoreanu P., and others.

**The main research material.** One of the newest ways to establish pricing policies in the hotel business is through booking systems, the so-called Internet Distribution System (IDS). Today, IDS has become one of the most important tool in promoting the hotel and the stability of prices addressed to customers globally. IDS is highly recommended for hotels as it is the pioneer of online booking. This term is generally used to express the distribution of hotels through the Internet, Intranet, Extranet, and other online services. Examples of such systems are Expedia, Booking.com, Orbitz, Priceline, Hotwire.

IDS offers technology that allows them to plan complete trips that combine travel, hotels, and transport services. Travelers have the ability to search, plan and book their travel needs from a wide range of providers. The creation of price offers in the virtual space can be done using IDS, and for this purpose companies access

the extranet of reservation systems and use the discounts proposed by them or in their extranet create their own discounts necessary for the hotel. Promotions can be created according to the price orientation depending on the demand, which is dictated by the desire of the enterprises to correlate the demand with the supply for the maximum use of the production capacity.

The functionality of IDS stems from the goals that are pursued by hotel companies that use this type of system, namely:

- Establishing high discounts during peak periods and lower discounts in the off-season (but some companies are against this strategy because they believe that reducing prices, even for a limited time, can be associated with lower quality of tourist services).

- Understanding the functioning of the market and the decision-making mechanisms of the tourist.

- Better knowledge of customers needs.

The IDS on their web pages propose to each accommodation structure in the tourism industry various discounts for which each company chooses, depending on its needs.

Discount plans differ from one IDS to another. For example, among the most popular booking system, Booking.com offers the following range of discounts: "Country rate", "Mobile rate", "Black Friday deal", etc.

If a hotel wants to attract tourists from a certain country, then it chooses the "Country rate" discount, through which the customer from this country when accessing the page to make a reservation, is offered an additional discount, which can start with 10%.

The "Mobile rate" reduction means that customers who have uploaded IDS mobile applications will see an additional discount when making a room reservation directly from their phone. The discount can also start from 10% or more, the hotel company is free to decide the size of the discount.

Another type of discount is "Black Friday Deal", this being one of the most attractive offers that attract new buys and significantly increase tourist demand. The value of the discount is chosen individually by each hotel company, respecting the fact that the discount starts from 30%. But there are still IDS that offer a choice and a 10% discount. Marketing assistance is also provided to maximize property exposure across various channels.

Following the application of their own discount system, they are to set "stay dates", which means a period of application and visibility of the discounts on the web pages where the online reservation of rooms takes place. The hotel, the motel, the tourist pension, and other accommodation structures can also select the days of the week, the months when the discount will work, or when it will be canceled (Figure 1).

In order to investigate its needs, the Booking.com system launched a questionnaire to interview tourists from various countries and concluded that about 68% of survey participants expect tourism companies to support future travel plans of travelers offering some promotions. Therefore, a hotel business will need to consider developing various travel plans for travelers in order to be successful. According to the study, the most active demand in the implementation of promotion plans was expressed by tourists from Russia, Brazil, Argentina, Thailand by 82% (Chart 1). On the other hand, the low-

est value of this indicator was shown by tourists from Germany, the Netherlands, and Denmark, of only 42%. If we associate the intensity of demand in promotions with the level of development of the country where the interviewed tourists come from, we notice that tourists who come from low-income countries are more sensitive to various promotions.

Another world-class IDS provider is Expedia. It offers another range of promotions for the benefit of the hotel business, such as [10]:

- Discounts for members only – designed to attract travelers who, on average, book twice as many nights and spend twice as much as non-members.
- Package promotion – designed to attract travelers who book earlier and have lower cancellation rates.
- Value-added promotions – involves adding a plus – for example a free breakfast, free parking, or spa – to tempt travelers.
- Early booking – this promotional plan is designed to reduce the risk of unreserved rooms by offering lower rates to travelers who plan weeks and months in advance.
- Create your own discount – it is possible to offer either free or discounted room for a certain period of life.

All these discount plans created by IDS are intended to stimulate the volume of sales of basic and additional services of hotel enterprises.

### Stay dates

#### When can guests stay using this promotion?

Select at least 1 date

ⓘ To select/unselect specific dates, hold **CTRL** and click on each date.

October 2021							November 2021						
Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su
				1	2	3	1	2	3	4	5	6	7
4	5	6	7	8	9	10	8	9	10	11	12	13	14
11	12	13	14	15	16	17	15	16	17	18	19	20	21
18	19	20	21	22	23	24	22	23	24	25	26	27	28
25	26	27	28	29	30	31	29	30					

#### Which day(s) of the week would you like to include in this promotion?

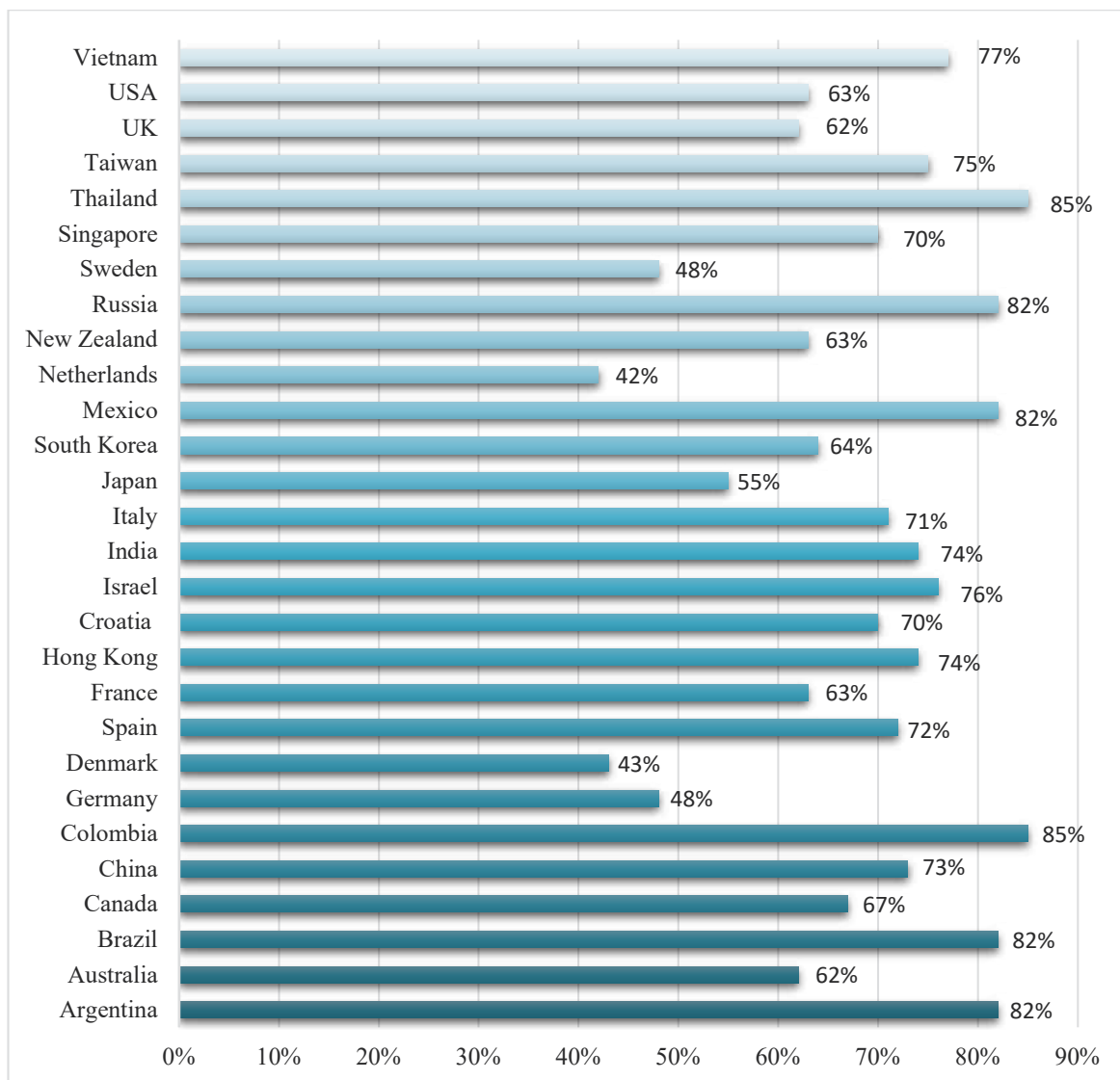
Uncheck a day of the week to remove it from this promotion's calendar

- Mo  Tu  We  Th  Fr  Sa  Su

#### Discounted rate available only during:

- October 2021  November 2021  December 2021  January 2022

Figure 1. Example of "Stay dates"



**Chart 1. The percentage of travelers willing to beneficiate of promotions in their future travels**

Source: [9]

In addition to these discount plans, hotels can practice their own discount systems, which can be of several types:

- seasonal discounts – the implementation of the services is performed extra season;
- discounts on holidays (about 25-50%);
- reductions during a temporary decrease in the quality of accommodation services (renovation works, temporary absence of hot water, telephone, TV or refrigerator in the rooms, where they should be), the amount of the reduction being conditioned by the minimum daily cost of unsecured services;
- discounts for the location of the rooms in the immediate vicinity of the showers and other common areas, as well as of the spaces where repair works are carried out (about 5-10%);
- special discounts for schoolchildren and students during the holidays;

– discounts for accommodation in the room of members of the same family (unless a special "family rate" applies).

Prices and discounts are important tools of the tourism company's marketing policy. And another element, just as important are the payment instruments used to pay for hotel services. The usual payment methods specific for touristic services: cash (in national currency, freely convertible foreign currency); bank checks and postage; bank cards (debit and credit); voucher – a booking and payment document; bank transfer.

There are several criteria for assessing payment instruments, such as commission size, payment accessibility, payment security, and payment tracking. From the point of view of the size of the commission, the most expensive payment is the bank transfer, followed by the pay-

ment with the bank card and the payment in cash. From the point of view of accessibility, the cash payment is placed in the first place, because the cash is always in the wallet, followed by the bank card, the voucher, the vouchers, the least accessible being the bank transfer. Payment security is an extremely important criteria today, given the increasing incidence of frauds with various payment instruments. Thus, from the point of view of security, the bank card is the payment instrument with a higher degree of security, followed by the bank transfer and the voucher. The payment tracking criteria is met at a higher level than payments made by bank transfer.

In the process of making payments, the hotel company should take into consideration the confidentiality of their data. The confidentiality of customer data must be respected when the customer provides personal data of the card or bank details of the company in order to make a remote payment. The hotel enterprises that conclude a collaboration contract with travel agencies, national and international companies mostly use bank transfers.

As in most industries, maximizing revenue remains a priority in the activities of hotel businesses. To achieve this goal, hotels need to work with as many booking platforms as possible by building an individual relationship with each of them. Using promotions and ensuring that each

of the tools that are available is used to achieve various benefits for the company.

Each hotel company sets prices based on various factors, with the aim of maximizing the profit. Among the basic factors that contribute to pricing, we name room type, customer segmentation, demand and supply in the local market, competitors' prices for similar services, the season, or even the day of the week.

**Conclusions.** The pricing policy is one of the most important elements of the overall strategy of hotel enterprises. The pricing policy covers the concept of hotel service pricing and the mechanisms for their application, taking into consideration the range of services, consumption categories, supply and demand characteristics. This policy is formed considering the needs of consumers, the desired volume of sales, competitive environment. Thus, the price should be such as to meet the needs of consumers, on the one hand, and on the other hand, to help the hotel business to meet its financial objectives. In the hotel industry, the booking systems and discounts offered by them must be as efficient as possible, so that online management is increased and contributes to raised profitability. The payment methods, in return, are the tools that have a major role in providing services, and the accuracy with which they are used also influences the economic success of the company.

#### REFERENCES:

1. Dolnicar S., Ring A. (2014) Tourism marketing research: past, present and future. *Annals of tourism research*, vol. 47, Brisbane, pp. 31–47.
2. Gruesc S.I. (1997) Marketing in economia turismului, Ed. Universitara, Bucuresti, 124 p.
3. Ioncica M. (2004) Strategii de dezvoltare a sectorului tertiar, Ed. Uranus, Bucuresti, 174 p.
4. Nedelea A. (2003) Politici de marketing in turism, Ed. Economica, Bucuresti, 262 p.
5. Nistoreanu P., Dinu V., Nedelea A. (2004) Productia si comercializarea serviciilor turistice, Ed. Didactica si Pedagogica, Bucuresti, 331 p.
6. Snak O., Neacsu N., Baron P. (2001) Economia turismului, Ed. Expert, Bucuresti, 600 p.
7. Stanciulescu, G. si colectivul, Evaluarea intreprinderilor hoteliere. Oferta hoteliera mondiala, Ed. Uranus, Bucuresti, 2003, 220 p.
8. Smarter, kinder, safer booking.comreveals its predictions for the future of travel, p. 7. Available at: <https://globalnews.booking.com/download/944450/booking.comglobalresearchreport.pdf>
9. Hotel marketing campaign tools in Expedia Partner Central. Available at: <https://welcome.expediagroup.com/en/tools/hotel-marketing-and-promotion-tools-in-expedia-partner-central/hotel-marketing-campaign-tools-in-expedia-partner-central>