

Understanding Pricing

How do you set a price?

- **Consider competitor's pricing**
- **What is the market prepared to pay**
- **Fixed costs**
- **Variable costs**
- **Profit margin**
- **Cost of distribution – commissions**
- **Seasonality**

What is the cost of distribution?

The cost to use a distribution network to help get your product into the market place.

**Yes, we're talking about
COMMISSIONS**

Commissions – how much?

Sales Method	Commission Level	Explanation
Inbound Tour Operator (ITO)	25-30%	A nett rate is paid to you once a sale is made, equal to your gross rate less the % margin agreed with the ITO
Wholesaler	20%	The tour wholesaler receives 20% commission to cover the costs of selling your product
Retail Travel Agent	10%	The retail agent retains 10% commission on any confirmed bookings for your product.

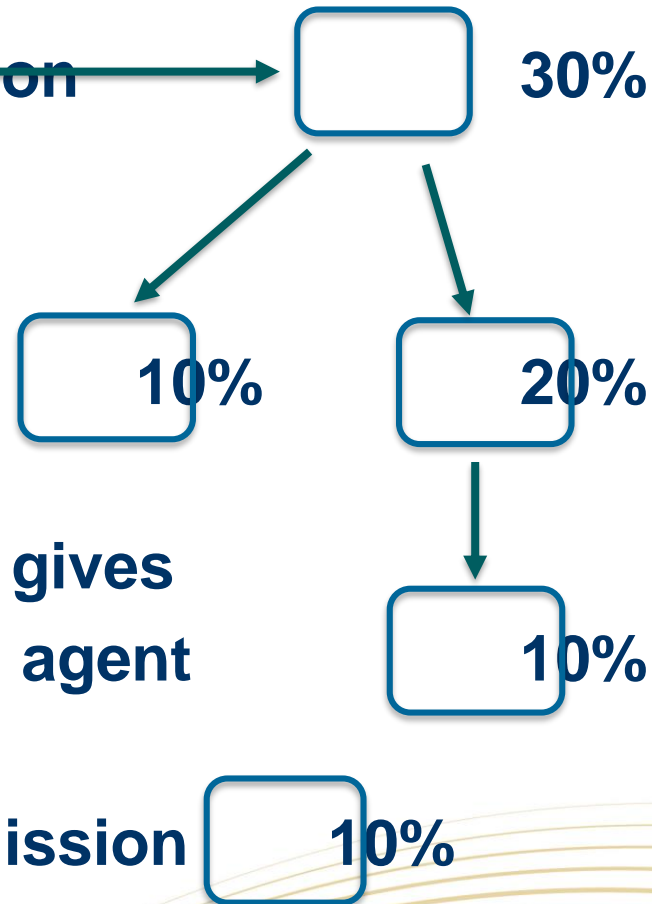
Where do my commissions go?

You pay ITO 30% commission directly

ITO keeps 10% and gives 20% to the wholesaler

Wholesaler keeps 10% and gives final 10% to the retail travel agent

Retail agent the 10% commission



Consider your average commission

Commission Type	Sales Proportion Must = 100%	Weighted Average A% X B
A	B	C
Direct – 0%	50%	0.0%
Retail – 10%	30%	3.0%
Wholesale – 20%	0%	0.0%
ITO – 30%	20%	6.0%
Total	100%	9.0%

Pricing Do's and Don'ts

DO:

- **Have a consistent rate schedule**
- **Guarantee rates for your agreed contract period.**
- **Ensure all terms and conditions, valid dates etc are clearly documented**
- **Identify seasonality, opening times/days, and any rate adjustments**

DON'T:

- **Just add commissions to your existing price for different distribution channels**
- **Distribute rates for one channel to another, i.e. ITO rates to a retail agent**
- **Consider commissions as a discount. They are a valid cost of doing business**
- **Just set different rates for domestic Vs inbound visitors**
- **Have too many different rates**

Rate Card

- **Details of your offering**
- **Contact info**
- **Gross and Nett rates**
- **Valid dates, any black out dates, seasonal variations**
- **Cancellation conditions**
- **Valid age ranges (children/adult), concession, seniors etc**
- **Inclusions and exclusions**
- **Minimum/maximum numbers**
- **Minimum night stay**
- **Departure days/times**
- **Payment policy**
- **Any special conditions, and more.....**

What a rate card could look like

(thankyou SA Tourism Commission)

ATTRACTIONS: SAMPLE RATE SHEET

YOUR LOGO HERE

ADMISSION RATES (INBOUND)

Valid 1 April 2017 - 31 March 2018

Groups: groups@xyztours.com T: (08) 8888 8881
FIT: fit@xyztours.com T: (08) 8888 8882

XYZ Attraction ABN: 99 999 888 777
1 Adelaide Road, ADELAIDE SA 5000
T: +61 2 8 888 8888 F: +61 8 8888 8888
E: trade@xyztours.com W: www.xyztours.com

	Opening Hours	Inclusions	RETAIL Adult	NETT Adult	RETAIL *Child (5-15)	NETT *Child (5-15)	RETAIL Concession	NETT Concession
FIT	9.00am - 5.00pm	Attraction entry, free daily talks and shows	\$55.00	\$38.50	\$35.00	\$24.50	\$40.00	\$28.00
Groups 10-200 pax	9.00am - 5.00pm	Attraction entry, free daily talks and shows, free coach parking	\$45.00	\$31.50	\$25.00	\$17.50	\$28.00	\$19.60
School Groups 10-200 pax	9.00am - 5.00pm	Attraction entry, free daily talks and shows, free coach parking, one hour guided school tour.	\$30.00	\$21.00	\$15.00	\$10.50	\$18.50	\$12.95

All rates are in \$AUD and inclusive of 10% GST.

EXTRA INFORMATION

Concessions

Concession entry is available for full-time students aged over 15 and visitors aged over 60 with appropriate ID, such as student card, pensioner card or seniors card. Carers accompanying a disabled or frail visitor may enter free on presentation of a companion card. The visitor they accompany will pay the concession rate.

Children

Child rates apply to children aged 5-15 inclusive. Children aged 4 and under may enter free of charge with a paying adult.

Fitness

Primary and secondary school groups are eligible for school rates and program. Tertiary groups are eligible for the standard group rate. Tour group leader is FOC.

What to bring

Comfortable footwear, weatherappropriate clothing and sunscreen. A café and two kiosks are available on site for refreshments. Picnic areas provided.

Blackout period

XYZ Attractions is not available for trade bookings from 23 December - 3 January inclusive.

ABOUT ATEC

Our core functions are to...



CONNECT buyers and sellers



SUPPORT, TRAIN and **MENTOR** for export excellence



ADVOCATE for policy that supports growth



PROMOTE inbound tourism's contribution to the broader Australian community

ATEC FOOTPRINT



45 years of national representation



10 regional branches: 1000+ stakeholders



Buyers & sellers: commercially focused

THANK YOU

Want more information on ATEC?

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