

APPROVAL FORM

The undersigned certify that they have supervised the student Lorraine Chikwani's dissertation entitled "**An investigation of the pricing system at The Victoria Falls Hotel**" submitted in partial fulfillment of the requirements of the Bachelor of Commerce Honours Degree in Accounting at Midlands State University.

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RELEASE FORM

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Dissertation title **An investigation of the pricing system at
The Victoria Falls Hotel**

Programme **Bachelor of Commerce Honours Degree
In Accounting**

Year **2014**

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ADDRESS **645 Nehosho, Gweru**

DATE **May 2014**

DEDICATIONS

I dedicate this piece of work to my family for their continued support and to my fiancée for his support and encouragement throughout the course of this project.

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to God Almighty for giving me the strength to carry out this project. Of special mention is also my family for their continued support and my supervisor for his patience, support and dedication throughout this project.

ABSTRACT

Pricing of hotel rooms is a key player in the tourism industry as it has a bearing on the nature of the hotel's client mix and occupancy levels. The researcher noticed an unbalanced client mix and heavy debtors age analysis which led to a research being carried out on the pricing system at the Victoria Falls Hotel. Literature from other scholars was reviewed mainly pertaining to the different approaches to pricing, pricing strategies for a hotel, controls over pricing policy implementation and guidelines over pricing policy implementation. Literature on different scholars' opinion on the best pricing strategy for a hotel was also reviewed. The researcher adopted stratified random sampling under a descriptive research design in conducting her field research. Questionnaires were administered and selected people were interviewed in order to obtain data on pricing of the hotel's rooms. The collected data was presented in the form of graphs and tables which is presented in detail in chapter 4. In depth analysis of the data collected was carried out and the researcher came up with the major research findings and recommendations for improvements on the major research findings.

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CHAPTER 1

INTRODUCTION

1.0 INTRODUCTION

This research is aimed at assessing the contribution of various clients in the hotel industry. This chapter will focus on the background to the problem, statement of the problem, main topic, sub-research questions, research objectives, significance of the study, limitations of the study, delimitations of the study, assumptions and summary.

1.1 BACKGROUND OF THE STUDY

The hospitality industry is an important sector of the economy of Zimbabwe and is made up of service industry which includes lodging, event planning and restaurants. According to Machipisa L [2001.03.04] since the year 2000, tourism in Zimbabwe has steadily declined. He goes on to say that after arising in the 1990s with 1.4 million tourists in 1999, industry figures described a 75% decline in visitors to Zimbabwe by December 2000 with less than 20% of hotel rooms occupied. This had an adverse effect on the economy of Zimbabwe where jobs were lost and companies shut down.

The Victoria Falls hotel was established in 1904 and is popularly known as ‘The Grand Old Lady’. It is a 5 star hotel which is also a member of the Leading Hotels of the World. The Hotel is situated in the National Park with a unique view of the gorges and the bridge and from the hotel one can actually see the spray from the falls, a sight one can never get enough of. The hotel’s revenue is generated from rooms, food and beverages and leasing of property.

Whilst on internship from late 2012 to mid 2013 the researcher noted that on a monthly basis the hotel sells an average of 88% of the total bed nights to foreign visitors, 7% to regional visitors and 5% to local visitors. This implies that a greater percentage of the hotel’s clients are foreigners mostly from western countries with a smaller percentage being locals. Based on data collected over a period of 4 years (2012 – 2013) a trend can be noted in the hotel’s client mix as shown in table 1.1

Table 1.1 Average occupancy rates

	The Victoria Falls Hotel				The Kingdom hotel			
	2010	2011	2012	2013	2010	2011	2012	2013
Average room occupancy								
-Low season	47%	55%	52.5%	49%	67%	60%	54%	58%
-High season	96%	96%	97%	95%	94%	98%	97%	97%
Average room nights sold								
-Foreign	79%	75%	80%	77%	5%	8%	9%	5%
- Regional	12%	15%	11.68%	14%	7%	8%	9%	5%
- Domestic	9%	10%	8.32%	9%	88%	84%	80%	72%
Average bed nights sold								
-Foreign	82%	79.5%	85%	88%	7%	6%	7%	5%
- Regional	10%	11%	9%	7%	9%	7%	11%	9%
- Domestic	8%	9.5%	6%	5%	84%	87%	72%	89%

Source: African Sun Month end statistics

From the table above it can be noted that from 2010 up to 2013 The Victoria Falls Hotel’s client mix has been made up mainly of foreigners followed by regional visitors and lastly domestic or local visitors. On the other hand The Kingdom Hotel a hospitality institution which is also under African Sun has a client mix which is made up mainly of local visitors, followed by regional visitors and lastly foreign clients. It can also be noted that The Kingdom Hotel experiences an occupancy rate of about 58% during the low season which is higher than 49% which is experienced by The Victoria Falls Hotel during the low season. The Victoria Falls hotel gets a monthly average revenue from rooms of about \$560 000. Of that monthly average revenue from rooms contribution is as follows:

Local visitors \$24 000

Regional visitors	\$43 000
Foreign visitors	\$496 000

The Victoria Falls hotel's average rooms cost of sales is \$55 000 which is about 10% of the total cost of sales. In addition to that its breakeven occupancy per month is 27% with the breakeven revenue being \$544 000. The Victoria Falls Hotel's room rates for 2013's low season [1 Jan 2013 to 30 June 2013] against those of The Kingdom Hotel are shown in table 1.2

Table 1.2 Room rates for 2013 low season

	The Victoria Falls Hotel	The Kingdom Hotel
International rate (per standard room)	\$360	\$285
Regional rate (per standard room)	\$340	\$250
Domestic rate (per standard room)	\$298	\$221

Source: African Sun rates and conditions

The researcher also noted that The Victoria Falls Hotel had a heavy debtors' age analysis. The hotel's debtors' age analysis had most of the outstanding debts being over 90 days. The debtors age analysis was sitting at above \$500 000 as at 27 June 2013. This was an issue of concern among the directors as this was above the industry's average of about \$350 000 such that a debtors meeting was held every Friday. These two scenarios of the hotel's trend of hosting a smaller percentage of local visitors and the heavy debtors' age analysis left the researcher wondering if these two states are related which gave rise to the need for this research.

1.2 STATEMENT OF THE PROBLEM

The Victoria Falls Hotel seems to have an unbalanced client portfolio with the 88% being foreigners, 7% being visitors from regional countries and 5% being locals. A trend observed over a period of four years shows that the hotel hosts mainly foreign visitors, followed by regional visitors and lastly local visitors. On the other hand the hotel has a heavy debtors' age analysis which is an issue of concern. Numerous questions arose due to the state of these two scenarios which has prompted the research to be undertaken on The Victoria Falls hotel's pricing system.

1.3 RESEARCH QUESTION

An investigation of the pricing system at The Victoria Falls Hotel

1.4 SUB RESEARCH QUESTIONS

The following sub- research questions arise from the main question.

- What is the pricing strategy adopted at the Victoria Falls hotel?
- What guidelines are put in place over the pricing policy implementation?
- What controls are in place over pricing policy implementation?
- Are the controls reviewed?
- What is the best practice in pricing for The Victoria Falls hotel?

1.5 RESEARCH OBJECTIVES

The following objectives arise from the sub- research questions:

- To establish the pricing strategy adopted at The Victoria Falls Hotel
- To determine the guidelines that are in place over the pricing policy implementation
- To establish the controls that are put in place over pricing policy implementation
- To determine whether the controls are reviewed
- To establish the best practice in pricing for The Victoria Falls Hotel

1.6 SIGNIFICANCE OF THE STUDY

- To the researcher

The research is carried out as part fulfillment of Bachelor of Commerce Accounting Honours Degree

- To Midlands State University

The research provides literature for reference by scholars

- To The Victoria Falls Hotel

The Vitoria Falls Hotel would consider recommendations for adoption

1.7 DELIMITATIONS OF THE STUDY

The research will be carried out based on data generated from 2010 to 2013.

The research will be focused on The Victoria Falls Hotel with comparisons being made with other hotels and lodges in Victoria Falls mainly The Kingdom hotel which is also under African Sun.

1.8 LIMITATIONS OF THE STUDY

Management was hesitant to disclose some of the information because it was deemed to be confidential but the researcher assured them that the information was going to be used for academic purposes only.

Financial resources were needed to cover stationery and travelling costs. The researcher communicated via email to cut on travelling costs and the researcher also had to sacrifice to meet the costs.

There was lack of adequate time to carry out the research as the researcher had to concurrently carry out the research and lectures hence faced time constraints due to the limited time frame. To mitigate this the researcher had to work for long hours.

1.9 SUMMARY

This chapter covered the background of the problem, statement of the problem, main research question, sub research questions, research objectives, delimitations of the study, limitations of the study and the summary. The next chapter looks at literature from other scholars.

CHAPTER 2

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter focuses on views of different authors on pricing strategies for a hotel, guidelines over pricing policy implementation, controls over pricing policy implementation, review of these controls, the best pricing strategy for a hotel and the summary.

2.1 ECONOMICS AND ACCOUNTING APPROACH TO PRICING

According to Kim et al (2004) economists are of the view that major pricing issues include industry structure, competition, elasticity of demand, capital intensity, supply and demand and economies of scale. In their article 'Multi stage synthetic hotel room pricing model' Kim et al (2004) outlines that on the other hand from the cost accounting approach prices are set by computing all costs and then adding the desired profit margin. They go on to mention the well known pricing strategies that is, the cost approach, market condition approach and variable pricing which are explained in detail later in this chapter.

Apart from the cost accounting perspective Kim et al (2004) cited that Shaw (1984) who approaches pricing from an economics standpoint provides a sound pricing model that is, the Peak load pricing theory which takes into account the perishable characteristics of hotel room inventories, high fixed costs and fluctuating demand. Kim et al (2004) agrees with Shaw (1984) as he suggests that from an economist's perspective the key player in hotel room pricing are demand, competition and costs. The relationship between the three factors being: demand determines the ceiling for the price; the costs set the floor for the price while competition determines where the actual price will be between the ceiling and the floor (Kim et al 2004).

2.2 PRICING STRATEGIES FOR A HOTEL

The term pricing strategies refer to activities that are aimed at determining a product's optimum price. www.BusinessDictionary.com (12.03.14; 13:22). Collins and Parsa (2006) are of the view that though economists might argue that pricing is mainly regulated by the principle of elasticity of demand; pricing decisions are based on other factors besides the fluctuation of demand. According to Chen (2010) pricing is an issue of great importance to hoteliers since it is the only element of the accommodation marketing mix which has a direct impact on revenue. He goes on to say that pricing decisions by nature are complex since they are influenced by both internal and external factors.

Wang (2010) also supports this as he says pricing decisions are relevant in the hotel industry since they greatly influence accommodation selection decisions. Angles from which hotel pricing can be studied from according to Chen (2010) are the demand side and the supply side. According to Chen (2010) the studies of pricing from the demand side entail the use of data from consumers to estimate the consumer's willingness to pay for the hotel's attributes. He goes on to say that this information helps in understanding consumer's consumption behavior and such information can contribute to the techniques that managers might employ for efficient operations management and marketing.

According to Collins and Parsa (2006) a hotel may have a number of objectives when pricing their guestrooms which may include: to maximize profitability, to maximize revenues or to differentiate the product in the market place. Raya (2010) states that 'the pricing strategy used by a hotel has an immediate effect on the hotel's yield' hence an entity should select a pricing strategy carefully. According to Chafra (2003) while pricing rooms a hotel should consider that the rate should be between a minimum and a maximum boundary with the minimum being the determined hotel's cost structure and the maximum being determined by the market's competition structure. Chafra (2003) outlines 3 approaches to pricing of rooms namely the Cost Approach, Market condition approach and the Rule of thumb approach.

2.2.1 COST APPROACH

According to Chafra (2003), this approach focuses on finding the daily direct and indirect expenses per room. Riley (2012) states that under the cost based pricing approach price is determined by adding a profit element on top of the cost. In addition to that, Collins and Parsa (2006) outline that the cost based pricing approach is a financially driven pricing strategy under which products are priced in such a way that an equitable profit is yielded above costs associated with production. Consider the following example adopted from Chafra (2003). A hotel has the following estimated direct and indirect expenses for the following year.

Table 2.1 Estimated direct and indirect expenses

Expense	Amount	Allocation to rooms division	Rooms division expense
Admin and general expenses	600 000	30%	180 000
Utility expenses	300 000	70%	210 000
Debt expenses	300 000	70%	210 000
Depreciation	250 000	60%	150 000
Maintenance	140 000	70%	98 000
Insurance	150 000	70%	105 000
Total	1 740 000	N/A	953 000

Source: Chafra 2003

In addition to that suppose that the Hotel has 150 rooms (90 single + 60 double). The forecasted Single room occupancy rate is 80% and the double room forecasted occupancy rate is 85%. The hotel will determine the optimum price per room using the cost approach as follows:

$$\begin{aligned} \text{Total number of expected single rooms sold per year} &= 90 \times 0.80 \times 365 \\ &= 26\,280 \text{ rooms} \end{aligned}$$

$$\begin{aligned} \text{Total number of expected double rooms sold per year} &= 60 \times 0.85 \times 365 \\ &= 18\,615 \text{ rooms} \end{aligned}$$

$$\begin{aligned} \text{Daily indirect expenses per room} &= 953\,000 / (26\,280 + 18\,615) \\ &= \$21.23 \end{aligned}$$

The following direct expenses were also forecasted by the hotel

Expense	Single room	Double room
Frills expenses	8 per room	8.50 per room
Staff expenses	7.50 per room	8 per room
Laundry expenses	6 per room	7 per room
Total direct expenses per room	\$21.50	\$23.50

Therefore the total daily room expenses are as follows:

Single $21.23 + 21.50 = \$42.73$ per room

Double $21.23 + 23.50 = \$44.73$ per room

The total daily room expense is the minimum price to be charged on a room as to have no profit or loss (breakeven price). According to Chafra (2003) in order to determine the maximum price potential guests should be charged the hotel can apply either the Multiplier method or the Mark-up method. He goes on to say that under the Multiplier method the hotel shall try to set a multiplier which is multiplied by the room cost in order to come up with the hotel room rack rate for each room type. On the other hand under the Mark-up method an addition to the cost of a room will be applied to come up with room rack rates.

Merits of Cost Approach

According to Riley (2012) selling prices are easy to calculate using the Cost Approach. He also goes on to say that the Cost Approach makes it easier to reliably predict or forecast overall profit margins if the mark-up percentage is applied consistently across product ranges. In addition to that Drury (2000:323) in support of the Cost Approach puts across the fact that this approach puts a firm at a position where it can generate profits and survive in the long run as it ensures that the selling price is higher than the total cost of a product hence the approach encourages price stability. Collins et al (2006) in support of the cost approach points out that the cost approach ensures that products or services are priced at a level where an equitable contribution margin is attained above the costs incurred in the production of the goods or services. In addition to that Hinterhuber (2008) in support of the cost approach puts

across the fact that data for use in pricing using the cost approach basis is readily available hence the strategy is easier to adopt since it makes use of readily available data.

Demerits of Cost Approach

However according to Chafra (2003) the cost approach doesn't take into account how much customers are willing to pay for the hotel services and how other hotels are charging their rooms. Riley (2012) supports this as he says customers are not bothered about what it costs to make the product they are interested in the value the product provides them. Drury (2000:334) also agrees that the cost approach also has its demerits as he puts across the fact that the approach doesn't take into account the demand for the product or the service hence in the end the price set by adding a margin to the cost may have nothing to do with the relationship between price and demand. In support of this demerit Hinterhuber (2008) suggests that the cost approach does not take into account competition, customers and their willingness to pay hence the price arrived at from the cost approach perspective is not balanced with other external factors affecting pricing. According to Collins and Parsa (2006) under the cost approach it is difficult to accurately determine the unit cost associated with the product as unit costs fluctuate with sales volume hence there is a risk of over-pricing the product or service in weak markets and under-pricing when demand is strong which is not a favourable thing for an entity.

2.2.2 VARIABLE PRICING

According to Youell (2000) this pricing strategy involves charging different prices according to season, time of the day, group of customers and facilities on offer. Thus with variable pricing an entity has a bunch of different prices for different customers and different situations. According to Zhan and Lloyd (2013) research shows that the practice of charging different prices across different markets for the same goods (variable pricing) is becoming popular among practitioners.

Merits of variable pricing

This pricing strategy enables an entity to exploit different segments of the market as a market is made up of different consumers with different needs hence the entity benefits from consumer surplus.

Demerits of variable pricing

The merits of variable pricing are outweighed by the demerits according to literature. Zhan and Lloyd (2013) in criticizing variable pricing puts across the fact that the main demerit of variable pricing is the fact that when customers compare their prices to historical prices, prices paid by other customers or prices charged by other competitors they may end up thinking they are being exploited as they perceive only equitable exchange as fair. The issue of using different rates might not be understood well by customers who might end up thinking they are being taken advantage of when they see the next customer paying less than they did. Zhan and Lloyd (2013) cited that Xia et al (2004) defined an unfair price as one which is viewed by customers as unreasonable, unacceptable or unjustifiable. Zhan and Lloyd (2013) in their article 'Customers' asymmetrical responses to variable pricing' cited that Sinha (2000) suggests that in the customer's eyes fixed prices imply fair treatment because every customer is treated fairly. In addition to that Mattila et al (2005) is of the view that variable pricing is an unfair way of acquiring surplus and it can result in reduced customer trust which can threaten the customer –firm relationship. In support of this Homburg et al (2005) suggests that the customer's perception of unfairness may lead to unfavourable behavioural responses which might negatively affect the entity for example store or brand switching or negative word of mouth.

2.2.3 MARKET CONDITION APPROACH

According to Chafra (2003) this entails management determining what other comparable hotels in the geographical market are charging for the same product and charging only what the market will accept. According to Collins and Parsa (2006) this is a market driven approach to pricing in which the pricing level at which a targeted market share level is attained by the entity determines prices.

Merits of Market Condition Approach

This pricing strategy enables a firm to set their prices at the level expected by consumers as according to Chafra (2003) it charges only what the market will accept. In support of the market condition approach to pricing Collins and Parsa (2006) brings out the fact that this

pricing strategy can be utilized to ensure that a desired market-share objective is achieved by the entity.

Demerits of Market condition Approach

However according to Chafra (2003) this approach does not take into account the value of the property. In addition to that determining the criteria against which hotels can be compared and measured for similarity is a subjective issue hence it can not be totally relied on. In addition to that Colins and Parsa (2006) is of the view that inappropriate price cuts can result from this approach in pursuit of a certain market share. He goes on to say that price cuts may in the short run assist the firm in achieving a short term sales volume goal but this strategy can be easily matched by competitors which can trigger a downward spiral of prices which will not be of benefit to the entity in the long run.

2.2.4 PENETRATION PRICING

According to Drury (2000:334) penetration pricing involves charging a low price with the aim of gaining rapid acceptance of the product or service. He goes on to say that the strategy is appropriate in pricing a product or service for which close substitutes exist or a market which is easy to enter. According to Sije and Oloko (2013) one of the most effective pricing strategies is penetration pricing. He goes on to say that penetration pricing involves setting low prices on products or services in order to gain entry into the market. According to Sije and Oloko (2013) the aim of the penetration pricing strategy is to attract customers to the entity's product or service. Sije and Oloko (2013) cited that Vikas (2011) suggested that the goal of this pricing strategy is to enable a new product to gain a significant share in the market not to maximize profits. According to Sije and Oloko (2013) penetration pricing for it to be successful it must be supported by low product differentiation, elastic demand and low factor capacity utilization.

Merits of Penetration Pricing

Drury (2000) suggests that Penetration pricing strategy is favorable because the low prices discourage competitors from entering the market hence the firm gets a bigger market share. Once the firm gets a bigger market share customer loyalty will then be established which will benefit the entity if it decides to increase its prices.

Demerits of Penetration Pricing

On the other hand Drury (2000) is of the view that low prices might be associated with low quality since some consumers believe that a higher price signals higher quality hence a low price might give the brand a negative image. In addition to that he goes on to say that Penetration pricing strategy is only effective when the product is still new than later because buying habits become established with time.

2.2.5 PRICE SKIMMING

According to Drury (2000:334) price skimming is a pricing strategy adopted with an attempt to exploit certain sections of the market which are insensitive to price changes for example charging a high price for a new product whose demand is initially inelastic. He goes on to say that such a pricing strategy should not be adopted for a product or service with close substitutes because in such a market the demand is likely to be elastic. Huimin and Hernandez (undated) support this view as they say that the success of the price skimming strategy depends on the inelasticity of demand for the product by the whole market or certain segments.

Merits of Price Skimming

According to Drury (2000:334) a price skimming policy safeguards the firm against unexpected future increases in costs or a large fall in demand. In addition to that some consumers associate high prices with high quality hence this pricing strategy can result in the firm's products or services being perceived as high quality hence a good brand image is created for the entity.

Demerits of Price Skimming

However Drury (2000:334) is of the view that the initial high prices attracts competitors to the market leading to an increase in supply and a successive reduction in selling price hence this policy is suitable for the introductory phase of a product's life cycle. He goes on to say that the strategy is more appropriate in a market which is difficult to enter for example when heavy capital investment is required.

2.2.6 THE ECONOMIST'S PRICING MODEL

According to Drury (2000:317) the economist's pricing model which explains how the optimum selling price is obtained provides the theoretical solution to pricing decisions. He goes on to say that at the heart of the economist's pricing model is the assumption that a firm will try to set a selling price at a level where profits are maximized. According to Drury (2000:318) in the case of a monopolistic imperfect competition the pricing model assumes that the lower the price, the larger will be the sales volume.

He goes on to say that more is demanded at a higher price than at a lower price. Drury (2000:318) refers to this responsiveness of demand to changes in price as price elasticity of demand. Demand is considered to be elastic when close substitutes to the product or service exist or when the customers do not place a high value on the product or service. As a result a small increase or decrease in price will result in a small decrease or increase in demand. On the other hand demand is considered to be inelastic where customers value the product or service highly or where the product does not have close substitutes.

According to Drury (2000:318) in establishing the optimum selling price an estimate of sales demand at various selling prices should be produced together with the total cost for each sales level. The profit is then calculated for each sales level and the most profitable price-volume combination will be chosen with its price as the optimum selling price which according to Drury (2000:323) is the price at which total profits are maximized.

Merits of the Economist's pricing model

The economist's pricing model is a sound pricing strategy according to Drury (2000:319) as it takes into account external factors affecting pricing as well. However research has proven that the demerits of the Economist's pricing model outweigh the merits of the pricing model.

Demerits of the Economist's pricing model

However he goes on to say that however the model is difficult to apply in practice with the difficulties arising from the fact that a firm can only obtain estimates not actual figures for demand, there are other factors besides price which influence the quantity demanded for example packaging and lastly the assumption that firms are profit maximisers is not true for

all firms for there are other goals like stability and growth which are important to management.

2.2.7 COMPETITIVE PRICING

According to Youell (2000) this pricing strategy is also referred to as the 'going rate'. He goes on to say that under this pricing strategy it is assumed that an entity will match its price with that of its competitor where products or services are similar.

Merits of Competitive Pricing

This pricing strategy puts a firm on the same platform with its competitors because other things being held constant, to consumers as far as price is concerned there is no difference between the products or services being offered by the firms.

Demerits of Competitive Pricing

However according to Youell (2000) this pricing strategy leads to a firm getting very low profit margins and collapse of some organizations in the long run. In addition to that it does not consider the fact that price is not the only key player in consumer buying behavior, other factors like packaging of the product also influence consumer buying behavior hence this strategy does not guarantee high profit margins.

2.2.8 RULE OF THUMB APPROACH

According to Cook et al (2010) in order to achieve profitability in the long run hotel developers adopt the rule of thumb approach. Under this approach for every \$1000 in construction cost, \$1 in room revenue must be achieved assuming an occupancy rate of 70%. For example average construction cost is \$120 000 per room, a room rate of \$120 per night will need to be generated. According to Chafra (2003) this approach fails to take into account inflation therefore it cannot be relied on fully.

2.3 LOCATION AND PRICING IN THE HOSPITALITY INDUSTRY

Bull (1994) in his article 'Pricing a hotel/motel's location' stated that 'the three most important attributes a hotel, motel or lodge can offer are location, location and location: a phrase usually adopted by hotel marketers and hotel real estate agents'. He goes on to say that the value of the location of an already existing property is either an advantage or a disadvantage within a marketing strategy. Hotels and Motels differ mainly when it comes to location. Motels are usually roadside lodging facilities providing travelers with overnight accommodation and having rooms adjacent to an outside parking area while hotels are usually situated near city centers offering accommodation for more days with many luxuries for example swimming pools.

According to Bull (1994) a hotel or motel's location is fixed by its construction therefore it is outside the span of control for product and product mix strategy but should be taken into account in promotion of the hotel or motel. He goes on to say that the location of a hotel or motel should be considered in making pricing decisions. Bull (1994) is of the view that location has to be considered within strategic or basic room rate pricing rather than within yield management since it is a fixed attribute. He goes on to say that a good location increases the value of the lodging product therefore managers should be able to come up with a premium price which is constant and above the one charged by their competitors which are inferior when it comes to location. Motels may adopt the same pricing strategies with hotels despite the difference between the two in terms of location. This is because other pricing strategies like the cost approach do not consider location. In addition to that location does not have a direct bearing on the pricing of a hotel or motel's rooms but if taken into consideration when promoting the hotel or motel it might have an effect on the prices charged by a hotel or motel.

2.4 GUIDELINES PUT IN PLACE OVER PRICING POLICY IMPLEMENTATION

Drury (2000:334) cited that Sizer (1989) suggests that an important first stage in making a pricing decision is a pricing monitoring system which is a comprehensive monitoring system which signals the need for pricing review. The pricing monitoring system presents information explained below and this type of monitoring is likely to identify changes in market conditions like demand.

According to Drury (2000:334) the price monitoring system present information on the sales for the entity in units and value, comparisons of the current year's sales with previous year's sales and comparisons of sales between different markets. In addition to that the system also presents information on the budgeted versus actual comparisons of sales. This includes forecast versus budgeted sales and forecast versus actual sales. Competitors' prices and conditions of sale are also presented by this system and enquiries from potential customers about a product. The pricing monitoring system also presents information on sales made at below list price measured as a percentage of total sales and revenue as a percentage of sales at full list price. In addition to that types of customers getting the most and largest price reductions is also presented by the price monitoring system. The system also presents information on market share in individual markets, present and forecast product cost, product unit and total contributions in different markets.

Price complaints from both customers and salesman together with customers' attitudes to company prices and packaging are also presented by the pricing monitoring system. Lastly, number of lost customers and enquiries and subsequent bookings are also presented by the system. Basically the pricing monitoring system acts as a monitor of responses of the external environment to pricing of a product or service and it presents information which can help the entity to manage its environment and know the effects of their actions when it comes to pricing.

According to Campbell (2013) the first step in implementing a pricing strategy is to understand the buyer persona. He defines buyer persona as fictional characters that represent ideal customers who influence or make decisions about the product or service in question. He justifies the need for understanding the entity's buyer persona in that it helps to gain an understanding of the customers' willingness to buy at a given price and it enables improving of marketing activities. He goes on to say that understanding an entity's buyer persona helps to develop the products or services in line with the customers valuations and price them accordingly thus aligning your offerings with your customers.

After understanding the buying persona Campbell (2013) puts across the next step as surveying and talking to your customers. Surveying the customer base and collecting hard data enables an entity to create optimized prices and to measure the value the entity is providing to its customers. In surveying and talking to customers questions on price ranges can be asked for example, at what point do you view this service to be expensive?

According to Campbell (2013) after surveying and talking to customers an entity should go on to analyze data and pick prices and packages. Analyzing the data will enable the entity to create value-based pricing which will appeal to target segments. Costs and competitor's prices should be taken into account before making the final decision.

After the data has been analyzed and a conclusion has been reached as far as pricing is concerned Campbell (2013) states that an entity should go on to communicate the value to their customers. He bases this need on a statement which he put across as 'prices and value are only as good as you communicate them'. In other words even a good price will not benefit the entity if it is not communicated.

Campbell (2013) is of the view that although pricing is a process that puts the customer first, the organizational culture and the people responsible for implementing the pricing strategy should not be left out. He goes on to say that after the price has been communicated to the customers the right profit focused culture should be created in the organization. The value should not only be conveyed to the customers but also to people in the organization from the sales team to developers. The company's culture should be unified around the value and pricing of the products or services. Company's costs, profit margins and limits to discounts must also be communicated.

2.5 CONTROLS PUT IN PLACE OVER PRICING POLICY IMPLEMENTATION

According to Drury (2003:339) controls include methods and procedures adopted by management to direct employees towards achieving the organization's objectives. In implementing a pricing policy room rates to be charged should be authorized by the relevant persons. This prevents reservationists from charging their own rates. In addition to that the authorized rates should be communicated to appropriate parties and the deviations from the approved rates should be authorized as well. Moreover, the senior manager should keep an eye on ongoing rates in other hotels for the purpose of comparison and monitoring of discounts offered by the sales and marketing staff to customers.

2.6 REVIEW OF CONTROLS

According to Marasco (2007) controls do not only safeguard an organization from experiencing financial loss, they also help in ensuring that financial reporting is reliable and

effective operations are maximized. He goes on to say that reviews should be performed on controls in order to ensure that the organization is operating efficiently. He justifies the importance of reviews by pointing out the main aims of reviews that is, to prevent the company from being victimized and to obtain greater efficiencies and become more effective through improved processes. He goes on to say that this can be achieved since an internal control review can highlight weaknesses in the internal control structure and it helps to expose processes that need to be strengthened to maximize efficiency.

2.7 THE BEST PRACTICE IN PRICING HOTEL ROOMS

According to Shoemaker et al (2005) when done properly and effectively pricing is a powerful tool to gain customer attention and increase sales. Raab et al (2009) is of the view that customers often relate price with quality therefore pricing strategies must be determined carefully to prevent sending the wrong message to customers about the quality of the product or service.

2.7.1 VALUE-BASED PRICING

Collins and Parsa (2006) cited that Nagle et al (1995) suggested that a more profitable approach to pricing is value based pricing. He goes on to say that this pricing approach is the opposite of the cost-based approach. He explains this strategy as one which is initiated before investments are made rather than starting with a product and then determining what price should be charged. Under this pricing strategy customers are provided with value as this strategy makes sure that products are designed and produced in an effort to meet a cost-performance target that is demanded by customers. Hinterhuber (2008) in his article 'Customer value-based pricing strategies: why companies resist' supports the idea of value-based pricing being the best pricing strategy as he mentions the fact that among the well known pricing strategies literature recognizes value-based pricing as superior to all other pricing strategies.

Collins and Parsa (2006) also cited that Nagle et al (1995) explains that through a value-based strategy a firm seeks to maximize the gap between the costs incurred by the entity and the value it presents to customers with pricing playing a role that the entity gets an equitable reward in the form of earnings in exchange for the value it creates for its customers at a minimal cost.

A challenge is often faced when trying to apply a value-based pricing strategy. Collins and Parsa (2006) cited that Nagle et al (1995) suggested that the willingness and ability of different groups of consumers to pay different price levels is often a challenge. He goes on to say that to mitigate this challenge marketers often establish segmented prices to overcome this challenge. Nagle et al (1995) put across two approaches to price segmentation that is by buyer identification and by time of purchase which is also known as peak-load pricing and is mostly used when demand of the product varies by time period. He goes on to explain that based on the principle of price segmentation hotels offer multiply tiers of rates for the different customer groups and time periods. He also concludes with saying that in order to maximize revenue a hotel will only offer higher rack and corporate rated rooms during periods of high demand and on the other hand offer discounted rooms during low demand periods in an effort to awaken demand.

2.7.2 THE HEDONIC PRICING MODEL

Chen and Rothschild (2010) is of the view that the Hedonic Pricing Model is the most appropriate and widely used way of pricing a hotel's rooms. The Hedonic Pricing Model looks at goods and services as collections of characteristics. He goes on to explain that the Hedonic Pricing Model makes it possible for consumers to identify attributes for which an extra payment is required and those for which there is a discount. It also enables the hoteliers to make the information the basis for strategic pricing. According to Thrane (2006) price hedonic theory states that 'the price for a product may be thought of as an additive function of various utility bearing attributes embedded in the product or service.

Chen and Rothschild (2010) cited that Rosen (1974) is of the view that products or services can be described as units of different characteristics. Therefore the observed price of any product or service is the sum of the unobserved prices of the bundle of attributes associated with it hence the objective of the Hedonic Pricing Model is to obtain the implicit prices for these individual attributes. According to Thrane (2007) hotel attributes that affect room rates include location, facilities and amenities, service quality, star rating and atmosphere. However according to Monty et al (2003) variables that are of particular importance in determining hotel room rates are location, accommodation specific attributes and seasonality.

With reference to the study carried out by Chen and Rothschild on the application of hedonic pricing analysis to hotels in Taipei a conclusion was drawn that some variables are associated

with rates while others like location are related in a counter intuitive way. In applying the Hedonic pricing model to determine room rates a stance can be taken from either the demand side or the supply side perspective. According to Monty et al (2003) when approaching pricing from the demand side perspective use is made of data obtained from consumers to determine their willingness to pay for hotel attributes. This contributes to the hotel's understanding of customers' consumption behavior and the value they place on the various attributes of a service or product hence it helps the hotel in coming up with rates which reflect the consumers' value perceptions. Raya (2010) cited that Rosen (1974) stated that the implicit marginal price can be known by estimating a model that accounts for the price of the product in terms of its characteristics. According to Andersson (2013) when applying the hedonic pricing method each room is described by a set of n characteristics, $R=(r_1,r_2,\dots,r_n)$, where each room has a market price associated by R so that $p(R) =p(r_1,r_2,\dots,r_n)$

Merits of the Hedonic Pricing Model

According to Chen and Rothschild (2010) the hedonic pricing model brings out the price-quality relationship of products or services. Falk (2008) supports this idea as he puts across the fact that hedonic pricing analysis enables the identification of characteristics which are of importance to both hoteliers and consumers and the extent to which they are important. This helps hoteliers to ensure that those attributes which are of great importance to consumers are maintained and always being improved. According to Chen and Rothschild (2010) managers of hotels can make use of this information about the price quality relationship in product pricing and effective marketing strategy design. He goes on to say that information about the role of different attributes in determining the hotel room rates can also help in indicating the nature and intensity of price competition in the industry thereby helping hoteliers to come up with strategies to withstand the competition.

Demerits of the Hedonic Pricing Model

Chen and Rothschild (2010) cited that Espinet (2003) is of the view that the factors that are of importance in determining the room rates as well as discounts and supplements make the analysis of hotel room pricing extremely complex hence he views the Hedonic pricing model as complex since it is based on identifying those attributes which have an impact on a hotel's room rates. Chen and Rothschild (2010) also supports Espinet's view as they mention the fact that the selection of hotel attributes and evidence of their impacts on rates differs from study to study hence the matter is subjective.

2.7.3 DIFFERENTIATION AND PRICES IN THE HOTEL INDUSTRY

According to Becerra et al (2013) differentiation refers to the creation of something tangible or intangible that at least one set of customers perceives as being unique in the entity's products or services. Becerra goes on to say that differentiation is built upon the attributes that influence the customer's choice such as location, room rate or service quality. According to Thrane (2005) differentiation can be linked to the hedonic pricing model which explores a number of variables that determine room prices such as location. This approach to pricing is mainly adopted by Spain's tourism industry as proven by Becerra et al in their article 'Being better vs. being different: Differentiation, competition and pricing strategies in the Spanish hotel industry'. Becerra (2013) cited that Dube et al (2000) states that any unique feature which is of relevance to at least one set of customers is a potential source of differentiation. Becerra (2013) puts across two features upon which hotels can build their differentiation upon that is hotel category (number of stars) and hotel chain (membership to a branded hotel chain). He goes on to say that in the hotel industry quality is ranked by the use of stars with 5 star hotels being the best amongst the rest. Andersson (2013) is in support of this idea as he says hotel ratings are used to define a hotel's quality. A strong positive correlation is expected between hotel quality and room prices. According to Becerra (2013) this is because high quality products are associated with higher costs which push prices up. Therefore a hotel which differentiates itself based on its category faces a downward sloping demand curve which enables it to limit supply to only the less price sensitive customers thereby setting higher prices and usually getting greater margins.

On the other hand hotels that are part of a chain may be expected to have higher prices than independent hotels which have a less well-known brand. Differentiation can be built from hedonic pricing analysis which points out the attributes which are of importance to customers. A hotel can select any of the attributes which is of great importance to at least one set of its customers and make it its basis for differentiation. Differentiation will then help the hotel in coming up with appropriate room rates based on the attributes pointed out by customers. Becerra (2013) is in support of this view as he says differentiation provides insulation against competitive rivalry because of brand loyalty by customers and the resulting lower sensitivity to price.

2.7.4 MULTI STAGE SYNTHETIC HOTEL ROOM PRICING MODEL

Kim et al (2004) cited that Tung et al (1997) suggested that the term synthetic is used to signify a combination of different pricing approaches in the model. According to Kim et al (2004) the model takes into account factors affecting hotel room pricing such as demand and supply. He goes on to say that the model consists of seven stages with the first stage being selecting a target market, choosing a product position and identifying primary competitors in the market. To complete stage one the average competitor's price (ACP) which will be used as a basis for calculating Market premium price (MPP) should be estimated.

Stage 2 involves developing a Cost Based Price (CBP). In doing this a proper cost basis should be determined by adding variable costs and fixed costs per room per day. Therefore $CBP = VC + FC + PG$ with VC being variable costs per room per day, FC being fixed costs per room per day and PG being the Profit Goal per room day. The Cost Based Price represents the revenue manager's expected price which covers both fixed and variable costs plus a desirable profit to a hotel. According to Kim et al (2004) the cost based price is based on a hotel's internal factors for example the cost structure therefore it needs to be balanced with external factors like supply and demand hence this brings in the need for stage 3.

According to Kim et al (2004) stage 3 involves developing a Market Premium Price (MPP) based on consumer surveys which represents a competition oriented pricing approach. In this stage the hotel's differentiation premium (DP) is also established. The DP comes from four factors that is, availability premium (AP), reputation testability premium (RTp), commitment incentive premium (CIp) and price sensitivity premium (PSp). These four factors are evaluated and scores are summed up and divided by four to come up with the differentiation premium. According to Kim et al (2004) the DP can be superior or inferior to the competitors'. After calculating the DP, the $MPP = (1 + DP) \times ACP$ with the MPP being the market premium price, the DP being the differentiation premium and the ACP being the average competitor's price.

Kim et al (2004) put across the fourth stage as comparing the market premium price (MPP) with the cost based price (CBP). If the MPP is greater than or equal to the CBP the MPP is selected as the hotel price (HP). If the MPP is less than the CBP there are two options available either to take the MPP as the selected hotel price or to improve the hotel's service

differentiation premium (DP) in order to reach the desired profit goal. This may be done through improving overall service quality, service customization and brand reputation.

Stage 5 according to Kim et al (2004) includes making sure that the selected hotel price is within the standard limit (SL) range. The price floor is the lowest price that covers costs while the price ceiling is the maximum price which represents the highest level consumers are willing to pay for the service. If the selected hotel price fails to fall within the standard limit range it will be replaced by either the price floor that is if it is lower than the price or it will be replaced by the price ceiling if it is higher than the price ceiling.

According to Kim et al (2004) stage six involves the introduction of the different tools of discriminatory pricing. In this stage the hotel price (HP) adjusted by the standard limit (SL) is modified by discriminatory (tiered) pricing tools based on the yield management strategies. In this stage a fence rate system is applied which refers to logical rules that allow guests some options which in turn determines their rates. Kim et al (2004) in support of the fenced rate system mentioned the merit of the fenced rate system as that it enables the hotel to sell discounted rooms to one segment of customers without triggering the trading down of higher rate customers. This is done through segmenting hotel guests into 3 categories that is, commercial, meeting and group and leisure segments. This will result in the hotel having tiered prices for different market segments.

Stage 7 according to Kim et al (2004) involves the introduction of a sophisticated yield management system of hurdle pricing. This system sells hotel rooms based on total demand for the property. In this stage a minimum rate or hurdle point is set for each day with reservations having a value above the hurdle point being accepted and those below the hurdle point being rejected. The hurdle price for low demand seasons is set at a lower rate and that for high demand seasons being set at a full rack rate with little discounts.

2.8 SUMMARY

This chapter covered pricing strategies for a hotel, guidelines in implementing a pricing strategy, controls in pricing strategy implementation, review of controls and the best pricing strategy for a hotel. The next chapter will look at research methodology.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 INTRODUCTION

This chapter explains in detail how the research was carried out. It looks at research design, research population, sampling, sources of data, research instruments, data presentation, data analysis, and the summary.

According to Saunders et al (2007) methodology refers to how a research should be undertaken including the assumptions upon which research is based and the implications of these assumptions on the research methods adopted. A research methodology gives a clear outline of how a research is going to be carried out.

3.1 RESEARCH DESIGN

According to Sekaran and Bougie (2011) research design is the master plan which enables the researcher to find answers to questions under study. Research design facilitates the well polished and effective carrying out of the research hence the achievement of research objectives. According to Burns and Bush (2006: 34) a research design is as a set of decisions that make up the master plan with specified methods and procedures for collecting and analyzing the needed information. A research design is an overall plan laid out to facilitate research and enhance the validity of research study. There are several types of research design which include descriptive research design and exploratory research design.

3.1.1 EXPLORATORY RESEARCH

The main aim of this type of research design is to create hypotheses and clarify concepts. Zikmund (2000:211) suggests that exploratory research is aimed at providing insight and ideas about a problem hence it is described as the most basic research design. He goes on to say that it seeks to discover general ideas and insights on explanations regarding certain behaviors in the market through exploring the trend of the industry. This type of research design is usually adopted where a new area or topic is under investigation or study. According to Wyk (2010) exploratory research is the most useful type of research design which is suitable for projects that are addressing a subject where there is little existing

research on the subject matter and when the problem under investigation is not quite understood. He goes on to say that exploratory research is characterized by a high degree of flexibility and lack of a formal structure. The main emphasis with exploratory research is on obtaining ideas and insights on a particular area.

MERITS OF EXPLORATORY RESEARCH

According to Zikmund (2000:212) this type of research design investigates in depth the full nature of the area of interest and factors related to it hence it allows the formulation of a more precise statement of the problem. In addition to that exploratory research helps to determine whether to proceed with a research idea and how to approach it. Wyk (2010) is of the view that exploratory research allows the researcher to familiarize themselves with the problem at hand. Also the results from exploratory research provide insight in a given situation.

DEMERITS OF EXPLORATORY RESEARCH

However Wyk (2010) goes on to say that this approach is time consuming. In addition to that the approach does not target a large sample size and it cannot be used for drawing out conclusions. Zikmund (2000:212) supports this as he says exploratory research can be quite informal as it relies on secondary data. The results from an exploratory research cannot be generalized to represent the whole population hence the results cannot be used for decision making by themselves.

3.1.2 DESCRIPTIVE RESEARCH DESIGN

According to Wyk (2010) the main goal of descriptive research design is to accurately present the factors that pertain to the research question. He goes on to say that descriptive research is more structured than exploratory research. According to Abba (2011) the main emphasis of descriptive research is to determine how frequently something occurs and the extent to which the two variables are related. It is usually concerned with describing a population taking into account important variables. For the purposes of research the researcher adopted the descriptive research design.

MERITS OF DESCRIPTIVE RESEARCH DESIGN

According to Wyk (2010) descriptive research provides a lot of information which is very useful in studying abstract ideas where it is difficult to develop models. The study is very

flexible as it enables the researcher to select the method depending on what is expected to be found rather than selecting the method and then studying. Based on this the researcher adopted the descriptive research design in carrying out her field work.

DEMERITS OF DESCRIPTIVE RESEARCH DESIGN

According to Zikmund (2000:213) this type of research design provides a narrow ground which makes strict comparison difficult. In addition to that this approach is time consuming. There is also the risk of respondents not being truthful by giving answers that they feel the researcher wants to hear while some may even refuse to answer questions which they feel are too difficult.

3.2 RESEARCH POPULATION

Research population refers to any group that is a subject of interest in a research. According to Sekaran and Bourgie (2010) research population refers to a group of individuals that have one or more characteristics in common that are of interest to the researcher. In this research the target population consists of clients visiting The Victoria Falls Hotel regardless of country of origin and the management of the hotel.

3.3 SAMPLING

According to Cooper and Schindler (2006), sampling refers to taking a smaller portion from a large universe to be a representative of the large group. This smaller portion is investigated by the researcher and its characteristics will be generalized to the entire population. The sample selected should be a true representative of the whole population in order to deduce reliable conclusions from the sample.

3.3.1 SAMPLING TECHNIQUES

Sampling techniques are grouped into two categories namely probability sampling and non-probability sampling. With Probability sampling elements in the population have equal chances of being selected. These methods include simple random sampling, stratified sampling and systematic sampling. On the other hand with non-probability sampling elements in the population have restricted chances of being chosen as a subject. This includes convenience sampling and judgmental sampling.

RANDOM SAMPLING

According to Yount (2006) random sampling gives every element in the population an equal chance of being selected. There are two types of random sampling techniques namely systematic random sampling and stratified random sampling. For the purposes of this research the researcher adopted stratified random sampling as the population was divided into groups, that is, the hotel's management and guests.

MERITS OF RANDOM SAMPLING

According to Yount (2006) probability sampling prevents the researcher from influencing the selection of the sample as it gives every element in the population an equal chance of being selected hence it prevents bias. In addition to that probability sampling is suitable for large numbers and the investigation conducted by this method makes it possible to lay down the degree of accuracy.

DEMERITS OF RANDOM SAMPLING

Probability sampling allows certain irrelevant and unwarranted items to get into the sample by chance and thereby vitiate the results of the study and prevents certain relevant and vital items from being included in the sample. In addition to that it is time consuming and also there is a possibility of flaws due to the randomness of the model. People may cheat the system or interfere with the innate fairness of the probability sampling system.

3.3.2 NON PROBABILITY SAMPLING

According to Ranjit (2009:177) non probability sampling designs are used when the number of elements in a population is either unknown or cannot be individually identified. Therefore the selection of elements is dependent upon other considerations.

JUDGEMENTAL SAMPLING

The primary issue considered in judgemental sampling is the judgement of the researcher regarding who can provide the best information to facilitate the achievement of the objectives of the study. Kumar (2009:178) the researcher only goes to those people who in his opinion are likely to have the required information and will be willing to share it.

MERITS OF JUDGEMENTAL SAMPLING

There is more accuracy in targeting a specific group resulting in answers being similar to what the rest of the population would answer. In addition to that the researcher has greater control over the population

DEMERITS OF JUDGEMENTAL SAMPLING

It has a degree of bias since individuals are not chosen at random. Moreover the selected sample might not be a true representation of what the population thinks. It is based on the judgement of the researcher as to the sources of information therefore it differs with individuals.

For this research random sampling techniques were used. This was done so as to avoid bias and to make sure that the samples represent the total population under study and to ensure that all elements of the population had an equal chance of being selected.

3.4 SOURCES OF DATA

According to Cooper and Schindler (2008; 18) data refers to the facts presented to the researcher from the study environment. The researcher draws conclusions for the research study from this data. Data is classified into two classes namely primary and secondary data. This research was conducted using both primary and secondary sources of data.

3.4.1 PRIMARY SOURCES OF DATA

Primary data refers to data collected by researchers to facilitate research. Data can be collected through various methods such as interviews, questionnaires and experiments. According to Saunders (2007), primary data refers to raw data that is collected first hand in response to specific questions. To facilitate this research data was collected from local visitors to the hotel both foreign and local and travel consultant companies who deal with The Victoria Falls Hotel through interviews and questionnaires.

MERITS OF PRIMARY DATA

According to Saunders (2007) primary data provides current information. In addition to that primary data focuses on the present rather than the past thus primary data accommodates the fact that the environment is dynamic and unpredictable. It provides first hand information which makes the research more valuable. Moreover, Interpretation of primary data is better and it enables the addressing of targeted issues.

DEMERITS OF PRIMARY DATA

According to Yount (2006) data collection is costly. In addition to that respondents may not give reliable information and it is difficult to measure reliability of such information. Moreover, collecting primary data is time consuming and difficult at times. Furthermore the data that is collected is raw data which needs to be processed in order for it to be more meaningful.

3.4.2 SECONDARY DATA

Secondary data (desk research) refers to collecting data that already exists which has been gathered for some other purpose besides the one it is being collected for. Churchill and Lacobuci (2007) define secondary data as second hand data which was already presented and collected by other researchers for the purpose of previous researches.

MERITS OF SECONDARY DATA

The use of secondary data enables the contributions by other scholars to be taken into account and can be used as a benchmark and a guideline for the research. In addition to that review of literature by other scholars enables to discover gaps in existing literature and it provides a basis for comparison with primary data. Moreover secondary data complements primary data, that is, theory and practice is combined by comparing primary data which is gathered in the field work with secondary data obtained from write ups by other scholars.

DEMERITS OF SECONDARY DATA

Secondary data may be outdated hence not that useful in the research being conducted. In addition to that secondary data may have been initially collected for some other purposes thus a number of assumptions have to be made regarding its viability. Moreover some secondary data sources may be difficult to interpret.

3.5 RESEARCH INSTRUMENTS QUESTIONNAIRES

According to Sekaran and Bougie (2010) a questionnaire is a document containing questions designed with the aim of collecting information on a particular subject. Cooper and Schindler (2006) is of the view that a questionnaire is a set of carefully structured questions designed with the aim to provide systematic information on a particular area. Gupta (2008:140) suggests that a questionnaire is a format with questions structured in such a way that information in line with the objectives of the study is obtained. The researcher structured questionnaires in line with the research objectives and the sub-research questions which were administered through physical distribution and others through email.

MERITS OF QUESTIONNAIRES

According to Gupta (2008) questionnaires are cost effective and convenient in collecting primary data. In addition to that they enable the collection of data from a large number of people at the same time as opposed to interviews. They also allow the researcher to establish uniformity in the way questions are asked hence data becomes easy to compare.

DEMERITS OF QUESTIONNAIRES

Most of the times the researcher will not be around to clarify areas that might not be clear to respondents which may have a bearing on the data obtained. In addition that not everyone is keen or willing to fill in questionnaires.

3.5.2 TYPES OF QUESTIONS

There are two types of questionnaires whose difference is mainly on how the questions are asked as explained below.

OPEN ENDED QUESTIONS

According to Kumar (2005:134) open ended questions prompt critical thinking and they enable the respondent to participate fully in the research as they give room for the respondent to express their opinions, attitudes and perceptions.

MERITS OF OPEN ENDED QUESTIONS

Open ended questions provide the respondents with the opportunity to express themselves freely hence a greater variety of information is obtained from administering questionnaires with open ended questions. In addition to that they prevent the possibility of bias since the researcher is less likely to influence or suggest the answer as in the case of closed questions.

DEMERITS OF OPEN ENDED QUESTIONS

After data collection the use of open ended questions calls for another process of content analysis in order to classify data. This is because it enables the collection of a large variety of data which may be difficult to comprehend and analyse.

CLOSED QUESTIONS

According to Kumar (2005:135) closed ended questions are used when factual information is being collected. The respondent is usually asked to indicate the chosen answer with a tick or a circle.

MERITS OF CLOSED QUESTIONS

The use of closed questions enables the collection of information which is more manageable as the respondent is restricted to a finite set of responses. In addition to that closed questions are easy to answer hence the respondents can fill them in quickly. Moreover the response categories from closed questions are easy to decode and analyse.

3.5.3 INTERVIEWS

According to Cohen and Manion (2007) an interview refers to a conversation between two or more people for the purpose of gathering data. Saunders et al (2003) suggested that an interview is a conversation carried out with the purpose of gathering information. It is a research instrument used to collect primary data. In other words an interview is a face to face questionnaire used to access what is in people's minds. Interviews can be carried out telephonically, face to face or via video conferencing. The researcher used both telephone interviews and face to face interviews with tour operators and the management of The Victoria Falls hotel being informants.

MERITS OF INTERVIEWS

According to Cohen and Manion (2007) interviews enable the interviewer to clearly explain the purpose of the research and attend to any questions which may arise concerning the research hence it enables the motivation of interviewees to cooperate. In addition to that an interview enables the interviewer to seek further information which is not possible with questionnaires as the interviewer can ask probing questions around the objectives of the research. Moreover non verbal communication can be noted from face to face interviews which enables the interviewer to fully understand the respondent's impressions and experiences.

DEMERITS OF INTERVIEWS

Interviews are time consuming not only in carrying them out but also in arranging them, travelling to do them and potential delays. In addition to that interviews are subjective hence there is room for influence and bias. Bias can arise in the situation where the interviewee seeks to please the interviewer hence they will end up saying what they think the interviewer wants to hear. This hinders gathering of what is on the people's minds as the interviewees

will not be giving information which is a true representative of their attitudes and perceptions.

3.5.4 LIKERT SCALE

According to Betram (2008:49) a Likert scale is a psychometric response scale used mainly in questionnaires to obtain references or degree of agreement with a particular statement by respondents. Eatrl (2005:49) is of the view that the Likert scale is a psychometric one dimensional scale mainly used in questionnaires to measure the attitude of respondents. The Likert scale presents the sum of responses on several likert items usually between 4 and 7 items. The researcher made use of the odd numbered scale whose ratings are shown below.

Table 3.1 Likert scale

Item	Strongly agree	Agree	Disagree	Strongly disagree	Disagree
Points	1	2	3	4	5

MERITS OF THE LIKERT SCALE

The scale allows the expression of the degree of opinion hence more meaningful data is collected as compared to using a yes or no answer. In addition to that data can be analysed with relative ease as quantitative data is obtained. Moreover, the Likert scale is easy to read and complete.

DEMERITS OF THE LIKERT SCALE

There tends to be a central tendency bias as respondents usually avoid using extreme response categories. In addition to that respondents may agree with the statement just to portray themselves or their organisations in a more favourable light.

3.6 DATA PRESENTATION

According to Bruce (2000) data needs to be presented in a manner which communicates the information and enables conclusions to be drawn after data collection. It is necessary to select a way of presenting data which is clear and appropriate since the main aim of presenting data is to report back on the research results to aid decision making. Quantitative data was presented in tables and graphs showing percentages of responses from participants. The questionnaire data was presented supported by data collected through interviews. Tables were selected as a way of presenting the data because they are an effective tool in presenting summarised information accurately. In addition to that graphs were also used since they are easy to display and interpret data from.

3.7 DATA ANALYSIS

According to Saunders (2007) data analysis refers to developing answers to questions through data examination and interpretation. Cooper et al (2006) is of the view that data analysis entails reducing accumulated data to a manageable size, developing summaries, determining patterns and applying statistical analysis. The data collected was analysed using both qualitative and quantitative methods of data analysis. The mode as a measure of spread was used to analyse numerical data. Responses were also converted to percentages for easy understanding.

3.8 SUMMARY

This chapter looked at research design, research population, sampling techniques, sources of data, research instruments, data presentation, data analysis and the summary. The next chapter looks at data presentation and interpretation of findings.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

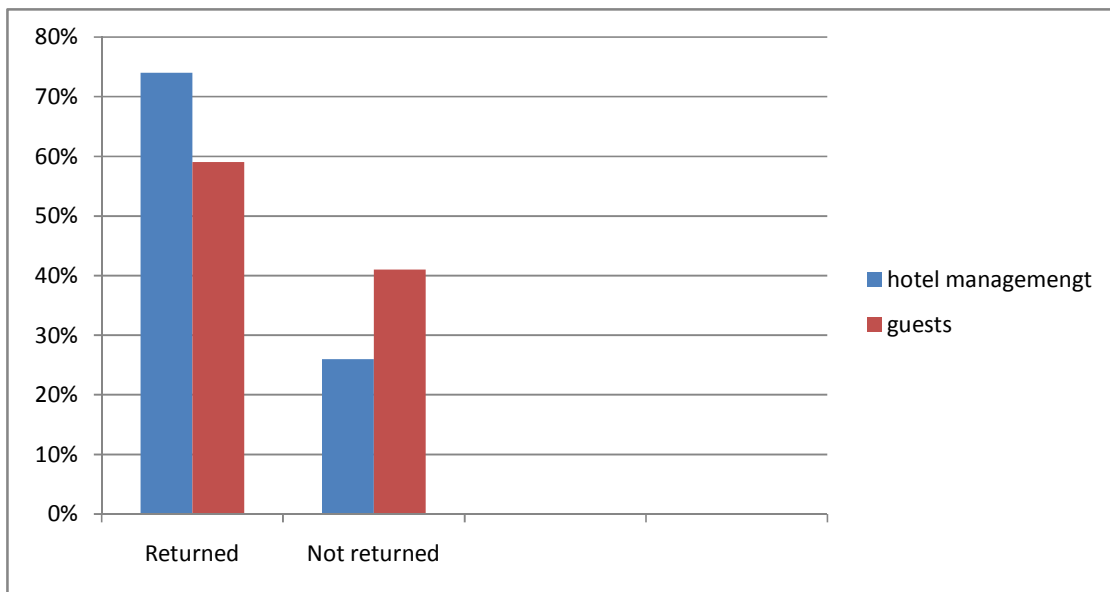
4.0 INTRODUCTION

This chapter looks at presentation and analysis of research findings from survey in line with the research objectives. The data was gathered through administration of questionnaires and interviews.

4.1 RESPONSE RATE

4.1.1 QUESTIONNAIRES

Fig 4.1 Questionnaire response rate



Two different sets of questionnaires were administered to the hotel management and to the hotel guests. Questionnaires administered to the hotel's management experienced a 74% response rate as out of the 23 questionnaires distributed 17 were returned as shown in fig 4.1. On the other hand questionnaires administered to the hotel guests experienced a 59% response rate as out of the 22 questionnaires distributed only 13 were returned. The response rate is considered to be appropriate by the researcher as according to Saunders (2012) a response rate of 30% is considered to be enough for research findings generation.

4.1.2 INTERVIEWS

Six people were interviewed out of the ten selected in the sample. These included the assistant accountant, the reservations manager, the front office manager, 2 reservationists and 1 debtors controller. This gave rise to a response rate of 60%.

On the other hand to support data gathered through questionnaires administered to a sample of the hotel's guests 10 guests were interviewed out of the 10 selected in the sample giving rise to a response rate of 100%.

4.2 QUESTIONNAIRES ADMINISTERED TO THE MANAGEMENT

1) a) Highest qualification obtained

Table 4.1 qualifications of employees

Qualification	PHD	Masters	Degree	Diploma	Other	Total
Respondents	0/17	2/17	5/17	8/17	2/17	17/17
Percentage	0%	12%	29%	47%	12%	100%

Source: field research (April 2014)

Out of the 17 questionnaires which were returned 0% (0/17) of the respondents had reached the PHD level in terms of their qualifications; 12% (2/17) are holders of masters degrees; 29% (5/17) are holders of degrees; 47% (8/17) are holders of diplomas and 12% (2/17) have other qualifications with them being students on industrial attachment. Based on the findings it can be concluded that the respondents hold proper qualifications hence this enhances the reliability of data as it is assumed that the respondents have an understanding of the data being gathered.

b) Age

Table 4.2 Age of respondents

Below 20 years	20 - 30 years	30 - 40 years	Above 40 years	Total
0/17	5/17	9/17	3/17	17/17
0%	29%	53%	18%	100%

Source: Field research (April 2014)

Out of the 17 respondents of the questionnaires administered to the hotel management 0% (0/17) are below 20 years; 29% (5/17) are between 20 and 30 years; 53% (9/17) are between 30 and 40 years and 18% (3/17) are above 40 years of age. This also enhances the reliability of data collected through those questionnaires based on the findings it can be concluded that the people are mature people therefore comprehension of the data being gathered is likely not to be difficult.

c) Duration of employment with the hotel

Table 4.3 Duration of employment

Less than 1 year	1- 3 years	4 years and above	Total
2/17	10/17	5/17	17/17
12%	59%	29%	100%

Source: Field research (April 2014)

Out of the respondents of the questionnaires 12% (2/17) had been with the hotel for less than a year since they were students on attachment; 59% (10/17) had been with the hotel for a period which is between 1 and 3 years and 29% (5/17) had been with the hotel for more than 4 years.

The researcher found it important to collect such data on the respondents as this helps to assess the degree of reliability to be placed on the data as it is believed that as people spend more time with an organization they get to understand the system more. In this case the findings show that the majority of the respondents have been with the hotel for a period of more than 1 year hence this enhances the reliability of data as they are believed to understand the system more.

2) The Hotel has a pricing policy.

Table 4.4 The hotel has a pricing policy

Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
6/17	9/17	0/17	1/17	1/17	17/17
35%	53%	0%	6%	6%	100%

Source: Field research (April 2014)

Results show that 35% (6/17) of the respondents strongly agreed that the hotel has a pricing policy; 53% (9/17) agreed; 0% (0/17) were unsure; 6% (1/17) disagreed and another 6% (1/17) strongly disagreed.

From the results it can be noted that 88% (15/17) of the respondents agreed that the hotel has a pricing policy while 12% (2/17) disagreed.

Interview findings in support of this showed that 100% (6/6) of the respondents agreed while 0% (0/17) disagreed to the fact that the hotel has a pricing policy.

A conclusion based on the findings can be drawn that the hotel has a pricing policy as the majority of respondents agree with that fact.

This is supported by Chen (2010) who suggests that pricing is an issue of great importance to hoteliers since it is the only element of the accommodation marketing mix which has a direct impact on revenue hence an entity should have a pricing policy.

3) The policy is documented.

Table 4.5 Documentation of the policy

Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
6/17	6/17	3/17	1/17	1/17	17/17
35%	35%	18%	6%	6%	100%

Source: Field research (April 2014)

The results show that 35% (6/17) of the respondents strongly agreed; 35% (6/17) agreed; 18% (3/17) were unsure; 6% (1/17) disagreed and another 6% (1/17) strongly disagreed that the policy is documented.

Therefore 70% (12/17) of the respondents agreed that the policy is documented while 30% (5/17) of the respondents disagreed to that fact.

Out of the 6 people interviewed 67% (4/6) agreed while 33% (2/6) disagreed to the fact that the pricing policy for The Victoria Falls Hotel is documented.

Hence it can be concluded that the hotel’s pricing policy is documented as the majority of the respondents agree to that fact.

4 The policy is communicated.

Table 4.6 Communication of policy

Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
3/17	8/17	4/17	1/17	1/17	17/17
18%	47%	23%	6%	6%	100%

Source: Field research (April 2014)

Results show that 18% (3/17) of the respondents strongly agreed; 47% (8/17) agreed; 23% (4/17) were unsure; 6% (1/17) disagreed and another 6% (1/17) strongly disagreed that the hotel’s pricing policy is communicated.

Therefore 65% (11/17) of the respondents agreed while 35% (6/17) disagreed that the hotel’s pricing policy is communicated.

Findings from interviews show that 83% (5/6) of the respondents agreed while 17% (1/6) disagreed to the fact that the hotel’s pricing policy is communicated.

Based on the findings it can be concluded that the hotel’s pricing policy is communicated.

5 The policy is formulated by:

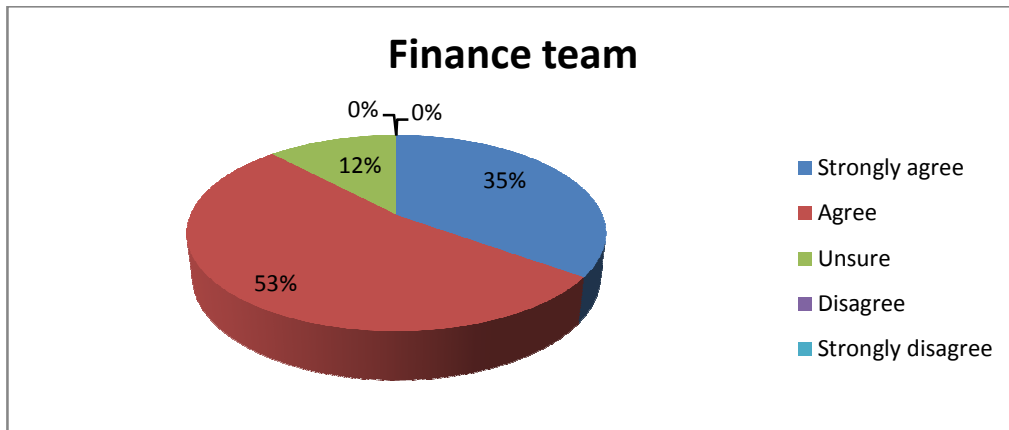
Table 4.7 Policy Formulation

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
Finance team	6/17 35%	9/17 53%	2/17 12%	0/17 0%	0/17 0%	17/17 100%
Administration management	7/17 41%	6/17 35%	3/17 18%	1/17 6%	0/17 0%	17/17 100%
Reservations team	0/17 0%	4/17 23.5%	9/17 53%	4/17 23.5%	0/17 0%	17 100%
Marketing team	8/17 47%	6/17 35%	3/17 18%	0/17 0%	0/17 0%	17 100%

Source: Field research (April 2014)

i) Finance team

Fig 4.2 Finance team



Source: Field research (April 2014)

Results show that 35% (6/17) strongly agreed; 53% (9/17) agreed; 12% (2/17) were unsure; 0% (0/17) disagreed and 0% (0/17) strongly disagreed that the policy is formulated by the Finance team.

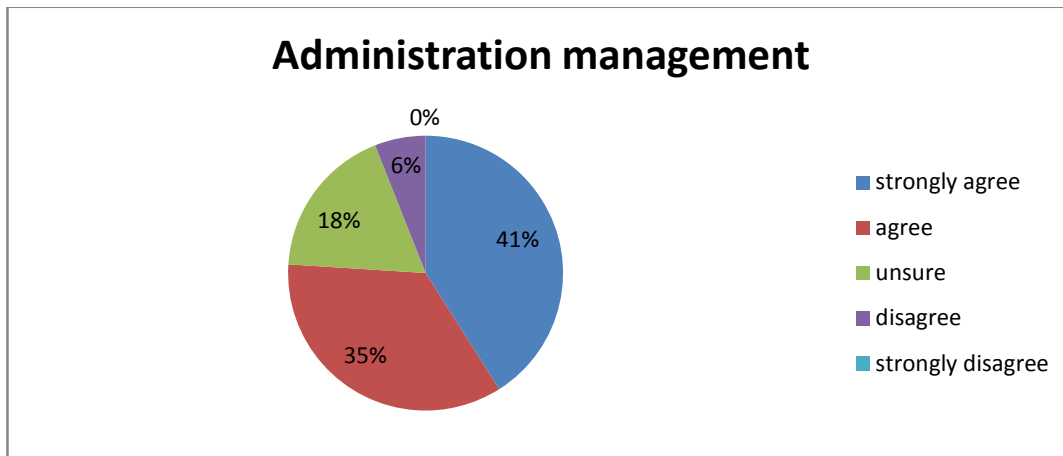
Therefore 88% (15/17) agreed while 12% (2/17) of the respondents disagreed that the policy is formulated by the finance team.

Findings from the interviews show that 100% (6/6) of the respondents agreed while 0% (0/17) disagreed that it is the responsibility of the finance team to formulate the hotel's pricing policy.

A conclusion can be drawn from the findings that the hotel's pricing policy is formulated by the finance team

ii) Administration management

Fig 4.3 Administration management



Source: Field research (April 2014)

It can be noted from the pie chart that 41% (7/17) of the respondents strongly agreed; 35% (6/17) agreed; 18% (3/17) were unsure; 6% (1/17) disagreed 0% (0/17) of the respondents strongly disagreed that the policy is formulated by the administration management.

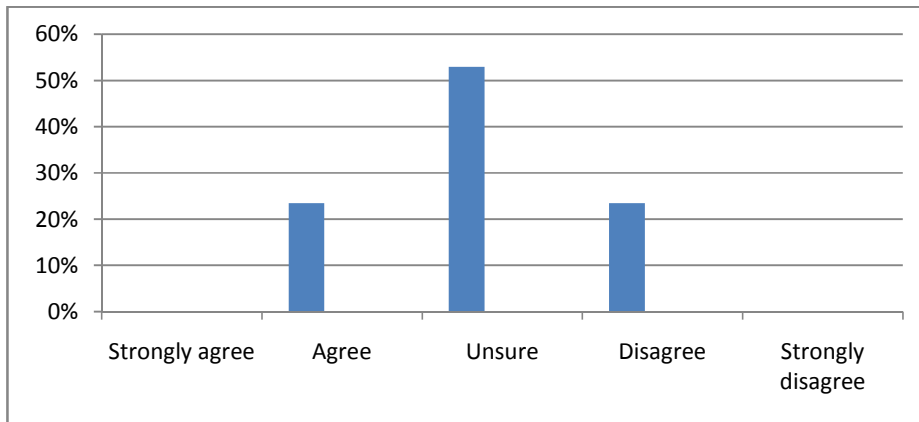
Therefore the results show that 76% (13/17) of the respondents agreed while 24% (4/17) disagreed that the policy is formulated by the administration management.

Findings from interviews show that 50% (3/6) of the respondents agreed while 50% (3/6) disagreed that it is the responsibility of the administration management to formulate the pricing policy for the hotel.

Based on the findings it can be concluded that the administration management is responsible for formulating the hotel's pricing policy.

iii) Reservations team

Fig 4.4 Reservations team



Source: Field research (April 2014)

Results show that 0% (0/17) of the respondents strongly agreed; 23.5% (4/17) agreed; 53% (9/17) were unsure; 23.5% (4/17) disagreed and 0% (0/17) strongly disagreed that the policy is formulated by the reservations team.

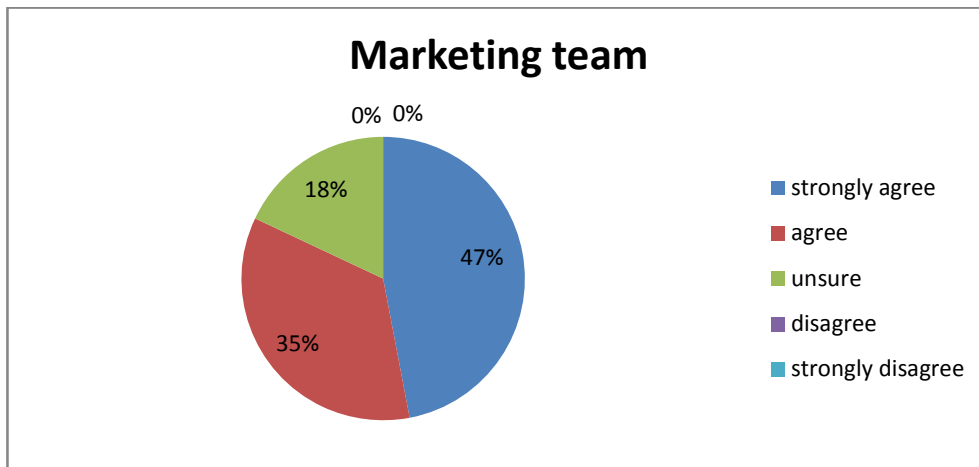
Therefore 23.5% (4/17) of the respondents agreed while 76.5% (13/17) disagreed that the policy is formulated by the reservations team.

Findings from interviews show that 0% (0/17) of the respondents agreed while 100% (6/6) disagreed that the policy was formulated by the reservations team.

A conclusion can be drawn from the findings that it is not the responsibility of the reservations team to formulate the pricing policy for the hotel as the majority of the respondents are in support of that.

iv) Marketing team

Fig 4.5 Marketing team



Source: Field research (April 2014)

From the pie-chart it can be deduced that 47% (8/17) of the respondents strongly agreed; 35% (6/17) agreed; 18% (3/17) were unsure 0% (0/17) disagreed and 0% (0/17) strongly disagreed that the policy is formulated by the marketing team.

Therefore 82% (14/17) of the respondents agreed that the policy is formulated by the marketing team while 18% (3/17) disagreed.

Findings from interviews show that 67% (4/6) of the interviewees agreed while 33% (2/6) disagreed that the policy is formulated by the marketing team.

From the results it can be concluded that the pricing policy is formulated by the marketing team.

Based on the application of the mode as a measure of spread it can be further concluded that the hotel's pricing policy is formulated by the finance team with the assistance of both the administration management and the marketing team.

6) Pricing strategy adopted by the hotel

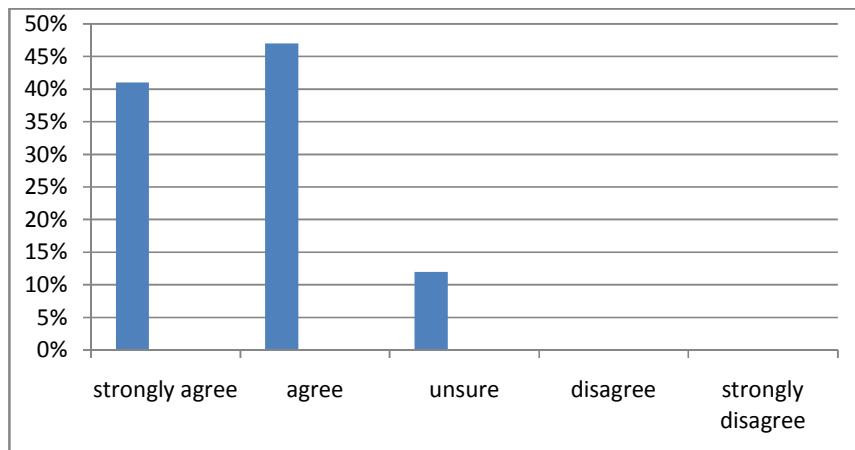
Table 4.8 Pricing strategy for the hotel

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
Cost approach	7/17 41%	8/17 47%	2/17 12%	0/17 0%	0/17 0%	17/17 100%
Penetration pricing	0/17 0%	0/17 0%	8/17 47%	5/17 29%	4/17 24%	17/17 100%
Price skimming	0/17 0%	2/17 12%	7/17 41%	5/17 29%	3/17 18%	17 100%
Competitive pricing	1/17 6%	4/17 24%	12/17 70%	0/17 0%	0/17 0%	17 100%
Variable pricing	1/17 6%	6/17 35%	10/17 59%	0/17 0%	0/17 0%	17 100%
Market condition approach	4/17 24%	6/17 35%	7/17 41%	0/17 0%	0/17 0%	17 100%

Source: Field research (April 2014)

i) Cost approach

Fig 4.6 Cost approach



The results in the table show that 41% (7/17) of the respondents strongly agreed; 47% (8/17) agreed; 12% (2/17) were unsure; 0% (0/17) disagreed and 0% (0/17) strongly disagreed that the cost approach is the pricing policy adopted by the hotel.

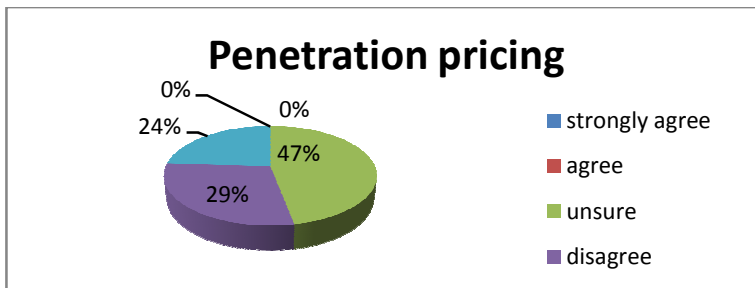
Therefore 88% (15/17) of the respondents agreed while 12% (2/17) disagreed that the hotel adopts the cost approach as its pricing policy.

Interview findings show that 83% (5/6) of the respondents agreed while 17% (1/6) disagreed that the hotel adopts the cost approach as its pricing strategy.

It can be concluded that the cost approach is the pricing strategy adopted by the hotel.

ii) Penetration pricing

Fig 4.7 Penetration pricing



Source: Field research (April 2014)

Results of the survey presented in fig 4.7 above show that 0% (0/17) of the respondents strongly agreed; 0% (0/17) agreed; 47% (8/17) were unsure; 29% (5/17) disagreed and 24% (4/17) strongly disagreed that the hotel adopts penetration pricing as its pricing policy.

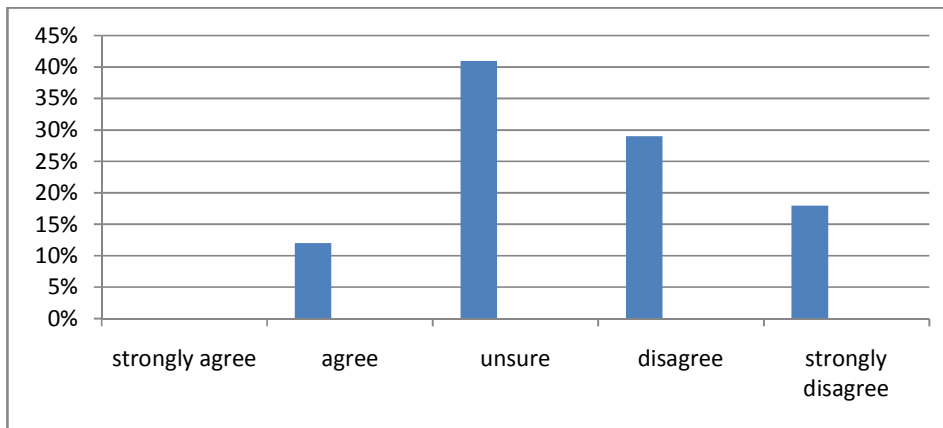
Therefore, 0% (0/17) the respondents agreed while 100% disagreed that the hotel adopts penetration pricing as its pricing policy.

To support this findings from interviews also show that 0% (0/6) of the respondents agreed while 100% (6/6) disagreed to the fact that the hotel adopts penetration pricing as its pricing policy.

A conclusion can be drawn from the findings that the hotel does not adopt penetration pricing as its pricing policy since the majority of the respondents agree with that.

iii) Price skimming

Fig 4.8 Price skimming



Source: Field research (April 2014)

According to data shown in fig 4.8 above 0% (0/17) of the respondents strongly agreed; 12% (2/17) agreed; 41% (7/17) were unsure; 29% (5/17) disagreed and 18% (3/17) strongly disagreed that the hotel adopts price skimming as its pricing strategy.

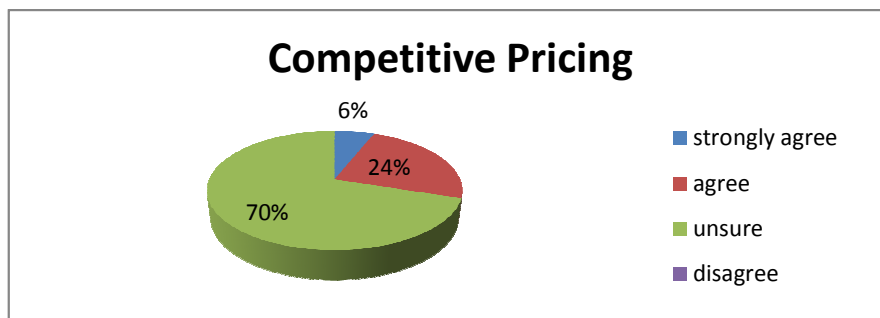
Therefore 12% (2/17) agreed while 88% (15/17) of the respondents disagreed that the hotel adopts price skimming as its pricing policy.

Results from the interview show that 33% (2/6) agreed while 67% (4/6) disagreed that the hotel uses price skimming as its pricing strategy.

Based on the findings a conclusion can be drawn that the hotel does not adopt price skimming as its pricing strategy.

iv) Competitive pricing

Fig 4.9 Competitive pricing



Source: Field research (April 2014)

The results from the survey show that 6% (1/17) of the respondents strongly agreed; 24% (4/17) agreed; 70% (12/17) were unsure; 0% (0/17) disagreed and 0% (0/17) strongly disagreed that the hotel adopts competitive pricing as its pricing policy.

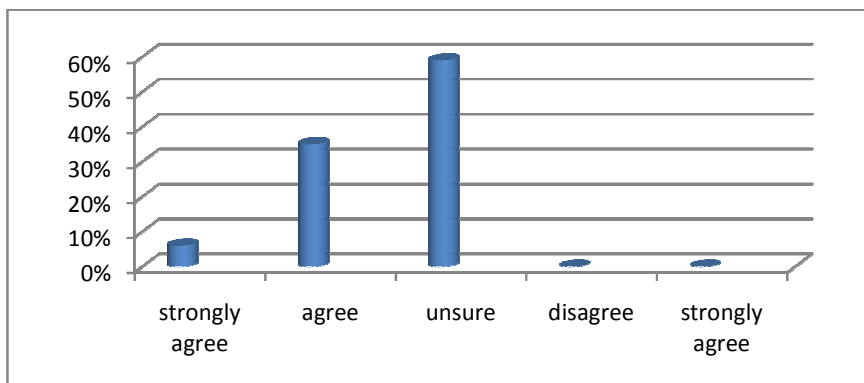
Therefore, 30% (5/17) agreed while 70% (12/17) disagreed that the hotel uses competitive pricing as its pricing policy.

Findings from interviews also show that 17% (1/6) agreed while 83% (5/6) disagreed that the hotel adopts competitive pricing as its pricing policy.

Based on the findings it can be concluded that the hotel does not adopt competitive pricing as its pricing policy as the majority of respondents agree to that.

v) Variable pricing

Fig 4.10 Variable pricing



Source: Field research (April 2014)

Results show that 6% (1/17) strongly agreed; 35% (6/17) agreed; 59% (10/17) were unsure; 0% (0/17) disagreed and 0% (0/17) strongly disagreed that the hotel adopts variable pricing as its pricing policy.

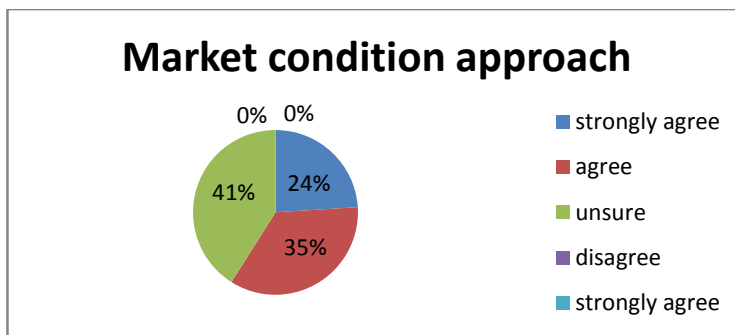
Therefore, 41% (7/17) of the respondents agreed while 59% (10/17) of the respondents disagreed that the hotel adopts variable pricing as its pricing policy.

Findings from interviews show that 33% (2/6) of the respondents agreed while 67% (4/6) disagreed that the hotel uses variable pricing as its pricing policy.

Based on the findings a conclusion can be drawn that the hotel does not adopt variable pricing as its pricing policy as the mode falls on the side of the respondents who disagreed.

vi) Market condition approach

Fig 4.11 Market condition approach



Source: Field research (April 2014)

From the pie chart above it can be noted that 24%(4/17) of the respondents strongly agreed; 35% (6/17) agreed; 41% (7/17) were unsure; 0% (0/17) disagreed and 0% (0/17) strongly disagreed that the hotel uses market condition approach as its pricing policy.

Therefore, 59% (10/17) of the respondents agreed while 41% (7/17) disagreed that the hotel adopts the market condition approach as its pricing policy.

From the interview findings it was noted that 67% (4/6) of the respondents agreed while 33% (2/6) disagreed that the hotel adopts the market condition approach as its pricing policy.

It can be concluded that the hotel adopts the market condition approach as its pricing policy. Further analysis of the data can lead to a conclusion being drawn up that the hotel adopts the cost approach as its pricing policy together with the market condition approach.

7) There are guidelines put in place over pricing policy implementation

Table 4.9 There are guidelines over pricing policy implementation

Strongly agree	Agree	Unsure	Disagree	Strongly disagree
3/17	9/17	5/17	0/17	0/17
18%	53%	29%	0%	0%

The results show that 18% (3/17) of the respondents strongly agreed; 53% (9/17) agreed; 29% (5/17) were unsure and none (0/17) disagreed or strongly disagreed that there are guidelines put in place over The Victoria Falls Hotel’s pricing policy implementation.

Therefore, 71% (12/17) of the respondents agreed that there are guidelines put in place over pricing policy implementation while 29% (5/17) disagreed.

Findings from interviews show that 83% (5/6) of the interviewees agreed while 17% (1/6) disagreed to the fact that there are guidelines put in place over pricing policy implementation.

It can be concluded that there are guidelines put in place over pricing policy implementation by the hotel.

8) Guidelines put in place over pricing policy implementation are:

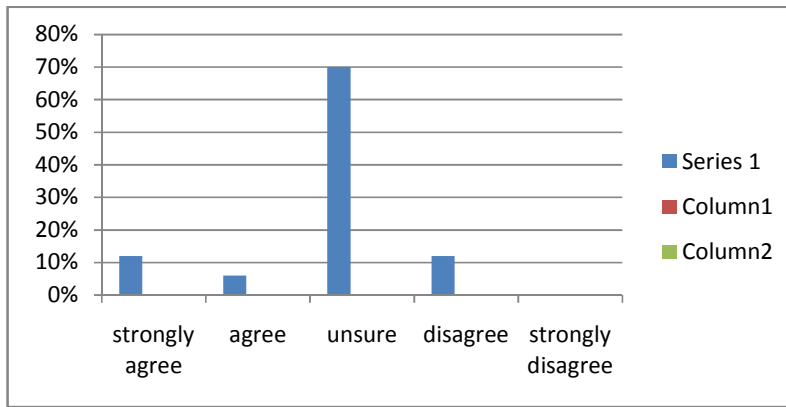
Table 4.10 Guidelines over pricing policy implementation

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
Price monitoring system	2/17 12%	1/17 6%	12/17 70%	2/17 12%	0/17 0%	17/17 100%
Market survey	3/17 18%	10/17 58%	4/17 24%	0/17 0%	0/17 0%	17/17 100%
Profit focused organizational culture	0/17 0%	1/17 6%	12/17 70%	4/17 24%	0/17 0%	17 100%

Source: Field research (April 2014)

i) Price monitoring system

Fig 4.12 Price monitoring system



Source: Field research (April 2014)

The results from the survey as shown in the bar graph shows that 12% (2/17) of the respondents strongly agreed, 6% (1/17) agreed, 70% (12/17) were unsure, 12% (2/17) disagreed and none (0/17) strongly disagreed that the hotel uses the price monitoring system as a guideline to price policy implementation.

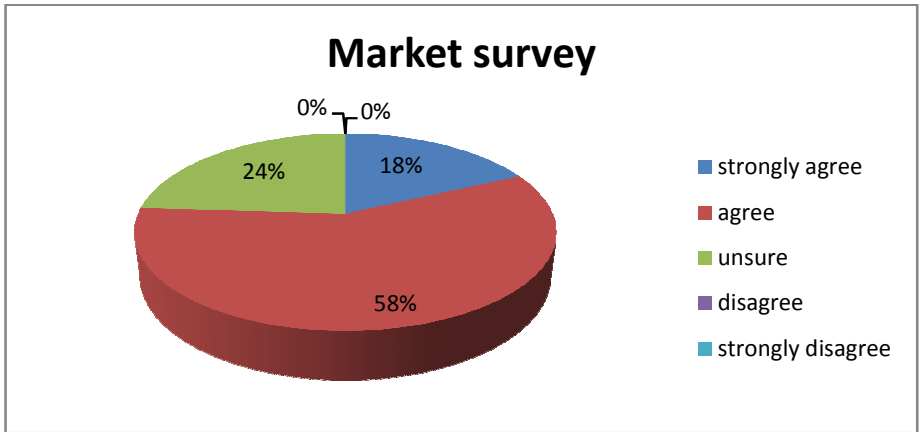
Therefore, 18% (3/17) of the respondents agreed while 82% (14/17) disagreed that the price monitoring system is adopted at the Victoria Falls Hotel.

Findings from interviews showed that 33% (2/6) of the interviewees agree while 67% (4/6) disagreed to the fact that the Price monitoring system is adopted at the hotel as a guidelines put in place over pricing policy implementation.

Therefore it can be concluded that the price monitoring system is not adopted at The Victoria Falls Hotel as a guideline over pricing policy implementation as the most frequent response was on the negative side.

ii) **Market survey**

Fig 4.13 Market survey



Source: Field research (April 2014)

Results shown on the pie chart show that 18% (3/17) of the respondents strongly agreed, 58% (10/17) agreed, 24% (4/17) were unsure and 0% (0/17) of the respondents disagreed or strongly disagreed to the fact that the hotel uses market survey as a guideline to its pricing policy implementation.

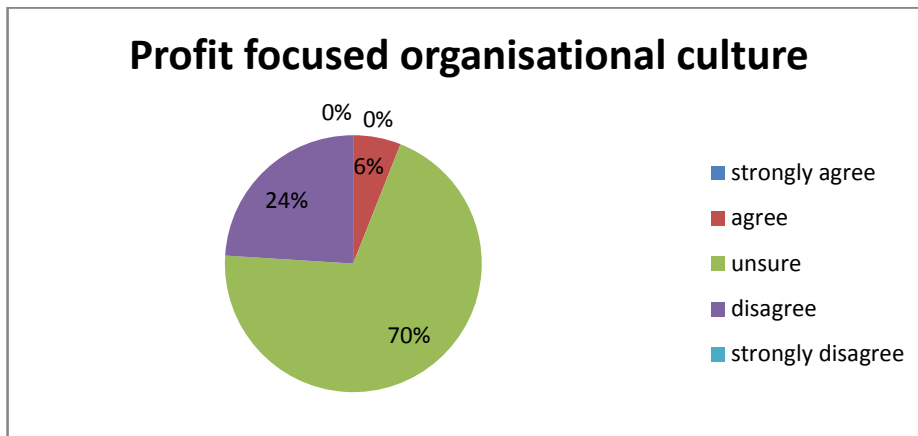
Therefore 76% (13/17) of the respondents agreed while 24% (4/17) disagreed that the hotel uses market survey as a guideline to its pricing policy implementation.

Out of the people interviewed 100% (6/6) agreed while 0% (0/6) disagreed to the fact that the hotel adopts market survey as a guideline over pricing policy implementation.

Based on the findings it can be concluded that the hotel adopts market survey as a guideline for its pricing policy implementation.

iii) Profit focused organizational culture

Fig 4.14 Profit focused organizational culture



Source: Field research (April 2014)

The results from the survey show that none (0/17) of the respondents strongly agreed, 6% (1/17) agreed, 70% (12/17) were unsure, 24% (4/17) disagreed and none (0/17) strongly disagreed that a profit focused organizational structure is fostered at the hotel as a guideline to pricing policy implementation.

Therefore 6% (1/17) of the respondents agreed while 94% (16/17) of the respondents disagreed to the fact that the hotel has a profit focused organizational culture which serves as a guideline to pricing policy implementation.

Out of the people interviewed 0% agreed (0/6) while 100% (6/6) disagreed that the hotel adopted the profit focused organizational culture as a guideline over its pricing policy implementation.

A conclusion can be drawn that the Victoria Falls Hotel adopts market survey as a guideline over its pricing policy implementation.

This is supported by Campbell (2013) who suggested that conducting a market survey as a guideline for pricing policy implementation enables an entity to understand its customers.

9) There is adequate personnel to implement the guidelines.

Table 4.11 Adequate personnel for guidelines implementation

Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
4/17	5/17	5/17	3/17	0/17	17
24%	29%	29%	18%	0%	100%

Source: Field research (April 2014)

Results from the survey show that 24% (4/17) of the respondents strongly agreed, 29% (5/17) agreed, 29% (5/17) were unsure, 18% (3/17) disagreed and none (0/17) strongly disagreed to the fact that the hotel has adequate personnel to implement the guidelines.

Therefore 53% (9/17) of the respondents agreed while 47% (8/17) disagreed that the hotel has adequate personnel to implement guidelines over pricing policy implementation.

It can be concluded that the hotel has adequate personnel to implement the guidelines.

10) Personnel is suitably qualified.

Table 4.12 Personnel is qualified

Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
2/17	5/17	8/17	2/17	0/17	17
12%	29%	47%	12%	0%	100%

Source: Field research (April 2014)

From the findings of the survey shown in the table above 12% (2/17) of the respondents strongly agreed, 29% (5/17) agreed, 29% (5/17) were unsure, 12% (2/17) disagreed and none (0/17) strongly disagreed that the hotel's personnel is suitably qualified to implement the guidelines over pricing policy implementation.

Therefore, 41% (7/17) of the respondents agreed while 59% (10/17) of the respondents disagreed to the fact that the hotel's personnel is suitably qualified to implement guidelines over pricing policy implementation.

Hence a conclusion based on the findings can be drawn that the hotel's personnel is not suitably qualified for implementation of the guidelines.

11) The guidelines are put in place by:

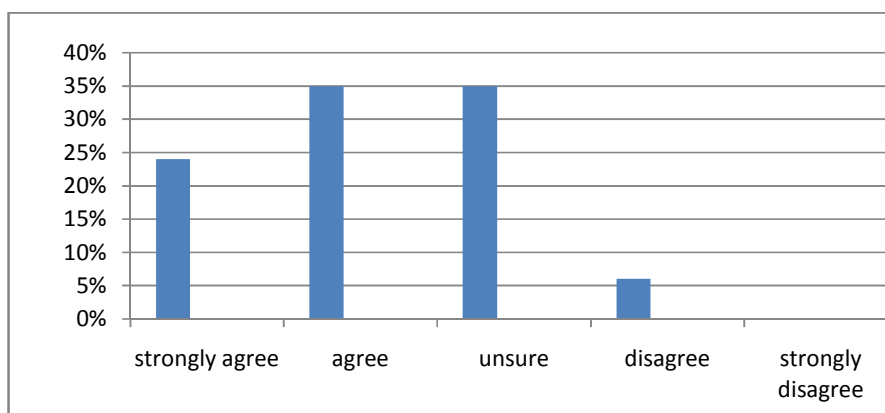
Table 4.13 Implementation of guidelines

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
Head office management	4/17 24%	6/17 35%	6/17 35%	1/17 6%	0/17 0%	17/17 100%
The Victoria Falls hotel management	6/17 35%	5/17 29%	4/17 24%	2/17 12%	0/17 0%	17/17 100%

Source: Field research (April 2014)

i) Head office management

Fig 4.15 Head office management



Source: Field research (April 2014)

Results from the survey show that 24% (4/17) of the respondents strongly agreed, 35% (6/17) agreed, 35% (6/17) were unsure, 6% (1/17) disagreed and none (0/17) strongly disagreed to the fact that guidelines over pricing policy implementation are put in place by the head office management.

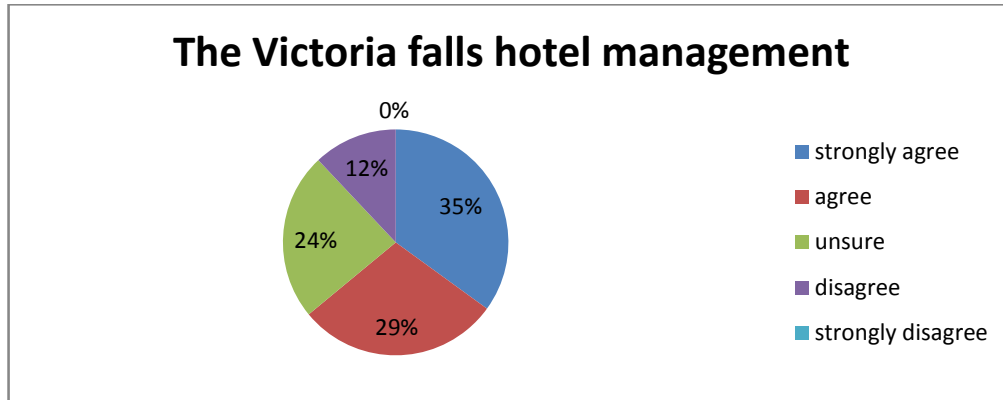
Therefore, 59% agreed while 41% disagreed that guidelines are put in place by the head office management.

Findings from interviews showed that 50% (3/6) agreed while 50% (3/6) disagreed to the fact that the guidelines are put in place by the head office management.

A conclusion can be drawn that the Head office management is responsible for implementing guidelines over pricing policy implementation.

ii) The Victoria falls hotel management

Fig 4.16 The Victoria Falls Hotel management



Source: Field research (April 2014)

Results from the survey show that 35% (6/17) of the respondents strongly agreed, 29% (5/17) agreed, 24% (4/17) were unsure, 12% (2/17) disagreed while none (0/17) strongly disagreed that the guidelines are put in place by the Victoria Falls hotel management.

Therefore, 64% (11/17) of the respondents agreed while 36% (6/17) disagreed that guidelines over pricing policy implementation are put in place by the Victoria Falls hotel management.

Out of the people interviewed 100% (6/6) agreed while 0% (0/6) disagreed that the guidelines over pricing policy implementation are put in place by the Victoria Falls Hotel management.

Based on the findings from the survey it can be concluded that the guidelines are put in place by The Victoria Falls Hotel management with the assistance of the head office management.

12) There are controls put in place over pricing policy implementation.

Table 4.14 There are controls over pricing policy implementation

Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
4/17	5/17	5/17	3/17	0/17	17/17
24%	29%	29%	18%	0%	100%

Source: Field research (April 2014)

Findings from the survey show that 24% (4/17) of the respondents strongly agreed, 29% (5/17) agreed, 29% (5/7) were unsure, 18% (3/17) disagreed and none (0/17) strongly disagreed to the fact that there are controls put in place over pricing policy implementation. Therefore, 53% (9/17) of the respondents agreed while 47% (8/17) disagreed to the fact that there are controls put in place over pricing policy implementation.

From the interviewed 67% (4/6) agreed while 33% (2/6) disagreed to the fact that there are controls put in place over pricing policy implementation.

Hence it can be concluded that The Victoria Falls hotel has controls put in place over its pricing policy implementation as the majority of the respondents agreed.

13) Controls put in place over pricing policy implementation are:

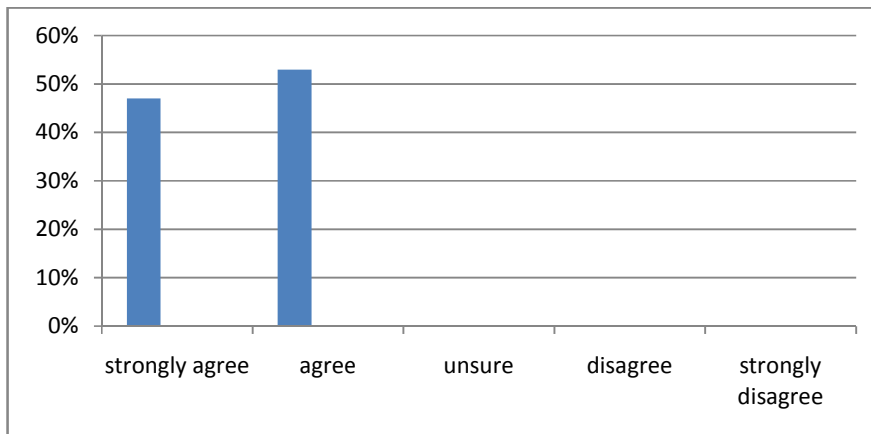
Table 4.15 Controls put in place over pricing policy implementation

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
Authorization of room rates	8/17 47%	9/17 53%	0/17 0%	0/17 0%	0/17 0%	17/17 100%
Communication of authorized rates	4/7 24%	9/17 52%	3/17 18%	1/17 6%	0/17 0%	17/17 100%
Authorization of discounts	7/17 41%	8/17 47%	2/17 12%	0/17 0%	0/17 0%	17/17 100%

Source: Field research (April 2014)

i) Authorization of room rates

Fig 4.17 Authorization of room rates



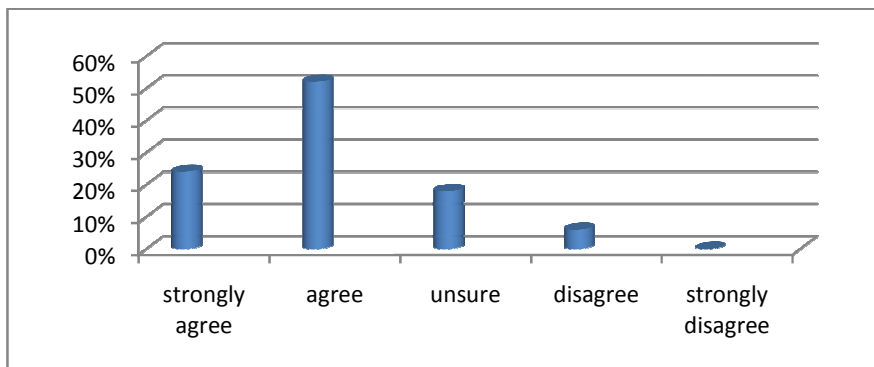
Source: Field research (April 2014)

Results from the survey show that 47% (8/17) of the respondents strongly agreed, 53% (9/17) agreed, none (0/17) were unsure; none (0/17) disagreed or strongly disagreed to the fact that room rates are authorized as a control measure over pricing policy implementation.

Therefore 100% of the respondents agreed that room rates are authorized while 0% disagreed. Therefore it can be concluded that room rates are authorized.

ii) Communication of authorized rates

Fig 4.18 Communication of authorized rates



Source: Field research (April 2014)

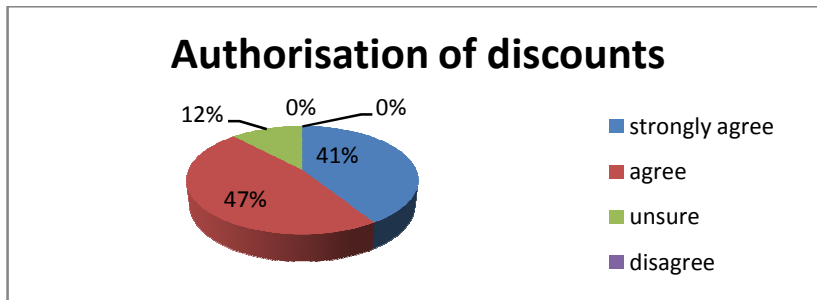
Results from the survey show the 24% (4/17) of the respondents strongly agreed, 52% (9/17) agreed, 18% (3/17) were unsure, 6% (1/17) disagreed and none (0/17) strongly disagreed that authorized room rates are communicated.

Therefore, 76% (13/17) of the respondents agreed while 24% (4/17) disagreed to the fact that authorized room rates are communicated as a control measure over pricing policy implementation.

It can be concluded that authorized room rates are communicated.

iii) Authorization of discounts

Fig 4.19 Authorization of room rates



Source: Field research (April 2014)

Findings from the survey show that 41% (7/17) of the respondents strongly agreed, 47% (8/17) agreed, 12% (2/17) were unsure and none (0/17) disagreed or strongly disagreed to the fact that discounts are authorized.

Therefore, 88% (15/17) of the respondents agreed while 12% (2/17) disagreed that discounts offered at the hotel are authorized.

2 of the respondents also added the segregation of duties between pricing policy formulators and those who implement the policy as a control measure over pricing policy implementation. In addition to that 4 of the respondents also included monitoring and reviewing of the pricing policy implementation as a control measure over pricing policy implementation.

It can be concluded that all the above mentioned controls are put in place over the hotel's pricing policy implementation as findings from interviews also supports that. 100% of the respondents (6/6) agreed that all the above mentioned controls over pricing policy implementation are put in place at the Victoria Falls Hotel.

14) Controls are put in place by:

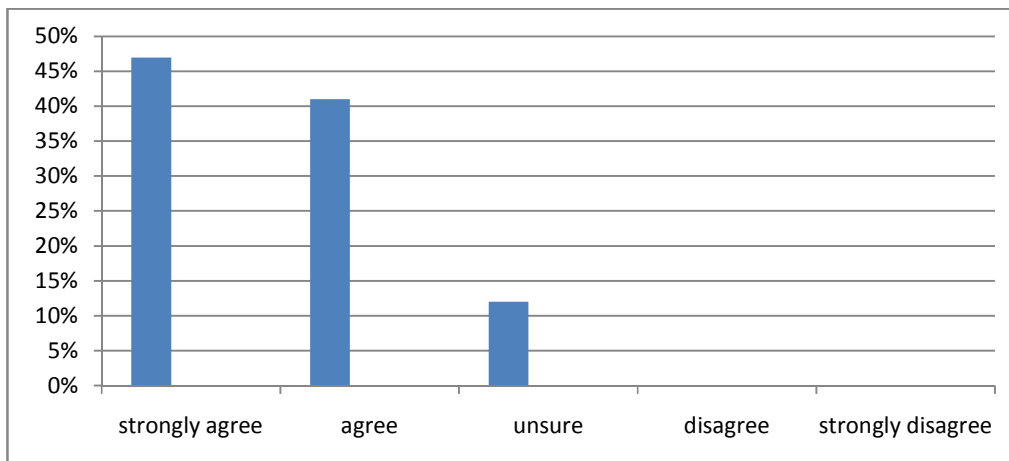
Table 4.16 Putting in place of controls

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
General manager	8/17 47%	7/17 41%	2/17 12%	0/17 0%	0/17 0%	17/17 100%
Reservations manager	3/17 18%	11/17 64%	2/17 12%	1/17 6%	0/17 0%	17/17 100%
Hotel financial controller	3/17 18%	6/17 35%	6/17 35%	1/17 6%	1/17 6%	17/17 100%

Source: Field research (April 2014)

i) **General manager**

Fig 4.20 General Manager



Source: Field research (April 2014)

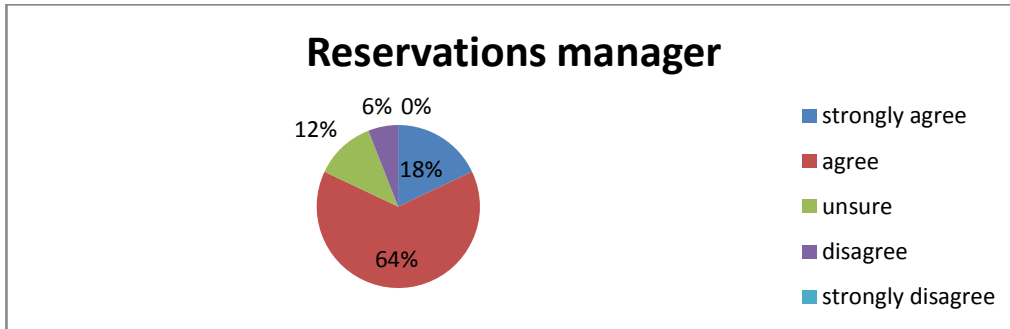
The results of the survey show that 47% (8/17) of the respondents strongly agreed, 41% (7/17) agreed, 12% (2/17) were unsure and none (0/17) disagreed or strongly disagreed that the General Manager is responsible for putting into place controls over pricing policy implementation.

Therefore, 88% (15/17) of the respondents agreed while 12% (2/17) disagreed that it is the General Manager's responsibility to put into place the controls.

It can be concluded that the General Manager is responsible for putting in place controls over pricing policy implementation.

ii) Reservations manager

Fig 4.21 Reservations manager



Source: Field research (April 2014)

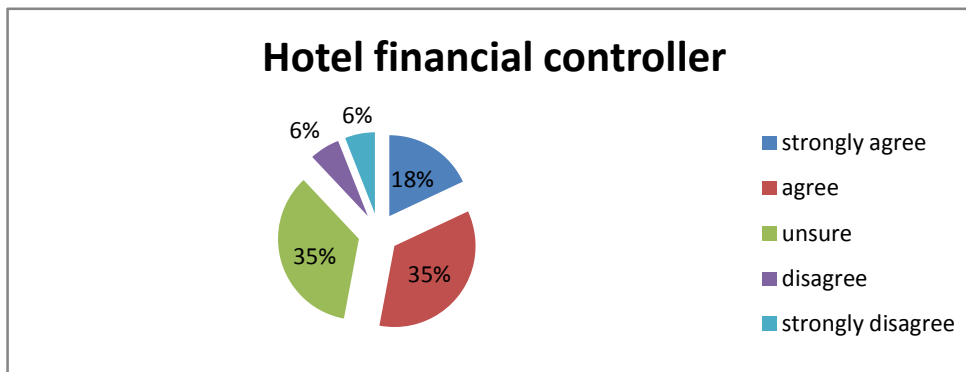
Findings from the research survey show that 18% (3/17) of the respondents strongly agreed, 64% (11/17) agreed, 12% (2/17) were unsure, 6% (1/17) disagreed while none (0/17) strongly disagreed to the fact that it is the duty of the reservations manager to put in place controls over pricing policy implementation.

Therefore, 82% (14/17) of the respondents agreed while 18% (3/17) disagreed that the reservations manager is the one who puts into place controls over pricing policy implementation.

It can be concluded that the reservations manager is responsible for putting in place controls over pricing policy implementation.

iii) Hotel Financial controller

Fig 4.22 Hotel financial controller



Out of the 17 respondents 18% (3/17) strongly agreed, 35% (6/17) agreed, 35% (6/17) were unsure, 6% (1/17) disagreed and another 6% (1/17) strongly disagreed to the fact that it is the hotel financial controller's responsibility to put in place controls over pricing policy implementation.

Therefore, 53% (9/17) of the respondents agreed while 47% (8/17) disagreed that the reservations manager is responsible for putting into place controls over pricing policy implementation.

5 of the respondents also mentioned the Front office manager as one of the officers responsible for putting into place controls over pricing policy implementation.

Findings from interviews also support this as 100% (6/6) agreed while 0% (0/17) disagreed that all the above mentioned officers are responsible for putting in place controls over pricing policy implementation.

Based on the findings it can be concluded that the General Manager is responsible for putting into place controls over pricing policy implementation and he does so with the help of the reservations manager, the hotel financial controller and the front office manager.

15) Controls put in place over pricing policy implementation are reviewed:

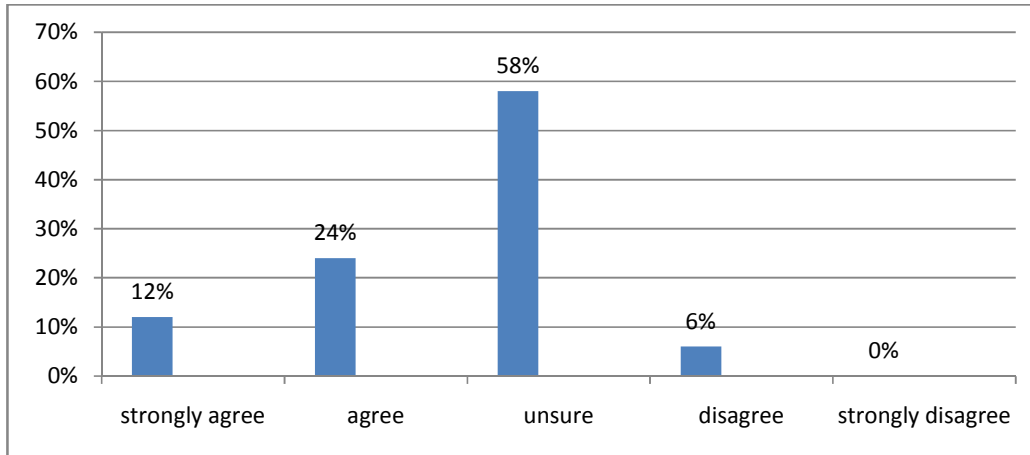
Table 4.17 Review of controls

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
Bi-annually	2/17 12%	4/17 24%	10/17 58%	1/17 6%	0/17 0%	17/17 100%
Quarterly	1/17 6%	1/17 6%	13/17 76%	2/17 12%	0/17 0%	17/17 100%
Yearly	0/17 0%	5/17 30%	10/17 58%	2/17 12%	0/17 0%	17/17 100%
Seldom	5/17 30%	1/17 6%	3/17 18%	7/17 40%	1/17 6%	17/17 100%
Never	1/17 6%	0/17 0%	3/17 18%	4/17 24%	9/17 52%	17/17 100%

Source: Field research (April 2014)

i) Bi-annually

Fig 4.23 Bi-annually



Source: Field research (April 2014)

From the research findings 12% (2/17) of the respondents strongly agreed; 24% (4/17) agreed; 58% (10/17) were unsure; 6% (1/17) disagreed and none 0% (0/17) of the respondents strongly disagreed to the fact that the controls are reviewed bi-annually.

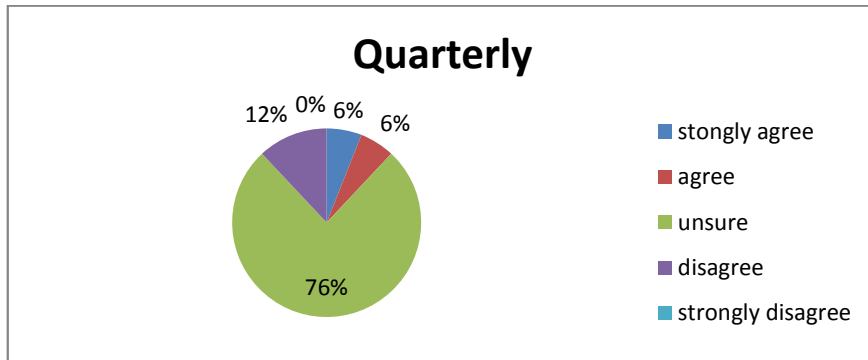
Therefore, 36% (6/17) of the respondents agreed while 64% (11/17) disagreed to the fact that the controls are reviewed bi-annually.

Interview findings indicated that 2/6 of the respondents (33%) agreed while 4/6 of the respondents (67%) disagreed that the controls were reviewed bi-annually. This supports findings from the questionnaires.

From the results based on the mode as a measure of spread it can be concluded that the controls are not reviewed bi-annually as a majority of the respondents disagreed to that fact.

ii) Quarterly

Fig 4.24 Quarterly



Source: Field research (April 2014)

Results from the survey show that 6% (1/17) of the respondents strongly agreed; 6% (1/17) agreed; 76% (13/17) were unsure; 12% (2/17) disagreed and 0% (0/17) strongly disagreed to the fact that controls are reviewed quarterly.

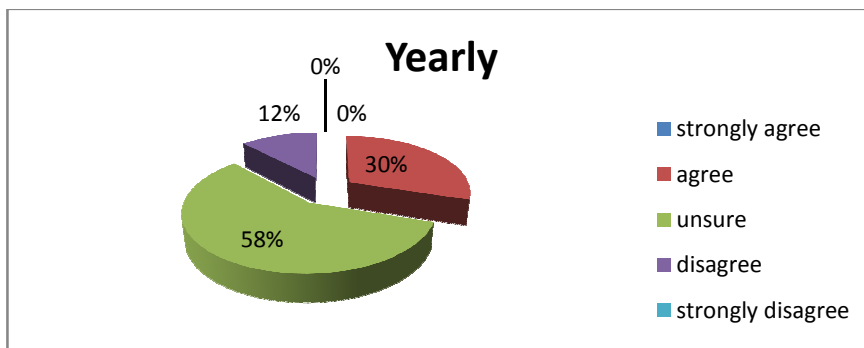
Therefore, 12% (2/17) of the respondents agreed while 88% (15/17) disagreed that the controls are reviewed quarterly.

From the interviews it was gathered that 17% (1/6) of the interviewees agreed while 83% (5/6) disagreed to the fact that the controls are reviewed quarterly.

Based on the research findings it can be concluded that the hotel's controls are not reviewed quarterly as the majority of the respondents disagreed to that fact.

iii) Yearly

Fig 4.25 Yearly



Source: Field research (April 2014)

From the research findings it can be noted that 0% (0/17) of the respondents strongly agreed; 30% (5/17) agreed; 58% (10/17) were unsure, 12% (2/17) disagreed and 0% (0/17) strongly disagreed that the controls are reviewed on a yearly basis.

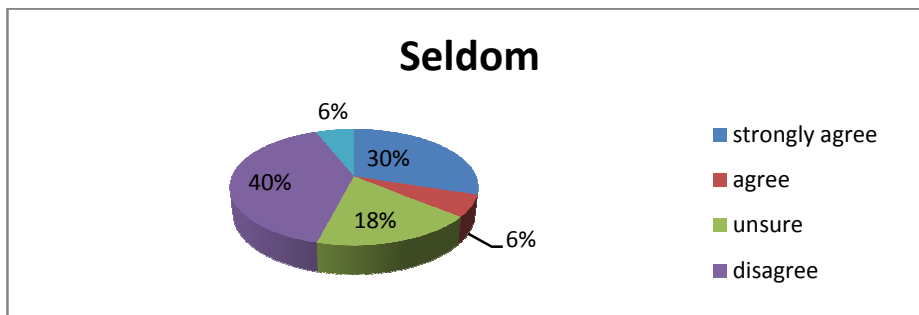
Therefore, 30% (5/17) agreed while 70% (12/17) disagreed to the fact that the controls are reviewed annually.

Findings from interviews show that 17% (1/6) of the interviewees agreed while 83% (5/6) disagreed to the fact that the controls are reviewed annually thereby supporting findings from questionnaires.

It can be concluded that the hotel's controls over pricing policy implementation are not reviewed on a yearly basis based on the mode as a measure of spread.

iv) Seldom

Fig 4.26 Seldom



Source: Field research (April 2014)

Research findings show that 40% (7/17) of the respondents strongly agreed; 18% (3/17) agreed; 6% (1/17) were unsure; 30% (5/17) disagreed and 6% (1/17) strongly disagreed to the fact that the controls are seldom reviewed.

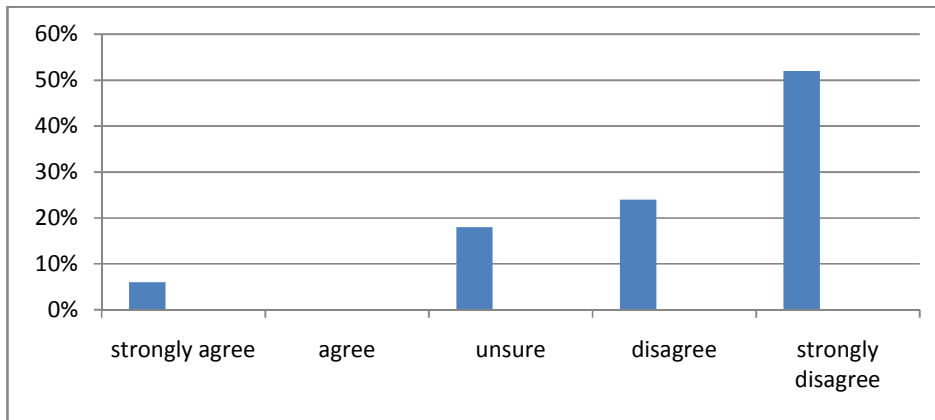
Therefore, 58% (10/17) of the respondents agreed while 42% (7/17) disagreed to the fact that the controls are seldom reviewed.

From the interviews 67% (4/6) of the respondents agreed while 33% (2/6) disagreed to the fact that controls are seldom reviewed hence it supports the findings from the questionnaires.

It can be concluded that the hotel's controls are seldom reviewed as the majority of the respondents agreed to the fact that controls are seldom reviewed.

v) **Never**

Fig 4.27 Never



Source: Field research (April 2014)

It can be noted from the research findings shown on the bar graph that 6% (1/17) of the respondents strongly agreed; 0% (0/17) agreed; 18% (3/17) were unsure; 24% (4/17) disagreed and 52% (9/17) strongly disagreed to the fact that controls are never reviewed.

Therefore, 6% (1/17) of the respondents agreed while 94% (16/17) of the respondents disagreed to the fact that controls are seldom reviewed.

It was gathered from the interviews that 17% (1/6) of the respondents agreed while 83% (5/6) disagreed to the fact that controls are never reviewed. Hence this supports findings from questionnaires.

It can be concluded that the hotel's controls are reviewed as the majority of the respondents disagreed to the fact that controls are never reviewed although they are seldom reviewed.

This is supported by Marasco (2007) who suggested that reviews should be performed on controls in order to ensure that the organization is operating efficiently.

16) The controls are reviewed by:

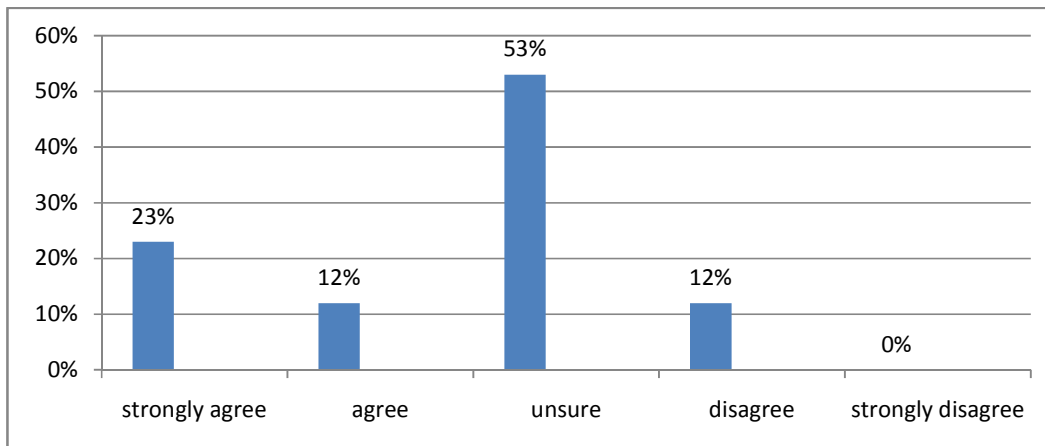
Table 4.18 Review of controls

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
General Manager	4/17 23%	2/17 12%	9/17 53%	2/17 12%	0/17 0%	17/17 100%
Internal audit team	4/17 23%	9/17 54%	4/17 23%	0/17 0%	0/17 0%	17/17 100%
Hotel financial controller	5/17 29%	3/17 18%	8/17 47%	1/17 6%	0/17 0%	17/17 100%

Source: Field research (April 2014)

i) General Manager

Fig 4.28 General Manager



Source: Field research (April 2014)

Findings from the survey show that 23% (4/17) of the respondents strongly agreed; 12% (2/17) agreed; 53% (9/17) were unsure; 12% (2/17) disagreed and 0% (0/17) strongly agreed to the fact that the controls over pricing policy implementation are reviewed by the General Manager.

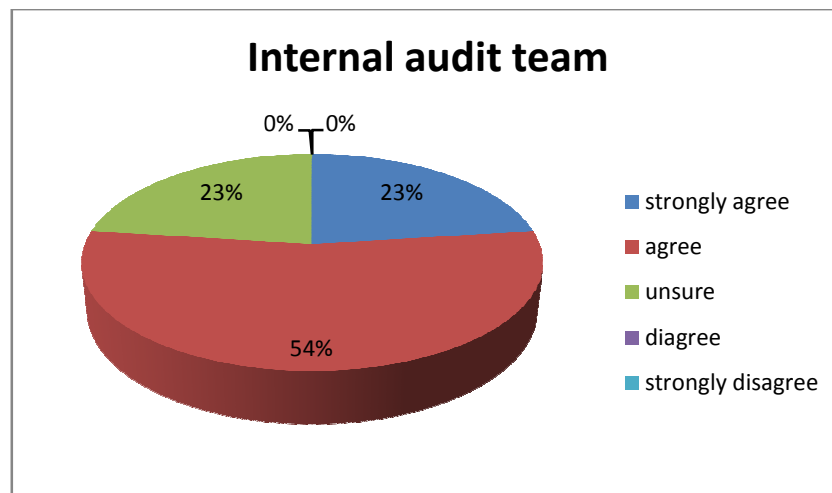
Therefore, 45% (6/17) of the respondents agreed while 65% (11/17) disagreed that the controls are reviewed by the General Manager.

This is supported by findings from interviews in which 33% (2/6) of the respondents agreed while 67% (4/6) disagreed to the fact that it is the General Manager's responsibility to review the controls over pricing policy implementation.

Based on the mode as a measure of spread a conclusion can be reached that it is not the duty of the General Manager to review controls over pricing policy implementation.

ii) **Internal audit team**

Fig 4.29 Internal audit team



Source: Field research (April 2014)

Findings from the survey show that 23% (4/17) of the respondents strongly agreed; 54% (9/17) agreed; 23% (4/17) were unsure; 0% (0/17) disagreed and 0% (0/17) strongly disagreed to the fact that the internal audit team is responsible for reviewing of controls over pricing policy implementation.

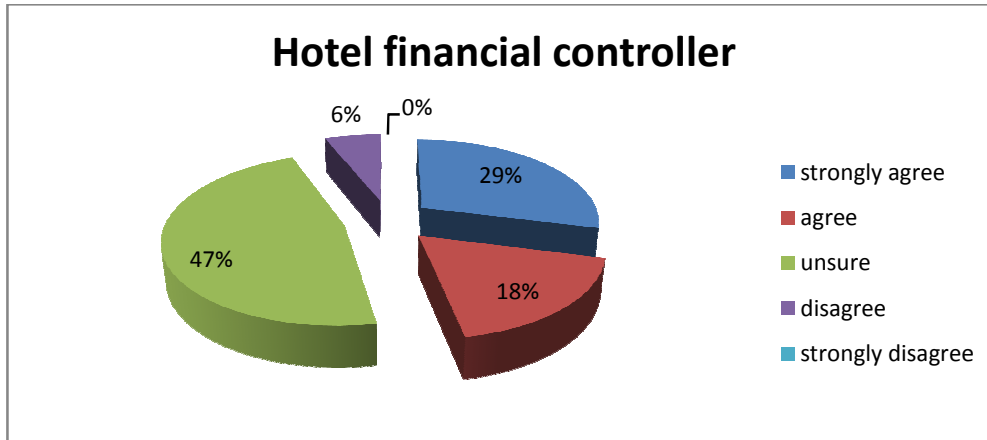
Therefore, 77% (13/17) of the respondents agreed while 23% (4/17) disagreed to the fact that it is the responsibility of the internal audit team to review control over pricing policy implementation.

From the interviews it was gathered that 83% (5/6) agreed and 17% (1/6) disagreed to the fact that the internal audit team was responsible for review of controls over pricing policy implementation.

A conclusion can be drawn that it is the duty of the internal audit team to review controls put in place over pricing policy implementation.

iii) Hotel financial controller

Fig 4.30 Hotel Financial controller



Source: Field research (April 2014)

As shown on the pie chart above 29% (5/17) of the respondents strongly agreed; 18% (3/17) agreed; 47% (8/17) were unsure; 6% (1/17) disagreed and 0% (0/17) to the fact that it is the responsibility of the hotel financial controller to review controls put in place over pricing policy implementation.

Therefore, 47% (8/17) of the respondents agreed while 53% (9/17) disagreed that the hotel financial controller is the one who is responsible for review of the controls put in place over pricing policy implementation.

To support this, information gathered through interviews shows that 33% (2/6) of the respondents agreed while 67% (4/6) disagreed to the fact that the hotel financial controller was responsible for reviewing controls put in place over pricing policy implementation.

It can be concluded that it is the duty of the internal audit team to review controls put in place over pricing policy implementation since the mode for the distribution is 77% which is a percentage of respondents who agreed that the internal audit team was the one responsible for review of controls.

17 The best pricing strategy for the hotel would be:

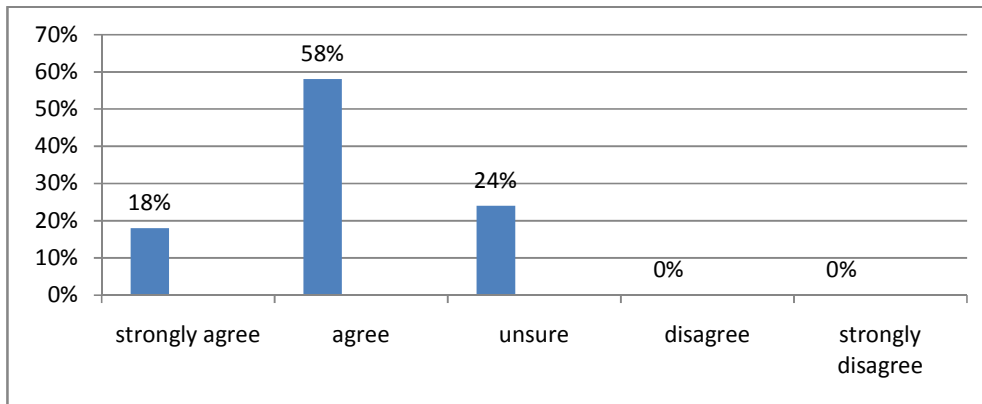
Table 4.19 The best pricing strategy

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
Value-based pricing	3/17 18%	10/17 58%	4/17 24%	0/17 0%	0/17 0%	17/17 100%
Price differentiation	2/17 12%	10/17 58%	5/17 30%	0/17 0%	0/17 0%	17/17 100%
Hedonic pricing model	1/17 6%	6/17 36%	10/17 58%	0/17 0%	0/17 0%	17/17 100%

Source: Field research (April 2014)

i) Value-based pricing

Fig 4.31 Value-based pricing



Findings from the graph below show that 18% (3/17) of the respondents strongly agreed; 58% (10/17) agreed; 24% (4/17) were unsure; 0% (0/17) disagreed and 0% (0/17) strongly disagreed that the best pricing strategy for the hotel would be value-based pricing.

Therefore, 76% (13/17) of the respondents agreed while 24% (4/17) disagreed to the fact that the best pricing strategy would be value-based pricing.

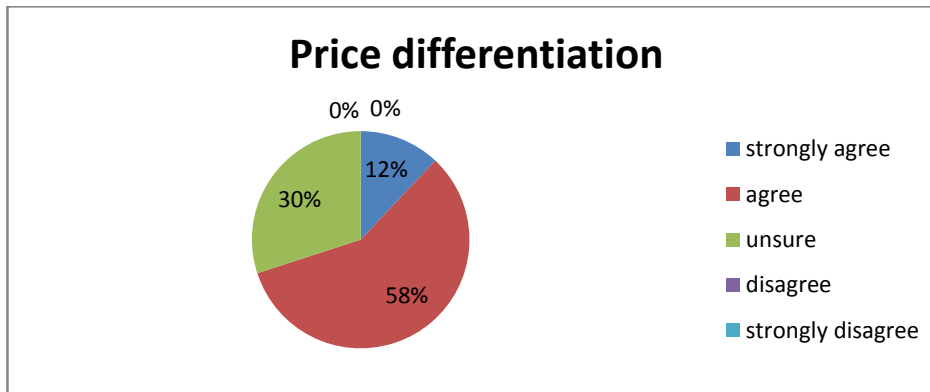
From the people interviewed 67% (4/6) agreed while 33% (2/6) disagreed to the fact that the best pricing strategy for the hotel would be value based pricing

It can be concluded that the best pricing strategy for the hotel would be value-based pricing.

Collins et al (2006) supports this as he suggested that a more profitable approach to pricing is value based pricing

ii) Price differentiation

Fig 4.32 Price differentiation



Source: Field research (April 2014)

As shown on the pie chart above 12% (2/17) of the respondents strongly agreed; 58% (10/17) agreed; 30% (5/17) were unsure; 0% (0/17) disagreed and 0% (0/17) strongly disagreed to the fact that the best pricing strategy for the hotel would be price differentiation.

Therefore, 70% (12/17) of the respondents agreed while 30% (5/17) disagreed to the fact that the best pricing strategy for the hotel would be price differentiation.

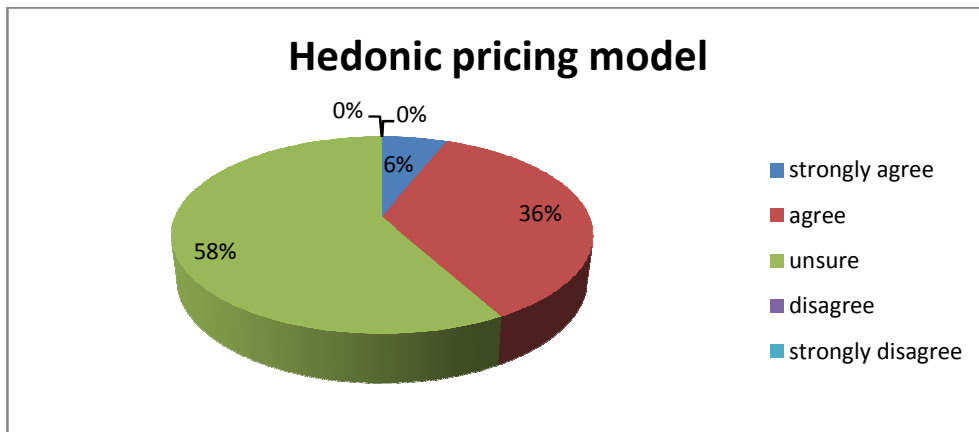
Out of the six interviewees 4/6 (67%) agreed while 2/6 (33%) disagreed to the fact that the best pricing strategy for the hotel would be price differentiation.

It can be concluded that price differentiation would be the best pricing strategy for the hotel since the majority of the respondents agree to that fact.

Becerra (2013) is in support of this view as he says differentiation provides insulation against competitive rivalry because of brand loyalty by customers and the resulting lower sensitivity to price.

iii) Hedonic pricing model

Fig 4.33 Hedonic pricing model



Source: Field research (April 2014)

Findings from the survey show that 6% (1/17) of the respondents strongly agreed; 36% (6/17) agreed; 58% (10/17) were unsure; 0% (0/17) disagreed and 0% (0/17) strongly disagreed to the fact that the hedonic pricing model would be the best pricing strategy for the hotel.

Therefore, 42% (7/17) of the respondents agreed while 58% (10/17) disagreed to the fact that the hedonic pricing model would be the best pricing strategy for the hotel.

The researcher also gathered from interviews that 33% (2/6) of the respondents agreed while 67% (4/6) disagreed to the fact that the hedonic pricing model would be the best pricing strategy for the hotel.

Findings from interviews supports what was gathered from questionnaires and a conclusion could be drawn that the hedonic pricing model would not be the best pricing strategy for the hotel as the majority of the respondents disagreed.

The pricing strategy with the highest frequency of respondents in support of it (76%) is value based pricing hence a conclusion can be drawn from the findings that value-based pricing would be the best pricing strategy for the hotel.

4.3 QUESTIONNAIRES ADMINISTERED TO HOTEL GUESTS

1) Age

Table 4.20 Age of guests

Below 20 years	20 to 30 years	31 to 39 years	40 years and above	Total
0/13	3/13	3/13	7/13	13/13
0%	23%	23%	54%	100%

Source: Field research (April 2014)

Results from the survey showed that out of the respondents 0% (0/13) was below 20 years of age; 23% (3/13) was between 20 and 30 years; 23% (3/13) was between 31 and 39 years and 54% was 40 years and above. Therefore it can be concluded that the majority of the guests who visit the hotel are 40 years and above.

2) Country of origin

Table 4.21 Country of origin

South Africa	Australia	China	Botswana	Zimbabwe	Total
2/13	5/13	3/13	2/13	1/13	13/13
15%	38%	23%	15%	9%	100%

Source: Field research (April 2014)

Results from the survey showed that 15% (2/13) of the guests came from South Africa; 38% (5/13) came from Australia; 23% (3/13) came from China; 15% (2/13) came from Botswana and 9% (1/13) came from Zimbabwe.

A conclusion can be drawn based on the findings that the majority of the hotel's guests come from Australia as it has the highest frequency.

3) Number of times visiting the hotel

Table 4.22 Number of times visiting the hotel

1 st time	2 nd – 4 th time	5 th -9 th time	Total
7/13	5/13	1/13	13/13
54%	38%	8%	100%

Source: Field research (April 2014)

Results from the survey show that 54% (7/13) were visiting the hotel for the first time; 38% (5/13) were visiting the hotel for the 2nd to 4th time and 8% (1/13) were visiting the hotel for the 5th to 9th time.

Out of the 10 guest interviewed 70% (7/10) confirmed that they were visiting the hotel for the first time while 30% (3/10) confirmed that they had visited the hotel before.

Based on the findings a conclusion can be drawn that a majority of guest at the hotel are people who are visiting the hotel for the first time as they have the highest frequency.

4) The main attraction to the hotel has been;

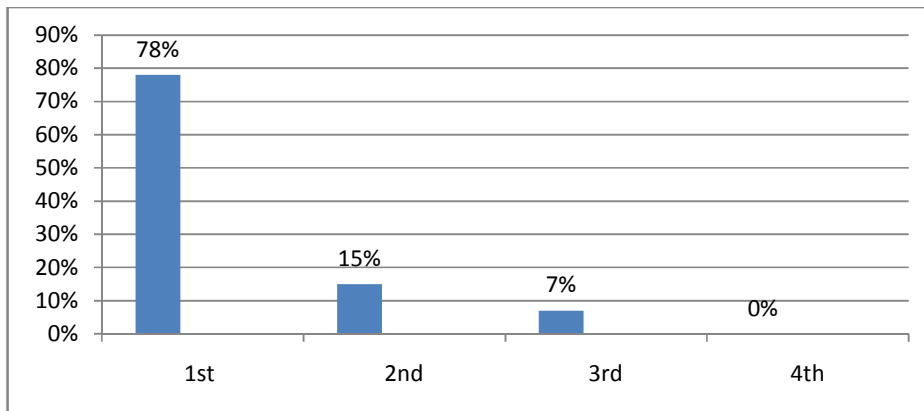
Table 4.23 attractions to the hotel

	1 ST	2 nd	3 rd	4 th	Total
Location	10/13 78%	2/13 15%	1/13 7%	0/17 0%	13/13 100%
Rating (5Star)	2/13 15%	3/13 24%	6/13 46%	2/13 15%	13/13 100%
Service quality	0/17 0%	6/13 46%	3/13 23%	4/13 31%	7/13 100%
Room rate	1/13 8%	2/13 15%	3/13 23%	7/13 54%	13/13 100%

Source: Field research (April 2014)

i) Location

Fig 4.34 Location



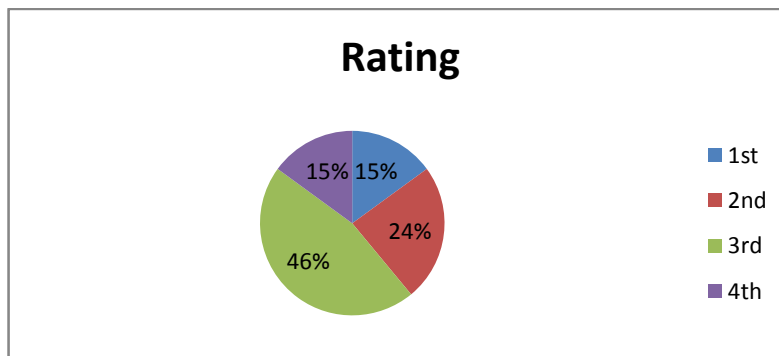
Source: Field research (April 2014)

Results from the survey show that 78% (10/13) of the respondents had the hotel's location as the main attraction to the hotel; 15% (2/13) had the location as the 2nd attraction; 7% (1/13) had the location as the location as the 3rd attraction and 0% (0/13) had the location as the 4th attraction.

It can be concluded that the majority of the guests were attracted by the hotel's location as in support of this out of the 10 guests interviewed 90% (9/10) mentioned the hotel's location as the main attraction to the hotel while 10% cited other factors other than the hotel's location.

ii) Rating (5 star)

Fig 4.35 Rating

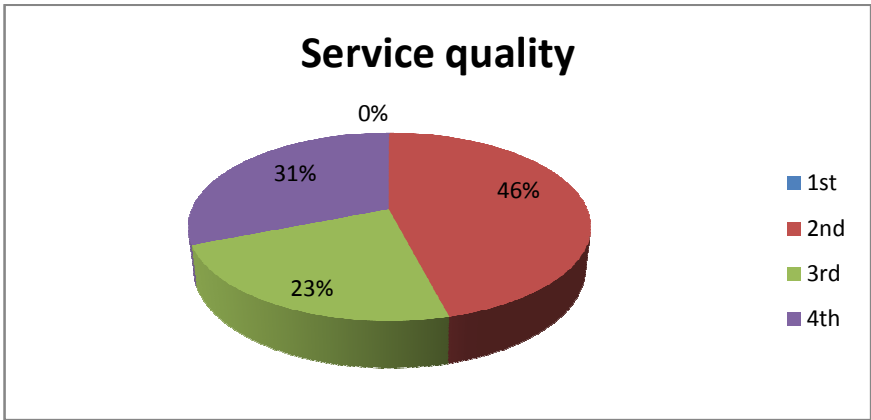


Results from the survey show that 15% (2/13) considered the rating of the hotel as the 1st attraction to the hotel; 24% (3/13) considered it the 2nd attraction; 46% (6/13) considered it the third attraction and 15% (2/13) considered it the 4th attraction to the hotel.

It can be concluded that the majority of guests consider the hotel's rating as the 3rd attraction to the hotel as it has the highest frequency.

iii) Service quality

Fig 4.36 Service quality



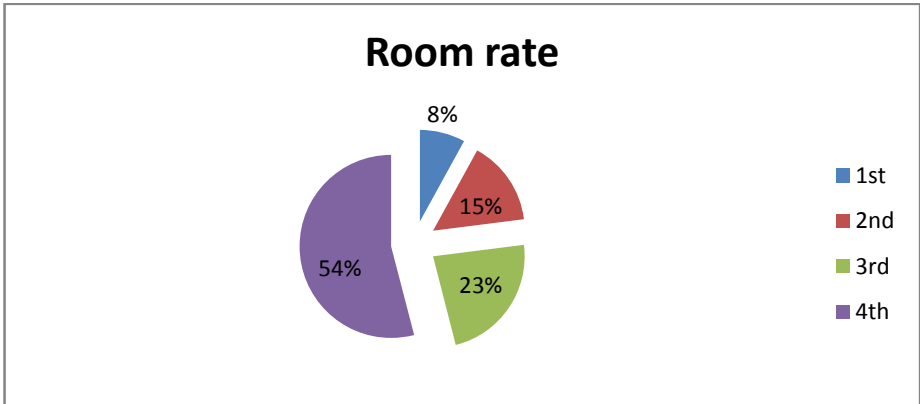
Source: Field research (April 2014)

Results from the survey show that 0% (0/13) considered the service quality as the first attraction to the hotel; 46% (6/13) considered it the 2nd attraction; 23% (3/13) considered it the 3rd attraction and 31% (4/13) consider it the 4th attraction to the hotel.

It can be concluded that the majority of the guests consider the quality of the service offered at the hotel as the 2nd attraction to the hotel as it has the highest frequency.

iv) Room rate

Fig 4.37 Room rate



Source: Field research (April 2014)

Results from the survey show that 8% (1/13) of the guests considered the room rate as the 1st attraction to the hotel; 15% (2/13) considered it as the 2nd; 23% (3/13) considered it as the 3rd and 54% (7/13) considered it as the 4th attraction to the hotel.

It can be concluded that the hotel's room rates were the fourth attraction to the majority of the guests as also out of the guest interviewed 70% (7/10) mentioned it as the last attraction to the hotel.

5) Booking with the hotel

Table 4.24 Bookings

Own booking	Travel agent	Other	Total
4/13	8/13	1/13	13/13
31%	62%	7%	100%

Source: Field research (April 2014)

Results from the survey show that 31% (4/13) of the guests made their own bookings; 62% (8/13) made the booking through a travel agent and 7% (1/13) made the booking with the hotel in other ways besides making their own booking or going through a travel agent. In this case the guest mentioned that they made their booking through a friend.

It can be concluded that a majority of guests make their bookings through travel agents. The mentioned travel agents among the list include Tour de Afrique, Abercrombie and Kent, Welcome Tours and Tauck tours.

6) Quality of service is consistent with the value paid for the service.

Table 4.25 Service is of good quality

Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
0/17	8/13	3/13	2/13	0/17	13/13
0%	62%	23%	15%	0%	100%

Source: Field research (April 2014)

Results show that 0% (0/13) of the respondents strongly agreed; 62% (8/13) agreed; 23% (3/13) were unsure; 15% (2/13) disagreed and 0% (0/13) strongly disagreed that the quality of the hotel's service was consistent with the consideration given up for the service.

Out of the 10 guests interviewed 60% (6/10) agreed while 40% (4/10) disagreed that the service quality was consistent with the value paid.

Therefore it can be concluded that the hotel's service quality is consistent with the value paid for it.

Respondents were asked to state the reasons to their view as to the service quality being consistent with the value paid. Amongst those that agreed to that fact they mentioned that the service quality was beyond their expectations and they were satisfied. Amongst those who disagreed to the fact areas which need improvement were brought up. These areas include infrastructure, staff training and room rates.

4.4 SUMMARY

This chapter covered the presentation and analysis of data collected through questionnaires and interviews. The next chapter will look at conclusions and recommendations on the area of study.

CHAPTER 5

FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter covers the summary of chapters, research findings, conclusion, recommendations and suggested areas for further study.

5.1 SUMMARY OF CHAPTERS

Chapter one covered the background of the study in which the researcher was investigating the pricing system at The Victoria Falls Hotel. The researcher looked at the hotel's statistics of visitors and assessed it by country of origin. The researcher also looked at the hotel's room rates against those of other hotels and lodges in Victoria Falls particularly The kingdom Hotel. The researcher established that the hotel's client mix is mainly made up of foreigners (88%) with locals (12%) constituting a small percentage. This coincided with the debtor's problem in which the hotel had a heavy aging analysis and was failing to recover those debts over the period of study. The main objectives of the research were to establish the pricing system adopted by the hotel, to establish the controls put over pricing policy implementation, to establish the guidelines put in place over pricing policy implementation and to determine the best pricing strategy for the hotel. The chapter also covered the main research question, sub research questions, significance of the study, delimitation of the study, limitations of the study and the summary.

Chapter two covered a review of literature by other scholars on pricing of a hotel's rooms. Under this chapter literature pertaining to pricing policies for hotels, guidelines over pricing policy implementation, controls over pricing policy implementation and the best pricing strategy for a hotel was collected and reviewed by the researcher in line with the research objectives. Information presented by Collins et al (2006) enabled the researcher to have an understanding of value based pricing, Chen (2010) presented information on the Hedonic Pricing model and Kim et al helped the understanding of the multi stage synthetic hotel room pricing model. This helped the researcher to have more comprehensive information about

pricing of a hotel's rooms as literature from other scholars enabled a deeper understanding of the subject in question.

Chapter three covered research methodology. The research was carried out in search of answers to research questions under a descriptive research design which provided the researcher with a lot of information on pricing of the hotel's rooms enabling the studying of abstract ideas where it is difficult to develop models. Probability sampling was adopted through the use of stratified random sampling in selecting the sample as the population was divided into the management and guests. The researcher used questionnaires and interviews as research instruments to collect primary data. Two different sets of questionnaires were administered; one for the management and one for the hotel guests. Questionnaires administered to the hotel's management experienced a 74% response rate as out of the 23 questionnaires distributed 17 were returned. On the other hand questionnaires administered to the hotel guests experienced a 59% response rate as out of the 22 questionnaires distributed only 13 were returned. Six people from the hotel's management and ten guests were interviewed.

Chapter four covered the analysis and presentation of data collected from field research. The researcher managed to collect data through questionnaires and interviews successfully as the employees and guests at The Victoria Falls Hotel were cooperative. Findings from the research were presented question by question in line with the research objectives. Data was presented in tables, graphs and pie charts and both qualitative and quantitative methods were adopted in analyzing the research findings. The mode as a measure of spread was used in analyzing data.

5.2 MAJOR RESEARCH FINDINGS

The following are the major research findings:

- The Victoria Falls Hotel adopts the cost approach as its pricing policy which is formulated by the finance team, documented and communicated.
- The hotel adopts market survey as a guideline over pricing policy implementation and it is the responsibility of the hotel's management with the assistance of the head office management to put in place these guidelines.

- The hotel has adequate personnel implement these guidelines, however, the personnel is not suitably qualified to do so.
- The hotel implements authorization of room rates and discounts, communication of authorized rates and segregation of duties between the formulators of the pricing policy and the implementers as controls over pricing policy implementation. These controls are implemented by the hotel's General Manager with the help of the front office manager. It is the responsibility of the internal audit team to review controls over pricing policy implementation. However these controls are seldom reviewed.
- The majority of the hotel's guests are foreigners who make their bookings through travel agents. The main factor that attracts guests to the hotel is its location followed by service quality, the rating and lastly the room rate hence a majority of guests feel the hotel should improve on room rates and infrastructure.

5.3 CONCLUSION

The research was successful as the researcher managed to address all research objectives and obtain comprehensive information on pricing of a hotel's rooms. In addition to that the researcher also managed to gather data from two different stand points which enhanced the richness of the research as the researcher managed to obtain evidence of the state of things concerning pricing at the hotel.

5.4 RECOMMENDATIONS

- The Victoria Falls hotel should make sure that personnel suitably qualified are assigned the duty to implement guidelines over pricing policy implementation. This enhances the effectiveness of pricing policy implementation by the hotel.
- The hotel should also ensure that supervision is carried out as a control over pricing policy implementation. This will enable the management to assess if policies are being complied to. Review of controls over pricing policy should be done on a regular basis. This will help the management to assess the effectiveness and efficiency of the internal control system and also to identify control problems in time.
- The hotel should adopt the multi-stage synthetic approach to pricing rather than the cost approach only. This approach to pricing combines more than one pricing strategy

hence the pricing strategies complement each other. The weakness of one strategy becomes the strength of another strategy.

- The hotel should take advantage of their local client base during the low season by offering a flexible room rate, packages and specials to attract local visitors to the hotel. This will enable the hotel to benefit both during the high season and the low season. Loyalty points can be introduced which can be converted to either a free stay, dinner or other packages to attract local customers to the hotel.
- The hotel should continue improving on its infrastructure to keep up with competition posed by new lodges emerging in the area.
- Credit limits should be placed and adhered to. This will prevent having one debtor owing the hotel huge amounts. Also the debtor's account should be cleared before allowing other bookings on credit. This will prevent piling up of debts. In addition to that penalties should be introduced on overdue accounts to encourage early settlement of debtors' accounts.

5.5 SUGGESTED AREAS FOR FURTHER STUDY

The researcher suggests that further research be carried out on pricing of a hotel's rooms with particular reference to its effect on a hotel's client mix and the best pricing strategy to ensure a balanced client mix.

5.5 SUMMARY

This chapter covered the chapter of summaries, research findings, conclusion, recommendations and summary.

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APPENDIX 1

COVER LETTER

Midlands State University
Faculty of commerce
Department of Accounting
P. Bag 9055
Gweru

The Victoria Falls Hotel
1 Malet Drive
Victoria Falls
Dear Sir/ Madam

RE: QUESTIONNAIRE TO SOLICIT FOR INFORMATION

My name is Lorraine Chikwani. I am a final year student at Midlands State University studying Bachelor of Commerce Accounting Honours Degree. In partial fulfilment of my studies I am undertaking an industry oriented research with my topic entitled: Investigating the pricing system at The Victoria Falls Hotel.

To make the research a success, I kindly ask you to assist me through responding to questions in this questionnaire. The responses will be used for academic purposes only and data will be handled confidentially. If you have any queries do not hesitate to contact me on 0773 822 605, email lorrainechikwani@gmail.com or the department of accounting chairperson.

Thank you for your support.

LORRAINE CHIKWANI (R102874N)

APPENDIX 2

QUESTIONNAIRE FOR THE VICTORIA FALLS HOTEL MANAGEMENT

My name is Lorraine Chikwani. I am an accounting student at the Midlands state university carrying out research on the investigation of the pricing system at the Victoria Falls Hotel. This research is being carried out in partial fulfillment of the Bachelor of Commerce Accounting Honours Degree. The researcher assures you that your responses will be treated confidentially and will be used for academic purposes only. I am therefore appealing to you to answer the questions truthfully. Your cooperation will be greatly appreciated.

- 1) Age
- 2) Gender
- 3) Highest qualification held.....
- 4) Which department are you working under?
.....
- 5) How long have you been with the hotel?
.....
- 6) The Victoria Falls Hotel has a pricing policy.
Strongly agree Agree Unsure Disagree
Strongly disagree
- 7) The pricing policy is documented.
Strongly agree Agree Unsure Disagree
Strongly disagree
- 8) The pricing policy is communicated to staff.
Strongly agree Agree Unsure Disagree
Strongly disagree

9) The policy is formulated by:

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree
i) Finance team					
ii) Administration management					
iii) Reservations team					
iv) Marketing team					

Others (specify).....

10) The following pricing strategy is adopted by the hotel:

	Strongly agree	Agree	Unsure	Disagree	Strongly agree
i) Cost approach					
ii) Penetration pricing					
iii) Price skimming					
iv) Competitive pricing					
v) Variable pricing					
vi) Market condition approach					

Others

(specify).....

11) There are guidelines put in place over pricing policy implementation.

Strongly agree Agree Unsure Disagree
 Strongly disagree

12) The following guidelines are put in place over pricing policy implementation:

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree
i) Price monitoring system					
ii) Market survey					
iii) Profit focused organisational culture					

Others (specify)

.....

13) a) Personnel is adequate to implement guidelines over pricing policy implementation.

Strongly agree Agree Unsure Disagree

Strongly disagree

b) Personnel is suitably qualified to implement the guidelines.

Strongly agree Agree Unsure Disagree

Strongly disagree

14) These guidelines are put in place by:

	Strongly agree	Agree	Unsure	Disagree	Strongly agree
i. Head office management					
iii) Victoria falls hotel management					

Others (specify)

.....

15) The following controls are put in place over pricing policy implementation:

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree
i) Authorisation of room rates					
ii) Communication of room rates					
iii) Authorisation of discounts					

Others (specify)

.....

16) The controls are put in place by:

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree
i) General manager					
ii) Reservations manager					
iii) Hotel financial controller					

Others (specify)

.....

17) The controls are reviewed.

	Strongly agreed	Agree	Unsure	Disagree	Strongly disagree
i) Bi-annually					
ii) Quarterly					
iii) Yearly					
iv) Seldom					
v) Never					

Other (specify)

.....

18) These controls are reviewed by:

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree
i) General manager					
ii) Internal audit team					
iii) Hotel financial controller					

Others (specify)

.....

19) The best pricing strategy for The Victoria Falls Hotel would be:

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree
i) Value-based pricing					
ii) Price differentiation					
iii) Hedonic pricing model					
iv) Cost approach					

Others (specify)

.....

Thank you for your cooperation.

APPENDIX 3

QUESTIONNAIRE FOR THE VICTORIA FALLS HOTEL GUESTS

My name is Lorraine Chikwani. I am an accounting student at the Midlands state university carrying out research on the investigation of the pricing system at the Victoria Falls Hotel. This research is being carried out in partial fulfillment of the Bachelor of Commerce Accounting Honours Degree. The researcher assures you that your responses will be treated confidentially and will be used for academic purposes only. I am therefore appealing to you to answer the questions truthfully. Your cooperation will be greatly appreciated.

Do not write your name on the questionnaire

Tick where possible and comment in the spaces provided

- 1) Age
- 2) Gender
- 3) Country _____ of _____ origin

.....

- 4) This is your:

 visiting the hotel.

- 5) The main attraction to the hotel has been:

	1 st	2 nd	3 rd	4 th
i) Location				
ii) Rating (5 star)				
iii) Service quality				
iv) Room rate				

- 6) a) Did you make the booking on your own or through a travel agent?

Travel agent Own booking

Others

(specify).....

b) If you went through a travel agent kindly provide the name of the agent

.....

7) a) The quality of the service provided by the hotel is consistent with the value you paid for the service.

Strongly agree Agree Unsure Disagree

Strongly disagree

b) State the reasons for your response in (a)

.....

.....

.....

8) The hotel should improve on:

	Strongly agree	Agree	Unsure	Disagree	Strongly disagree
i) Service quality					
ii) Room rates					
iii) Infrastructure					
iv) Staff training					

Thank you for your cooperation.

APPENDIX 4

INTERVIEW GUIDE

- 1) What are the hotel's rooms in pricing its rooms?
- 2) Which pricing policy is adopted by the hotel in pricing its rooms?
- 3) What is the justification for the above mentioned pricing policy?
- 4) Who is responsible for implementing the policy?
- 5) What are the guidelines put in place over pricing policy implementation?
- 6) Who ensures that these guidelines are being followed?
- 7) What are the controls over pricing policy implementation?
- 8) Who is responsible for putting into place these controls?
- 9) How often are these controls reviewed?
- 10) Who is responsible for reviewing these controls?
- 11) In your opinion what is the best pricing strategy for The Victoria Falls Hotel?