ASSESSING THE PRACTICES OF PRICING DECISION (IN CASE OF SORESSA HOTEL)

COLLAGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MARKETING MANAGEMENT

A SENIOR ESSAY SUBMITTED TO THE DEPARTEMENT OF MARKETING MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHLOR OF ARTS DEGREE IN MARKETING MANAGEMENT

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JUNE, 2019

WOLKITE, ETHIOPA

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Acknowledgments

"Everything is possible with the help of Good", thanks to God! Next, I want to express my gratification to wolkite university college of business and economics specially department of marketing management for give me this chance to prepare this study.

I would like to express my heartfelt appreciation and gratitude to my advisor Meaza Getnet (MBA) for her valuable advice, continuous Support, deduction, Encouragement, valuable guidance, ingenious and suggestions. Lastly, my sincerely thanks to my families and friends who helped me in changing this material to hard copy.

ABSTRACT

This study was conducted on wolkite town and Far from Addis Abeba by 158 km's at southern direction. The main reason that initiates the researcher is to conduct to the study to assess practice of pricing decision and to support possible solution. To collect data from the organization the researcher would be used questionnaires and sampling techniques. That means the questionnaires has been the distributed to those employees of the organization &customers who were selected to give their responses regarding to the study. At the end of this research paper summary, conclusion and recommendation was awarded based on the data collected from the organization.

Acronyms

CPI- Consumer price index

SMEs- Small manufacturing enterprises

IT- Information technology

Chapter one

1. INTRODUCTION

1.1. Background of the study

Price is the amount of money charged for product or services or it is the sum of values that consumer exchange for benefits of having or using the product or services. (Kotler, 2008, P: 302).

It is the only marketing mix which can generate profit for the company. In so far as the amount people were prepered to pay for a product represents value, price is also measure of value. It follows from the definition just stated that price perform an economic function of measure significant. Solong as they were not artificially controlled, price provided an economic mechanism by which goods and services were distributed. They also act as indicators of strength of demand for different products and enable producers to respond accordingly (kotler and Armstrong, 2006, p: 309)

Setting the right price is an important part of effective marketing. It is also marketing variable that can be charged most quickly, perhaps in response to competitor's price charge. (Kotler, 1999, p: 278).

Therefore, the objective of the paper would be to assess the practice of pricing strategy in a soressa hotel.

Although most of the literature that assesses the impacts of food commodity prices on consumers focuses on international food prices of commodities, these impacts were best measured by changes in the food component of the consumer price index (CPI), which accounts for changes in the prices paid for food products by consumers (Dewbre at al 2008). Heady and Fan (2010) agree on the fact that the food CPI approximates better welf were costs, especially if it is deflated to measure real food price movements.

Yet, Dorward (2011) states that there is a "downward bias in estimated real food-price changes for low-income groups when these were calculated using a CPI calculated for higher-income groups" (p. 650).

Changes in CPIs affect the real purchasing power of consumers and their welf were. The change in the cost of living is defined to know the additional income that consumers will need to compensate changes in prices (Boskin et al 1997). The

European harmonized index of consumer prices (HICP) is calculated according to a harmonized approach and a single set of definitions in European Union´s (EU) Member States (MS), making it easier to comp were price developments between them. The basket of goods and its weighting were updated regularly based on budget household surveys and other sources, in order to reflect changes in consumer patterns (European Central Bank (ECB), 2012).

Following the 2006/2008 commodities price shocks, core inflation, which excludes food and energy prices, continued to be generally stable in advanced countries, although it increased in the rest of the world (IMF, 2008b).

Busicchia (2013) examines food price fluctuations and developments related to international shocks and how food price inflation is managed in Australia, France and the UK. While food consumer prices did not undergo a sharp rise in these countries, they remained high even though world agricultural commodity prices decreased in 2009.

1.2. Statement of the problem

Pricing has always beenan integral part of marketing (Cf. Borden, 1964). In fact, in comparison to other traditional marketing elements (Hinterhuber, 2004;Cressman, 2012), it is theonly revenue-creating one (LaPlaca, 1997; Shipley and Jobber, 2001). As Morris (1987.P-79) states, “one of the more basic, yet critical decisions facing a business is what price to charge customers for products and services”. He stresses herewith the importance of setting different price levels for different customers. This is particularly critical, in what The Economist (2013) called the age of austerity – times characterized by sales stagnation, no reasonable possibility to cut costs further, and price as the only lever left. However, pricing does not only revolve aroundsetting certain price levels. It also encompasses more substantial issues, such as whether to price for ownership or usage of goods (IverothET al.2013).

In general, pricing strategy is essential as it serves as a bridge between the firm and its customers. This becomes clear when turning to Lancioni, Schau and Smith (2005) who write that “from a demand side perspective, a firm’s pricing strategy is essentially a quantification of the perceived value that the firm creates for its customers. From a supply side perspective, pricing is a strategic and tactical expression of how the firm wishes to compete to generate revenues and, in light of its business model, realizes a profit.” (p.123). Hence, a firm needs a sound pricing strategy to offer value facilitation to customers and to structure the here with connected pricing considerations. In fact, pricing strategy is an essential matter in even less severe times, because firms have to make a profit to prosper. Hinterhuber and Bertini (2011) express this by pointing out that a deficient pricing strategy inhibits profitability; even though examples from the past clearly indicate the weaknesses of cost-based pricing methods, many of today's firmsstillfocuson pricing strategies grounded in such methods (Hinterhuber,2008b). Another problem is rooted in customers not understanding the value based pricing Strategy of the firm and its strategy that is adapted by a few firms (Hinterhuber 2008) The New technological advanced distribution channel permits anyone to receive the most up to date multimedia information on the best connection and at the best prices (Kotler 1996)

according to Rosa et al (2011) the importance of price strategy as a purchase stimulus has a key role in price management since not only does it determine the way prices were perceived and valued, but it also influences consumer purchase decision (2001; Simon1989: Vanhuele and Dreze,2002).

As researcher get Information from hotel manager the hotel have some problems, accordingly the main problem that motivate the researcher to conduct this research is existing hotel industry problem of professional, lack of previous scientific research related to practice of pricing decision, to inform hotels to improve their pricing decision offered to customer and activities regarding to pricing strategy, change to the thinking that profit make from better pricing decision, low attitude of employees toward benefit of right price decision.

Finally, this study would be focused on particular hotel industry which is important to evaluate above problem by entitling assessing the practice of pricing decision on soressa hotel in wolkite town.

1.3. Research Questions

In generally the study was tried to answer the following research question.

- What types of pricing strategy the hotel is using?
- What is the customer's perception to the hotel's pricing strategy?
- What were the factors that affect the pricing decision of the hotel?
- To what extent the pricing decision of the hotel is effective in attaining its business objective?

1.4. OBJECTIVE OF THE STUDY

1.4.1. General objective

The general objective of the study was assessing the practices of pricing decision of Soressa hotel.

1.4.2. Specific objectives

- To identify pricing strategy of the hotel.
- To determine customer's perception of the hotel pricing decision.
- To identify the factors affecting pricing decision of the hotel.
- To measure the extent of pricing decision of the hotel in attaining its business objective.

1.5. Significance of the study

The study may provide significant on these four major aspects. It was provide concrete information to other researchers about assessing practice pricing decision and enables the hotel to use best pricing strategy. The study would because to increase my capacity and to examine my knowledge what would belearn about the research. Finally, the other contribution of the paper would be to add new idea and knowledge to existing stoke of knowledge of the researcher.

1.6. Scope of the study

In geographical aspect the study can also be conduct at wolkite town levels, but the researcher was focus on soressa hotel in wolkite town.

In theoretical aspect assessing the practice of pricing decision can conduct on many service industries, but the researcher was conduct on Soressa hotel.

In methodological aspect the study can conduct by using different methodology, but the researcher were uses descriptive research design.

1.7. Limitation of the study

In this study the researcher get different difficult to gather data and investigate the problem like:

- Lack of language
- Lack of experience to conduct the research
- Unwillingness of respondent to fill the questionnaire.

1.8. Organization of the study

The study consists of five (5) chapters. this study paper begin with an introduction part that deals with the general background of the study then chapter two is about the literature review in relation to the problem under the study. The third chapter deals with research methodology. Chapter four deals with the analysis and interpretation of the data collected through questionnaire and interview. Finally this paper is concerned about the general highlight and possible solution or recommendation and also include that concern about different reference questioner are attached to the paper.

CHAPTER: TWO

2. REVIEW LITERATURE

2.1 Definition of pricing

Pricing is the amount of money charged for product of services or it is the sum of values that consumer exchange for befits of having or using the product or services. (Kotler and Armstrong, 1999 p: 353)

Price is the only part of marketing mix that can generate revenue (product, promotion and placement) were about cost. (Kotler and Armstrong, 2006: p307)

Pricing is the manual or automatic process of applying prices to purchase and sales orders, based on factors, such as, a fixed amount, quantity break, promotion or sales campaign, specific quote price prevailing on entry, shipment, or invoice date, combination of multiple orders or lines and many others. (Kotler, 2006p: 411)

2.2. Pricing strategies

2.2.1. Market based pricing

The default method of pricing for many firms is using market prices. Many managers feel prices were dictated by the market and they have little or no control over them (Dolan, 1995). However, there were two very different perspectives from which a market -based price can be derived. The reference price may be from the product or service, which is viewed as most similar to the firm’s own offering. In their paradigm-shifting book, Nagle and Holden claim that the reference point should rather reflect the customer’s perceived alternative to a particular offering (2002).

2.2.2. Competitive pricing

The distinction between competitive pricing and competition based on pricing should be made clear. Competitive pricing, or the pricing of an offering based on what the competition is charging is most common in markets where many substitutes were available. Anderson and Narus define competitive pricing as simply setting prices relative to what competitors were charging (2004). Competition based on price is the practice of undercutting prices offered by competitors, and is not a sustainable growth strategy, particularly if it sparks a price war (Nagle & Holden, 2002).

2.2.3. Cost based pricing

Cost pricing or cost-plus pricing is the practice of adding some percentage to known costs to arrive at the offering price (Anderson &Narus, 2004). Nagle and Holden state that while cost must be taken into account in pricing decisions, the cost-plus price often uses an inefficient chronology of steps in the pricing process. The method involves setting a volume first, and constructing a cost based price from that. A more efficient method is to begin by determining a value that customers can accept and building the market and quantity numbers from there (2002).

2.2.4. Value-based pricing

Value based pricing can be defined as setting a price in relation to an offering's value (Anderson &Narus, 2004). The reason many managers do not pursue value pricing is that they perceive customers as quite price sensitive. However, in their research, Avila and Dodd's found that purchasing managers ranked price as the least important criteria in the decision making process. Sales managers, on the other hand, perceived price much higher on the list of criteria. This demonstrates their lack of understanding of what is critical in the purchasing process (1993). A price increase can bring either an increase or decrease in revenue depending on the elasticity of demand (Hoffman et al, 2002). Nagle and Holden suggest 10 factors which influence customer price sensitivity in the context of services (2002). They proposed that price sensitivity decreases as the customer's ability to build an inventory decreases. Lee and Ng continue this line of thought and find that more capacity should be saved for the time of consumption as price sensitivity decreases (2001). The factor which perhaps most directly lends itself to value-based pricing is that price sensitivity decreases the less price-sensitive customers were to the end benefit (Nagle & Holden, 2002). If the value of the end benefit is central to price sensitivity, the next question is how end benefits can be quantified. In his research, Hinterhuber stresses that by gaining a clear understanding of the value sources from the customer's perspective, under-pricing products, particularly innovative products, can be avoided. He goes on to describe the process of implementing value pricing. (2004) While his article describes the value analysis process in depth, the methods of implementation were only briefly listed. Little research has been undertaken to understand to what extent firms, particularly service firms, pursue value based pricing. In a more recent article written together with Stephan M. Liozu, Hinterhuber studied the extent to which CEO advocation of pricing impacts both pricing capabilities and firm performance (Liozu&Hinterhuber, 2013). While that article takes the discussion to the end benefits of pricing, the intermediate step in the value pricing process remains largely open. The aim of the current study is therefore to fill that gap in the literature. The IT industry has been chosen for this study due to the appwerent difference between the cost to produce and the value provided by the various technologies, and the resulting opportunity to use value based pricing strategies. The current study aims to investigate the extent to which SMEs in the IT service sector employ different pricing strategies, to describe the internal and external factors which affect pricing methods, and to build a theoretical framework to describe the 8 relationship between the various pricing strategies. Next we will review the literature on pricing methods.

2.2.5. Price Skimming

If the objective of pricing strategy is to build market showered, low penetration pricing is often recommended (Nagle & Holden, 2002). However, if the goal is to capture as much of the customer perceived value as possible, "price skimming" might be the method of choice. Price skimming relies on the assumption that different customers value an offering at different prices. The technique involves introducing a new offering at a high price and lowering the price over time, so that as much as possible of each consecutive level of valuation is captured (Gebhardt, 2006). Price skimming can be a brief process, but sometimes premium prices were drawn out over years.

2.2.6. Customized prices

While customized pricing in consumer markets is at best slow, and at worst, illegal, it is common practice in B2B markets (Simon &Butscher, 2001). Clients may have such large differences in needs that a firm must provide a different solution to every customer. Due to this reality, the use of customized prices is also widely accepted, even expected, of firms. When the usage of the offering is what provides the value, a customized price can be built which reflects this unique value (Narayandas, 2005).

2.2.7. Hourly based billing

Although billing by the hour is one of the most used methods of pricing labor, as workers in developed economies becomes more skilled and specialized the usefulness of this method is diminishing. Baker finds that hourly fees were the wrong way to measure value firms provide for clients (2009). Often, the hourly fee is used due to the perception that it most directly correlates to cost, but this is not always the case (Scott, 2006).

2.2.8. Lifecycle pricing

Nagle and Holden encourage contemplation of a product's price through four phases: development, growth, maturity, and decline (2002). As a long-term concept, its implementation may take years to complete. The realization of lifecycle pricing procedures may take even longer. For this reason, it can be difficult to observe or comment on its use in newer companies.

2.2.9. Experience curve pricing

Experience curve cost cutting goes back to beyond Henry Ford and the Model T, although the first article on the subject was not published until 1936 (Hirschmann, 1964). In his classic article in the Harvard Business Review, Hirschmann refers to the experience curve phenomenon and the resulting price decrease that Ford achieved (1964). In more recent research, the slope of price decreases in competitive markets is more accurately measured and these tools were suggested for use in predicting future price decreases as well (Gottfredson, Schaubert, &Saenz., 2008).

2.2.10. Target return pricing

Target return pricing is often used interchangeably with cost-plus pricing. The method's ease of use, an assumption of good sales estimates by managers, and close-enough attitudes were factors which have encouraged its adoption. Brooks claims that the additional time and effort to produce a better price point may not be offset by the rise in precision (Brooks, 1975). However, already during the same period, target return pricing had its adversaries. The method is labeled naïve, and less than precise, although at that time few superior pricing techniques had become main stream (Kamerschen, 1975).

2.2.11. Group/ Segment based pricing

Buyer grouping or segmentation allows a company to offer an appropriate price to groups of customers with differing willingness to pay. Each level is cwerefully separated using a number of different tactics (Chesbrough, 2010). If taken to an extreme segmentation can be illegal, but many legal methods were available. Segments do not separate themselves, but require cwereful consideration by the firm to distinguish differences in what customer's value and how much (Nagle & Holden, 2002).

2.2.12. Versioning /Predetermined choices

In their now classic article on versioning, Shapiro and Varian took the marketing theory of information goods to a new level. They assert that versioning is not a new way of doing business, but rather a method used to apply the tested concepts of segmentation, differentiation and positioning to a new type of offering; namely information goods (1998).

2.2.13. Bundled pricing

It is important to note that price bundling of two or more products which were not inseparable from the customers' perspective also requires discounting. However, this type of discounting is not in conflict with value pricing per se, as there is no additional value perceived by the customer which would demand a premium (Sharma &Iyer, 2011).

2.2.14. Profit and Revenue sharing

Profit and revenue sharing schemes can essentially turn a traditional supply chain into a value chain. Cachon and Lariviere name the practice "turning the supply chain into a revenue chain" and describe the practice used by blockbuster in its heyday, which gave studios producing content a showered of rental fees while requiring a lower purchase price for the tapes (2001). They argued already then, that the practice would be applicable to high technology in particular, due to the high up-front costs of equipment and the price sensitivity of customers to a relatively new technology. Nagle and Holden also come to the same conclusion, observing that price sensitivity decreases as showered-costs for the expenditure increase (2002).

2.2.15. Licensing

Licensing as a business practice began long before software. However, from the success of Microsoft, among others, it seems that the business model was made for these offerings. Besides allowing scaling of software products, licensing can also be used to launch a national brand, penetrate new markets, showered investment risk, build brand awareness, increase profitability of existing products, revive mature product lines, control subsidiaries, or to build a franchise (Quelch, 1985).

2.2.16. Pricing as a cue

Assuming that buyers find a reference price and comp were an offering based on the perceived value differential, price can be used as a signal of the value of an offering. The signal can be either "this is a deal" or "this must really offer something special", depending on whether the price is lower or higher relative to reference points in the market. In any case, pricing is not used as a cue for the sake of making a point. Rather, the goal is to benefit from the client perception, for example through cross selling to clients who feel a firm provides a great value on a single product (Dolan, 1995).

2.4.17. Discounting

Many researchers including Teng (2009), Tsao (2009), and Choi and Coulter (2012) have studied the phenomenon of discounting in retailing and other B2C settings. Despite the prevalence of discounting in B2B situations (Frenzen, Hansen, Krafft, Mantrala, & Schmidt, 2010), far less research has been conducted on the phenomenon of discounting in these contexts. In their study on the delegation of pricing authority to the salesforce, Frenzenet. al. find that rigid sales pricing policies were not the answer, but rather, salespeople should be given sufficient autonomy to price according to context, especially in the face of uncertain markets (2010). In a single-vendor multibuyer context, however, Sinha and Sarmah find that specifically under a level of uncertainty, coordinated discounting is not an efficient method of building channel profitability (2010). In his paper on value-based pricing, Hinterhuber offers the use of discounts as a method of introducing higher prices by first offering a "discount" on a higher price. After this period of enjoying a discount, the buyer is then much more receptive of the higher price, as it is simply the end of a temporary discount (2004). While their research focused on the angle of sales force productivity, Siguaw, Kimes, &Gassenheimer found that the use of discounting to land "national" customers often led to lower profitability (2003). On the other hand, Siguawet. al. also found that discounting off-peak capacity which would have otherwise not been sold was seen as fair pricing (2003).

2.3 Pricing Diction

Organization producing goods and services need to set the price for their product. Setting the price for an organizations product is one of the most important decisions a manager faces. It is one of the most crucial and difficult decision a firm's manager has to make. Pricing is a profit planning exercise. (ZEITHAM, service marketing, 1998)

2.3.1 Approaches of Pricing

Pricing can be approached at three levels, the industry, and market and transaction level.

1. Pricing at the industry level focuses on the overall economics of the industry, including supplier price changes and customer demand changes.
2. Pricing at the market level focuses on the competitive position of the price in comparison to the value different of the product to that of comparative competing products.
3. Pricing at the transaction level focuses on managing the implementation of discounts away from their deference, or list price, which occur both on and off the invoice or receipt (Garrison, Noreen and Brewer, 2oo6 p: 188)

2.3.2 How Companies Set a Price for Their Product?

Companies' do their pricing is a variety way in small companies, prices were often set by the boss. In large companies, pricing is handled by division and product line managers. Even her top management sets general pricing objectives and policies and often approves the prices proposed byLower levels of management (metti, 2008)

2.4 Pricing as Profit Maximization

If the companies do not talk each other, then we can set a different price for even customer, if customer talks each other, then one price must be set for all customers and we want that price to

Maximize total price. This profit, maximization price has to do nothing grow profit per piece of market shwere. The total profit is merely product of group profit per price time's total sales. Market segmentation can raise profit. If the concern is with growth profit instead of net profit. Selling at lower profit margin would be impossible and a dollar amount would be left on the table and would leave the high end the market opens to competitors. Therefore, it is advisable not to be all things to all people, for we will end up to everybody. This where market showered

Analyze in important so one can know how to best differentiated a product price from on other product service. To conduct price has nothing to do with cost.

It is what customer pay and they do not pay about cost, the seller aims to maximize profit and

Total profit if between price and cost give total sales.

It is not and static exercise it is a dynamic process with many variable and strategic planning. Maximizing total profit comes from segmenting market considering economies of scale, learning curve and game theory to model the entire competitive market. (Kotler, 1999: p353)

2.5 Pricing as indicator of service quality

One of the intriguing aspects of pricing is that buyers were likely to use price as an indicator of both service costs and service quality. Price is at ones an attraction variable and repellent. Customers' use of price as an indicator of quality depends on several factors, one of which is the other information available to them when services use to quality were readily accessible. When brand name provides evidence of a company's reputation, or when the level of advertising communicates the Companies believers in the brand, customers may prefer to use those cues instead of price. In other situation, however, such as when quality is hard to detect or when quality or price varies a great deal within a class of services, consumers may believe that price is the best indicator of quality. Another factor that increases the dependence on price as a quality indicator is the risk associated with the service purchase. In high risk situations, many of which involve credent consulting. The customer will look to price as a surrogate for quality because customers depend on price as a cue to quality and because price set expectations of quality, service price must determine cheerfully, in addition to being chosen to cover casts or much competitors, prices must be to convey The appropriate quality signal. Pricing to low can lead to in accurate inferences about the quality of the services. Pricing too high can expectations that may difficult to match in service delivery. (Zeithamal, service marketing, 1996)

2.6 major factors that influence the price decision

1. Competition

There were two kinds of competitive factors that influence price: -

A. One factor is the competitive effect on demand for the product.

B. the second competitive factor influencing price is the reaction of competitors to any price move the business marketer may make.

2. Cost- costs set the floor for the price that the company can charge for its product.

3. Demand- the market demand set the upper limit of the price. Before setting prices, the marketer must understand the relation between price and demand for its product.

4. Pricing objective- an important step in pricing strategy is to determine goals and objectives prior to setting price points or levels. Among the many pricing objectives that a firm may adopt were pricing to: -

- Maximize profit
- Expand and maintain market showered etc.

5. Legal consideration- from legal point of view industrial marketers should avoid price fixing, exchange pricing information; predatory pricing (set the price below the cost) and so on (Bingham, Frank G., Business marketing management 1998).

2.7 Methods of pricing setting

Companies charge price too low to make profit and too high to produce any demand. To set the specific price level that achieves their pricing objectives, managers may make use of several

Pricing methods. These methods include: -

- Cost-plus pricing- set the price at the production cost plus a certain profit margin.
- Target return pricing- set the price to achieve a target return on Investment.
- Value based pricing- bases the price on the effective value to the customer relative to alternative products.
- Psychological pricing – bases the price on factors such as signals of product quality, popular price points and what the consumer perceives to be fair. (Bingham Frank G., business marketing, 2001).

2.7.1 Types of pricing

There were three types of prices. This were: -

1. List price: - is a price list wererwerely those paid by customers, rather, list prices form the starting point for calculation of a net price.
2. Net prices: - is the key price in the decision wither or not buy. Net price is a list price minus one or more discounts.
3. Geographic prices: - means that may be quoted at the factory door, at the customers receiving dock or at some other location. (Bingham Frank G., business marketing, 2nd edition, 2001)

2.8 Consumer psychology and pricing

Many economists assume that consumers were price taker" accept price at "face value" or as given. Marketers recognize that consumers often actively process price information. Interpreting prices in Terms of their knowledge from prior purchasing experience; formal communication (advertising, sales calls broachers), informal communication (friends, colleague's family members) and point of purchase or online resources. Purchase decision is based on how consumers perceive price and what they consider to the current actual price not to the marketer's stated price.

They may have a lower price threshold below which price may signal inferior or acceptable qualities, as well as an upper price threshold above which prices were prohibitive and seen as not worth the money. (Kotler, 2006, p: 401)

2.8.1 Consumer price sensitivity

Consumer price sensitivity reflects how consumers react to change is price. Common effects on consumer price sensitivity Price.

- quality effect- consumer use price as an indicator of products quality, especially when they do not have much experience with the product category. In this case consumers would be less sensitive to a product's price to the extent that they believe higher price signify higher quality.
- \unique value effect_ consumer would be less price sensitive when product stays unique and does not have close substitutes. If a firm successfully differentiates its product from those of its competitors. It can change higher price consumers must remain aware of the differentiation and convinced of its value in order to pay the higher price. In essence, the firm's strategy is to reduce the effect of substitutions, thereby eliminating the customer's reference value for the product.Resorts and health spas use this strategy by marketing themselves as one of a kind property. Restaurants use this approach and differentiate the attribute such as the chef, the atmosphere and menu.
- Perceived substitutes effect- consumer become more price sensitive when comparing a product's higher price with the lower price of perceived substitutes for the product. Consumers must be aware of the other products and actually perceive them as substitutes. The prices for the substitutes help consumers from a reference price, or a reasonable price range for the product. There were manyPerceived substitutes for products such as fast food, airline travel, car rentals, and hotel rooms. When there were a number of substitutes consumers aware of, there tends to be a down ward pressure on price, resulting in a relatively narrow acceptable rang of price. For example, there were no significant price differences between products in fast food restaurant or airline tickets for a popular route, example, and New York to Chicago.
- End- benefit effect-a product may represent only one component of the purchase necessary to attain a desired be refit. The end-benefit effect consists of two parts: derived demand and phase total cost. (Robert D. Raid and Daude, Bojanie: p: 553)

2.9. Conceptual Framework

A key assumption in economic theory is that consumers tend to rather intensively process the prices of products they buy. Here we intend to intensively explain the various aspects of pricing.

2.9.1. Pricing objectives

xenfeldt (1983) cited in Avlonitis and Indounas (2005) stated that pricing objectives provide directions for action, ―to have them is to know what is expected and how the efficiency of operations is to be measured‖. Objectives can be short term and long term. According to Weber (2000) a firm ought to decide upon the objectives of pricing before determining the price itself and some of the main objectives were as follows:

1) Achieve target return on investment or on net sales

Kotler and Armstrong (2008) described this as building a price structure designed to provide enough return on capital used for specific products so that the sales revenue will yield a predetermined average return for the entire firm. This objective is usually used by most firms for short run periods (Ezeudu 2005) whereby a percentage markup on sales is set. This set percentage covers anticipated operating cost plus desired profit for the year.

2) Stabilize prices

Another pricing objective could be to stabilize prices. This is mostly found in industries where there is a market leader and prices fluctuate frequently. "Price leadership does not necessarily imply that the objective of stability is reached by having all firms in the industry charge the same price as that set by the leader (Stanton 1981). It only means that some regular relationships exist between the leader 's price and those charged by other firms" (Sean 2005).

3) Maintain or improve target showered of the market

Most companies have their pricing objective to be to increase or maintain market shower (Stanton 1981). Increased market shower is a result of effective long term pricing strategies. Any firm who has this as a pricing strategy must be ready to operate and plan on the long run. It is quite different from target return which might be deceptive because a firm could be earning but losing market showered gradually (Lancaster, et al., 2002).

4) Meet or prevent competition

Lancaster, et al., (2002) stated that organizations may try to meet up with competition by reducing prices or even prevent it by adopting what is called 'follow the leader' policy (a policy whereby companies price products based on competitor 's price).

5) Maximize profits

This pricing objective is used by countless firms. The problem with this goal is that it is often connected in the public mind with profiteering, high price and monopoly although there is nothing wrong with it (Ezeudu 2005). If the profit is high due to short supply in relation to demand new capital would be attracted into the field.

CHAPTER THREE

3. RESEARCH METHODOLOGY

1.1. Description of the study area

The soressa hotel was established in 1998 and There is a construction of new building, green area and a lot of facility. soressa hotel in wolkite is nearest to wabe and158km south of Addis Ababa. Soressa hotel is a modern hotel with quality and standard bedrooms. The hotel delivers bar and Restaurant services with trained hotel staff and chiefs. Soressa hotel is available facility which can serve for different occasions like wedding ceremonies, enough parking for vehicles' and available for other program.

3.2 Research design

To accomplish the objectives of the study both qualitative and quantitative research strategies would be use. Such research strategies were good way of approaching issues as it enabled to respond and triangulate evidences. Cross sectional design was a study in which various segments of population were sampled at a single point in a time (Zikmend, 2003). Based on the purpose, the study would be descriptive in nature because, this type of study would be conducted to provide detailed description about the existing phenomena and to justify current condition with the intent of employing data and whenever possible to draw conclusion from the fact discovered (Kothari, 2004).

3.3 Source of data

To conducted this study, the research was used both primary and secondary data. The primary data is that of original information that collected through questionnaire and interview while the secondary data would be collected from books, different publications, previous research works and the like.

3.4 Target Population

The target population of this study was customer those who receive service from the hotel, employees who give service in the hotel and manager of the hotel who manage activities of the hotel currently.

3.5 Sampling technique

A sample of convenience is simply a potential source of research participants that is easily accessible to the researcher. (Geoffrey M, David D, and David F,1964)

Samples from target population would be select by using convenience sampling technique, because of using this technique is appropriate to save time and cost.

The organization has 40 employees, 1 manager and around 4320 estimated average number of customer per a month from organization source. So to keep accuracy of data study select 139 sample from total population specifically; the research use 98 of customer of most loyal customers of hotel, 40 employees and 1 manager source organization.

For selecting samples from all the 4320 customer the following formula of Toro Yamane (1967) will used and census would be used for employees.

n= N/ [1+N (e) 2]

Where n= the sample size

N= Population size

e= Acceptable sampling error (10%) and 90%confidence level

$n= 4320/1+4320(0.1)^2$

n=4320/1+4320(0.01)

n=4320/1+43.2

n=4320/44.2

n=97.7=98

3.6. Methods of data collection

The researcher was collected different types of data from different questionnaires and interview. The researcher was collected data from customer and employees of the organization through questionnaire and the interview would be conducted with a manager of the hotel and also the researcher was also collected secondary data through review of related literature regarding the study.

3.7 Method of data analysis and presentation

After the collection of the data by questionnaire, and interview the available data would be analyzed by using qualitative and quantitative methods. The quantitative data would be presented and analyzed by descriptive statistics in the form of table, graphs, frequencies, because the data contains numerical variables, while qualitative data will be analyzed through narrating of key informants’ responses.

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CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS ANDINTERPRETATION

4.1 Introduction

This chapter deals with the result obtained from questioner filled by employees,customer and interviews asked to manager of soressa hotel. In order to conducted this research 98 questionnaires were distributed to customers of soressa hotel and 90(92%) copies were properly completed and returned by customers. The rest of 8(8%) questioners were not returned because of various reasons such as customers have shortage of time, issue of personal problem and lack of sufficient ideas did not fill up and returned the questionnaire on time.

4.1 Demographic nature of respondents

Table 4.1.1, sex distribution of sample employees and customers

	Sex	Number	Percentage
Customer respondents	Male	65	72%
	Female	25	28%
	Total	90	100%
Employee respondents	Male	17	43%
	Female	23	57%
	Total	40	100%

(Source of quaternary, 2019)

The above table show that the respondents sex distribution. From table can understand that 72% of respondent customers are males and 28% of respondent customers are females. On the other hand 43% respondent employees are males and the remaining 57% of respondent employee's are females.

Table 4.1.2, age distribution of sample employees and customers

Customer Respondent

Age		20-30	30-40	40-50	>50	Average
Sex	Male	25	18	13	9	65
	Female	15	9	1	-	25
Total		40	27	14	9	90
Percentage		44%	30%	16%	10%	100%

Employee respondents

Age		20-30	30-40	40-50	>50	Average
Sex	Male	13	4	-	-	17
	Female	15	6	2	-	23
Total		28	10	2	-	40
Percentage		70%	25%	5%	-	100%

(Source 0f survey, 2019)

The above table 4.1.2 shows that the age distribution of respondent customers and employees .It is clearly observed from table 3.2. 70% of respondent employees fell under the age of 20-30, from this the majorities are female and 25% of respondent employees are between the age of 30 and 40 and 5% of respondent employees are between 40-50.on the other hand 44% of respondent customers are between 20-30 from this the majorities are male , 30% of respondent customers are between 30-40 age, 16% of respondent customers are between40-50 age, from this the customers are male and 10% of respondent customers are under the age of >50,these customers are male customers. This shows concluded that the hotel holds young and productive human power and this is true for customer since most of them are categorized under the age of 20-30. This group of employees could help the hotel to serve its esteemed customers quickly and presentably.

Table 4.1.3, distribution of respondent Education level

costumer respondent

Category	High school	Certificate	Diploma	Degree	Other	Average
Male	-	12	14	23	16	65
Female	-	4	14	7	-	25
Total	-	16	28	30	16	90
Percent	-	18%	31%	33%	18%	100%

Employee respondent

Category	High school	Certificate	Diploma	Degree	Other	Average
Male	-	12	5	-	-	17
Female	16	3	4	-	-	27
Total	16	15	9	-	-	40
Percent	40%	37%	23%	-	-	100%

(Source 0f survey, 2019)

the above table, 4.1.3 shows that the education level of respondent customers and employees. From table 4.1.3, 40% of respondent employees are high school completed, 37% of respondent employees are certificate holders and 23% of respondent employees are diploma holders. From this the researcher concluded the majorities of respondent employee's education level are high school completed. On the other hand; 18% of respondent customers are certificate holders, 31% of respondent customers are diploma holders, 33% of respondent customers are degree holders and 18% of respondent customers are other. From this the researcher concluded that the majorities of respondent customer's education level are degree holders.

4.2. Interpretation of customer response

Table 4.2.1, distribution of customers Profession

Customer respondent

Category	Employee & business man	Student	Other	Average
Female	44	-	21	65
Male	15	-	10	25
Total	59	-	31	90
Percent	66%	-	34%	100%

The above table 4.2.1, shows that the distribution of customers profession. As one I can understand from table, 59 (66%) respondent's are employees, from this (out of 15 are males and the rest 44 are females) and 34% of respondent customers are other profession. From this the researcher can concluded that most of the hotel users are employees and businessmen customers.

Table 4.2.2, distribution of average user of the Hotels Level of response

On average how many times (in a month) do You get service at the hotel?	Category	1-2time	3-4times	5-6times	7-8times	>9times	Average
	Female	6	24	12	11	12	65
	Male	3	7	2	1	2	25
	Total	19	31	14	12	14	90
	Percent	21%	34%	16%	13%	16%	100%

(Source 0f survey, 2019)

Above the table 4.2.2, I can see that 21% of respondent customers are used the hotel services from 1-2 times in a month, from this 6 respondents are male and also the other 13 respondents are females. Next 34% of respondents are visiting the hotel from 3-4 times in a month. Among these respondents 24 respondents are male

And the remaining 7 are female and 16% of customers are visit the hotel 5-6times from which 12 respondents are male and 2 are female. On the other hand, 13% of respondents are served at the hotel from 7-8 times and 16% of respondents are served at the hotel frequently .From this researcher can understand that most of customers are loyal for the hotel.

Table 4.2.3, evaluation of the hotel quality Service Level of response

Customer respondents

How do you evaluate the hotel service of Quality?	Category	Its price	Its tangibility	Its close relation	Employee approach	>all	Average
	Male	28	13	5	11	8	65
	Female	12	-	3	3	7	25
	Total	40	13	8	14	15	90
	Percent	44%	14%	9%	16%	17%	100%

(Source 0f survey, 2019)

The above table shows that factors of the hotel service quality evaluation. From the above table the researcher understands that 44% of respondent customers are evaluated the hotel's service quality based on its price. From this out of 28 are males and the remaining 12 respondents are female customers. 14% of respondents are evaluated the hotel's service quality based on its tangibility from this the respondents that means 13 total respondents are only male customers. Next 9% of respondents customers are evaluated the hotel service quality based on its close relation from this 5 respondent is male and 3 respondent are female customers and again 16% of respondent customers are evaluated the hotel service quality based on employee approach from this 11 respondents are male customers and the remaining 3 respondent customers are females. And the last 17% of respondent customers are evaluated the hotel'service quality based on all aspect. From these respondent customers 8 customers are male and the remaining 7 customers are female. Here, the researcher generalize that the majority of respondents are agree the hotels "its price" in order to evaluate hotels quality service. The minority of respondents are evaluated the hotel quality service by its close relation.

Table 4.2.4, distribution of the price of service when compared to its Quality .Level of response

Customers' respondent

The price of services given by the hotel is	Category	Strong agree	Agree	Moderate	Disagree	Strongly disagree	Average

Reasonable when seen against its quality?	Male	-	21	30	9	5	65
	Female	-	-	15	6	4	25
	Total	-	21	45	15	9	90
	Percent	-	23%	50%	17%	10%	100%

(Source 0f survey, 2019)

The above shows that the services given by the hotel is reasonable when seen against its price. From this table the researcher can understand that 50% of respondent customers are moderate. 23% of respondent customers are agreed, next 17% of respondent are disagree and the remaining 10% of respondent customers are strongly disagree. From this the researcher can generalize that the hotels effort in order to match its price with its services are relatively good since, almost 73% of respondents are satisfied.

Table 4.2.5, capabilities of hotel's pricing Decision in considering the Society purchasing power

Customers' respondent

The hotel's pricing decision seems to consider The society's purchasing power.	Category	Strong agree	Agree	Moderate	Disagree	Strongly disagree	Average
	Male	5	5	55	-	-	65
	Female	17	8	8	-	-	25
	Total	22	13	63	-	-	90
	Percent	24%	15%	61%	-	-	100%

(Source 0f survey, 2019)

The above table shows that the hotel price decision seems to consider the society's purchasing power. As indicated in the tables 4.8 the researcher can understand that 44% of respondent customers are disagree. 16% of respondent of customers are agreed and 28% of respondent customers are strongly disagree and the remaining 12% of respondent customers are moderate on the hotel's Capability in considering the society's purchasing power. From this the researcher can generalize that services which are delivered by the hotel are available for only high class of society since almost 72% of respondent customers are not agreed.

Table 4.2.6 price discount Response

Customer respondent

Is the hotel give price discount for you?	Category	Yes	No	Average
	Male	-	65	65
	Female	-	25	25
	Total	-	90	90
	Percentage	-	100%	100%

(Source 0f survey, 2019)

The above table indicates that the price discount and type of price discount of the hotel given to customers. From this table, 100% of respondent customers are said that "No" the hotel is not give price discount & no one of respondent customers are said that "Yes". From this the researcher can concluded that the hotel is relatively not give price discount for customers.

Table 4.2.7 regarding menu of hotel

Customer respondent

Is their menu in the hotel which list price?	Category	Yes	No	Average
	Male	65	-	65
	Female	20	5	25
	Total	85	5	90
	Percentage	94%	6%	100%

(Source 0f survey, 2019)

The above table indicates that hotel menu given to customers. From this table, 63% of respondent customers are said that "yes" the hotel is give menu to customer & the remaining 37% of respondent customers are said that "no" the hotel is not give menu. From this the researcher can concluded that the hotel is relatively give menu for customers since almost 63% of respondents are said that the hotel is give menu for customers

Table 4.2.8 regarding of receipt for price

Customer respondent

	Category	Yes	No	Average
is the hotel give receipt to customer when they pay price?	Male	55	10	65
	Female	21	4	25
	Total	76	14	90
	Percentage	84%	16%	100%

(Source 0f survey, 2019)

The above table indicates that hotel give receipt to customer when they pay price. From this table,84% of respondent customers are said that “yes” the hotel is give receipt to customer & the remaining 16% of respondent customers are said that “no” the hotel is not give receipt. From this the researcher can concluded that the hotel is relatively give receipt for customers when they pay price.

Table 4.2.9 price discount on holiday response

Customer respondent

	Category	Yes	No	Average
Is the hotel give price discount on the holiday?	Male	5	60	65
	Female	3	22	25
	Total	8	82	90
	Percentage	9%	91%	100%

(Source 0f survey, 2019)

The above table indicates that the price discount on holiday and type of price discount of the hotel given to customers. From this table, 91% of respondent customers are said that “No” the hotel is not give price discount on holiday & 9% of respondent customers are said that “Yes”. From this the researcher can concluded that the hotel is relatively not give price discount on holiday for customers.

Table 4.2.10 stability of price

Customer respondent

	Category	Yes	No	Average
Is the hotel price decision the same through the year?	Male	57	8	65
	Female	22	3	25
	Total	79	11	90
	Percentage	88%	12%	100%

(Source 0f survey, 2019)

The above table indicates that the hotel price decision through the year. From this table,88% of respondent customers are said that "yes" the hotel pricing decision is the same though the year& the remaining 12% of respondent customers are said that "no" the hotel price decision is not the same through a year. From this the researcher can concluded that the hotel price is relatively the same.

4.3 Interpretations and analysis of employees 'Response

Table 4.3.1, evaluation of the hotel price Decision practice Level of response

Employee respondent

How do you evaluate the hotel's price decision Practice?	Category	Very high	High	Medium	Low	Very low	Average
	Male	-	2	10	1	4	17
	Female	-	3	17	-	3	23
	Total	-	5	27	1	7	40
	Percentage	-	15%	67%	3%	17%	100%

(Source: questionnaire2019)

The above table shows that the hotel's pricing decision practice evaluation. From this table 4.3.1, 3% of respondent employees are said that hotel price decision practice is low & 17% of respondents are said that it's very low. In contrast 67% of respondent employees said that the hotel price decision practice is medium & the remaining 13% of respondents said that it is high compare with competitors pricing decision practice. From this the majority of respondents are said that hotel price decision practice is medium. For this the researcher can generalize that hotel price decision practice is relatively not good compare with competitors.

Table4. 3.2: price setting method Response

Employee respondent

What price setting method the hotels usually Make?	Category	Cost-plus pricing	Target return pricing	Value based pricing	Psychological pricing	Other	Average
	Male	10	-	7	-	-	17
	Female	15	-	8	-	-	23
	Total	25	-	15	-	-	40
	Percentage	71%	-	29%	-	-	100%

(Source: questionnaire2019

The above table indicates that the price setting method of the hotel usually make. From this table 4.3.2, 71% of respondent employees said that the is use cost-plus pricing method and the remaining 29% of respondent employees said that the hotel is use value based pricing. For this the researcher concluded that the hotel is use cost-plus pricing and sometimes use value based pricing.

Table4. 3.3, pricing discount the hotel gives for Customers Response

Is the hotel give price discount for customer?

Employee respondent

Is their menu in the hotel which list price?	Category	Yes	No	Average
	Male	4	13	17
	Female	5	22	23
	Total	9	35	40

	Percentage	26%	74%	100%

(Source 0f survey, 2019)

Source: questionnaire

The above table shows that price discount method of the hotel give for customers. From this table 74% of respondent employee said that the hotel not give price discount for customers and the remaining 26% of respondent employees said that the hotel give price discount for customers. For this the researcher can concluded that the hotel not give price discount for customers because the majority of respondents are said that not give price discount for customers, 26% of respondent employees said that the hotel gives cash discount for customers to short period of time.

4. 3.4, customer facial expression Response

Employee respondent

How do you see the customer facial expression At the time of paying a price?	Category	Very happy	happy	Moderate	Unhappy	Very unhappy	Average
	Male	-	3	10	4	-	17
	Female	-	5	15	2	1	23
	Total	-	8	25	6	1	40
	Percent	-	20%	62%	15%	3%	100%

(Source 0f survey, 2019)

The above table 4.3.4 shows that customers facial expression at the time of paying the price .From this table 62% of respondent employee said that customers are medium facial expression at the time of paying aprice.20% of respondent employees said that customer are happy facial expression at the time of paying a price, & next 15% of respondent employees said that customers are unhappy at the time of paying a price & the remaining3% of respondent customers said that customer are very unhappy at the time of paying the price. For this the researcher concluded that the customer are moderate facial expression at the time of paying a price, because the majority of the respondents are said that medium facial expression.

Table4.3.5, customers complain about a price Responses

Employee respondent

. Do customers complain about price of the Hotels product or service?	Category	Yes	No	Average
	Male	17	-	17
	Female	23	-	23
	Total	40	-	40
	Percentage	100%	-	100%

(Source 0f survey, 2019)

The above table 4.3.5 shows that the customers complain about the price of the hotel services. From this table 100% of respondents are said that customers are complain about price of the product or service, and the respondent said that the reason customers complying are the price of the service is high and not balance and other customers say that the customers complain are not reason for complain about the product or service of the hotel. For this the researcher can concluded that the price of the hotel is not satisfied to customers because customers are complain about the price the hotel.

Table4.3.6 employee training related response

Employee respondent

Is there any training that gives to employees to develop to skill and knowledge about hotels pricing?	Category	Yes	No	Average
	Male	13	4	17
	Female	20	3	23
	Total	33	7	40
	Percentage	83%	17%	100%

(Source 0f survey, 2019)

\The above table shows that training that give to employees to develop to skill and knowledge about hotels pricing. From this table 83% of respondent employee said that the hotel give training to employees in order to develop the skill and knowledge of employees and the remaining 17% of respondent employees said that the hotel is not give training to employees. For this the researcher can concluded that the hotel give training for employees in order to increase skill and knowledge about hotels pricing strategy.

4.3.7 INTERVIEW RESULTS

- Based on the pieces of information which were gathered from the manager of the hotel, so its pricing decision against the other competitors is medium. That means to decide its price, the hotel use on average to participate the higher and the medium society about the type of hotel's pricing decision; the manager gave so many information's. The type of pricing decision which is used by the hotel is value (quality)-based pricing in order to keep consumers as a loyal customers and cost- plus pricing to coverall cost and to be profitable. For food items this kind of pricing (quality based) is used for six months, the reason behind the changing ofthe hotel's pricing decision is in order to consistent the current market situation.- As the manager said that when the hotel decides it's pricing, the hotel consider some factors. Those factors have their own impacts on the hotel's pricing decision among those factors:-

- price of raw materials
- Customer's interest
- Labor costs are considered

When the price of raw materials is increased, the same time the hotel's price which is charged for its services also increased. The reverse is true.

- The hotel's manager said that the pr icing objective of the hotel can maximize owner's investment and also they believe that their gusts are highly satisfied by what the hotel charged.
- The hotel manager said that the customers are satisfied by price of the hotel service but sometimes complain about some hotel services.
- The manager said that to continue the customer's satisfaction by sometimes giving incentive for customers and by delivering quality product or service, and by taking the customer complain and solve the problems of customers immediately.
- Finally the manager said that in the future the hotel is reach in the one of higher level the hotel in the city in terms of quality ,price reliability, accurately and so on.

CHAPTER FIVE

MAJOR FINDINGS, CONCLUSIONS ANDRECOMMENDATIONS

5.1 major finding

The main purpose of the research was to assess the practice of pricing decision (case of soressa hotel).To undertake the study, the student researcher has formulated and designed objectives. The plan was to solve the research questions on the process of data analysis and interpretation.

- The basic questions were:-
- What types of pricing strategy the hotel is using?
- What is the customer's perception to the hotel's pricing strategy?
- What were the factors that affect the pricing decision of the hotel?
- To what extent the pricing decision of the hotel is effective in attaining its business objective?

As far for solving these problems is concerned the researcher has collected from 40 employee's and 90 customer s of the hotel. Using convenience sampling technique, primary data (questionnaire and interview) and secondary data (different books, previous research works) were used as data gathering tools. Regarding to method of data analysis and interpretations, the researcher has used tables and percentages.

Based on the collected and analyzed data, the following the following findings are listed: -

- The hotel holds young and productive force since the majority of the hotel employees fell between the ages of 20-25.

- The majority of respondent customers are employees and businessmen.

- Most of the hotel's customers (34%) are loyal customers since they visited the hotel from 3-4times in a month.

- With regard to evaluation of the hotel quality service with that of customer expectations, 44% of respondents said that its price, next 16%,17%, 14%, and 9% of respondents are said that "employee approach", "all aspects", "its tangibility", and "it's closer relation" respectively.

- The customers who are the users of the service at the hotel's are moderately agree on its price.

- The majority of respondent customers are strongly agreed on hotel's capability is considering the societies purchasing power.
- Most of employees are evaluate the hotel price decision practice compared to other competitor's it is medium since 67% of respondents are said that it is medium of price decision practice.
- The majority of employee's respondents (60%) said that the hotel's price setting method is cost plus pricing. And the remaining 40% of respondents said that value based pricing the e hotel usually makes.
- Most of customer's facial expression at the time of paying a price of the service moderately happy.
- All respondent employees said that customers are raise complain about the price of the service provide by the hotel.

The reasons of this complain are price of the service are high, not balance and the others are no reason for complains.

5.2 conclusions

Based on the finding of the collected and analyzed data, the following conclusions are drowns:

- Hotel's pricing strategy (value based and cost-plus) pricing has a great role for the hotel. Because of this the hotel can maximize its profit by satisfying customers beyond it competitors.
- The hotel is successfully its pricing decision which is identified by the measurement of direct material cost which is base for price setting.
- By using of two basic pricing decisions in some extent, the hotel is successful by seeing its return on investment.
- Since the majority of respondent customers are employed, they can use The hotel service without any constraints, which means there is no income constraint.
- Hotel's price is the based for evaluating hotel's service quality. This indicated that the hotel is poor in making its customers to evaluate quality service by other things.
- Since the majority of customers are agree on hotel's price against service quality, the hotel is achieving its objective, which means generating profit by satisfying customers.
- The hotel is continuing the customer's satisfaction by giving incentives for customers and delivering quality product for the customers sometimes.
- The majority of customers are agreeing on the hotels consideration of society's

purchasing power. This indicates that the hotel is moderate pricing decision with regard to all classes of the society purchasing power consideration.

- The hotel is not give price discount for customers. This indicates that the hotel is poor in attracting customer's especially new customers by giving price discount.

-the researcher generalize that the majority of respondents are agree the hotels "its price" in order to evaluate hotels quality service. The minority of respondents are evaluated the hotel quality service by its close relation.

5. 3 Recommendation

Pricing decision is the key to attract customers to measure organizations profitability. The following are recommended to improve pricing decision, customer retention and activities that hinder hotel's pricing decision.

- In addition to the only using of hotel's pricing decision (value-based and cost-plus pricing). The soressa hotel to make price adjustment by implementing price adjustment the hotel management should give more attention to its competitor's action by using marketing research; balance the cost of service and to offer apart from its competitors.

- Since price is the only marketing mix to generate profit, it has a great contribution to the hotel's profit. To do this, the using of other pricing strategy is advisable in order to maximize the hotel's price and to make competitors out of the market.

- Too far from its fears about losing the customers, the hotel should take a measurable action, which means satisfied customers. It is mandatory to avoid negative word of mouth by creating and using loyal customers.

-Additional since the hotel is not give discount to customer so it's better to use price discount in order to gain competitive advantages over the competitors

- Beyond direct material cost, the hotel should be considering other things which can influence the hotel's pricing decision, which means competitors action (pricing).

- Pricing is an indicator of profit. So, the hotel should be use different pricing decisions in order to be more competitive with in the market.

- The hotel must train the existing employees periodically and hiring professions to best the hotel price decision practice against competitors.

- Beyond the hotel train and hiring the employees, the hotel should be strengthening the management commitment to decide and set better price.

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APPENDIX

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTIMENT OF MARKETING MANAGIMENT

Dear respondents

This questionnaire is developed by 3rd year marketing management graduating students at Wolkite University and caring out research on pricing decision on soressa hotel in wolkite town. I request you to give your valuable time and answer the question, the researcher conduct this research for academic aim. The reliability of the answer would have importance for the outcome of the research.

General instructions.

It is not necessary to write your name.

Put (X) sign for the close end questions on the space provided.

Be brief in providing a personal opining other than choices provided. Whenever, such is needed please as brief as possible answering the open ended question.

Personal information of customer

1. Sex

Male ☐ female ☐

2. Age 20-30 ☐ 30-40 ☐ 40-50 ☐ >50 ☐

3. Educational level

High school ☐ certificat☐ Diploma☐

Degree☐ other ☐

4. Customer profession

Employee and business men☐ student ☐ othe☐

5 .On averages how many times (in a month) do you get service at the hotel?

1-2 times☐ 3-4 time☐ 5-6 tim☐ 7-8 tim☐ >9 tin☐

6, How do you evaluate the hotels service quality?

Price ☐ its tangibilit☐ its close relatio☐ employee appro☐

7 .The price of service given by the hotel is reasonable when seen against its quality?

Strongly agree☐ agree☐ mod☐e ☐agree stron☐ disagree

8. The hotels pricing decision seems to consider the society purchasing power?

Strongly agre☐ agree☐ mod☐ ☐agree stro☐ disagree

9. Is the hotel give price discount for you?

Yes ☐ No ☐

10. Is their menu in the hotel which list price?

Yes ☐ No ☐

11. is the hotel give receipt to customer when they pay price?

Yes ☐ No ☐

12. Is the hotel give price discount on the holiday?

Yes ☐ No ☐

13. Is the hotel price decision is the same thought the year?

Yes ☐ No ☐

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MARKETING MANAGIMENT

Dear respondents

This questionnaire is developed by 3rd year marketing management graduating students at Wolkite University and caring out research on pricing decision on soressa hotel in wolkite town. I request you to give your valuable time and answer the question, the researcher conduct this research for academic aim. The reliability of the answer would have importance for the outcome of the research.

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It is not necessary to write your name.

Put (X) sign for the close end questions on the space provided.

Be brief in providing a personal opining other than choices provided. Whenever such is needed please as brief as possible answering the open ended question.

Personal information of employee

1. Sex

Male female

2. Age 20-30 30-40 40-50 >50

3. Educational level

High school certificate Diplom

Degree other

4. Is there any training that given to employees to develop to skill and knowledge about hotels pricing?

Yes

No

5. What price setting methods the hotels usually make?

Cost plus pricing target return prici value based pricin

Psychological pricing other

6. Is the hotel give price discount for customers?

Yes NO

7. How do you see the customer facial expression at the time of paying a price?

Very happy happ mode un u py very unhappy

8. Is there any complain from customers about price of the hotels product or service?

Yes No

9. Is there any training that given to employees to develop to skill and knowledge about hotels pricing?

Yes No

10. is the hotel give receipt to customer when they pay price?

Yes No

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTIMENT OF MARKETING MANAGIMENT

Interview for manager

1. What types pricing decision the hotel use?
2. Is there factors that affect the pricing decision of the hotel?
3. Is there any training that given to employees to develop to skill and knowledge about hotels pricing?

   Yes

   No
4. If yes what are there?

   ____
5. If not what do you think for the future?