

SCHUTTE, I.C.

THE ROLE OF PRICE SENSITIVITY AND PRICING IN THE
DEMAND FOR ACCOMMODATION OF LOCAL VISITORS
TO THE KRUGER NATIONAL PARK

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**THE ROLE OF PRICE SENSITIVITY AND PRICING
IN THE DEMAND FOR ACCOMMODATION
OF LOCAL VISITORS
TO THE KRUGER NATIONAL PARK**

by

IGNATIUS CHRISTIAN SCHUTTE

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SYNOPSIS

The need for the study was prompted by discussions with my fellow photographers and friends that fewer people visited the Kruger National Park the last few years. Various reasons were given for it. I discussed it with Professors G. Puth and A. N. Schreuder, and members of the National Parks Board. Initially it was decided that a study should be done of why there was a decrease in the demand for accommodation in the Park, and how it could possibly be improved. Mr. P. Fearnhead and Professor A. N. Schreuder suggested that it would be better if a price sensitivity study should be done with a new computer program, namely conjoint analysis. This type of study has not been done in South Africa before. One of the major purposes of a conjoint analysis is to measure consumer preferences among competitive products and services. Basically it measures preferences of tourists by making trade-offs between five attributes and seventeen levels, and that consumers make complex decisions not on one factor alone but on several factors "jointly". Thus it was named conjoint analysis. Ranking a number of different combinations of attribute levels on a nine-point rating scale indicated their preferences. The results were then processed by a computer program, Conjoint Value Analysis (CVA), Version 2.0 system. They indicated their preferences by ranking a number of different combinations of attribute levels to give utility values for the attributes. Six representative camps (three large and three small ones) were used for a stratified sample of 428 respondents. The findings will give recommendations that can be used.

SINOPSIS

Die behoefte vir die studie is aangespoor deur gesprekke met my medefotografe en vriende dat minder mense die Nasionale Kruger Wildtuin die laaste aantal jare besoek het. Verskeie redes is daarvoor gegee. Ek het dit met Professore G. Puth en A. N. Schreuder, en lede van die Nasionale Parkeraad bespreek. Oorspronklik is besluit dat 'n studie gedoen behoort te word oor hoekom daar 'n afname in die vraag vir akkommodasie in die Wildtuin was, en hoe dit moontlik verbeter kon word. Mnr. P. Fearnhead en Professor A. N. Schreuder het voorgestel dat dit beter sou wees indien 'n prys sensitiwiteitsstudie met 'n nuwe rekenaarprogram, nl. gesamentlike analise ("conjoint analysis"), gedoen sou word. Hierdie tipe studie was nog nie voorheen in Suid-Afrika gedoen nie. Een van die hoof oogmerke van 'n gesamentlike analise is om verbruikersvoorkeure tussen mededingende produkte en dienste te meet. Basies meet dit voorkeure van toeriste deur kompromieë ("trade-offs") tussen vyf eienskappe en sewentien vlakke te maak, en dat verbruikers komplekse besluite maak nie oor een eienskap alleen nie, maar verskeie eienskappe gesamentlik ("jointly"). Daarom is dit gesamentlike analise ("conjoint analysis") genoem. Hulle voorkeure word gewys deur die toekenning van 'n rangorde aan 'n aantal verskillende kombinasies van eienskap-vlakke op 'n nege-punt skattingskaal. Die resultate is daarna deur 'n rekenaarprogram, Conjoint Value Analysis (CVA), Version 2.0 sisteem, verwerk. Hulle wys hulle voorkeure deur die toekenning van 'n rangorde van 'n aantal van verskillende kombinasies van eienskap-vlakke om nuttigheidswaardes vir die eienskappe te gee. Ses verteenwoordigende kampe (drie grotes en drie kleintjies) is gebruik vir 'n gestratifiseerde steekproef van 428 respondente. Die bevindings sal aanbevelings gee wat gebruik kan word.

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CHAPTER ONE

1. BACKGROUND AND EXPOSITION OF STUDY

1.1 INTRODUCTION

The Sabie and Shingwidzi nature reserves were joined in 1926 and proclaimed as the Kruger National Park (KNP). It is the biggest park in South Africa that is managed by the National Parks Board. It covers an area of 1 948 528 hectare and is 350 km long from north to south, at most 60 km in width. It represents one of the outstanding examples of the world's biggest and best-known national parks. It is an important tourism end destination for many South Africans and offers a unique nature experience to many local people because it has the most game species compared to any park in Africa. A delicate balance is constantly attempted to be maintained between the needs of the tourist and that of nature. One of the main objectives of the park management is to maintain the ecosystem in its natural state for the enjoyment and enrichment of visitors.

The Kruger Park represents one of the outstanding examples of the world's national parks and is described as the flagship of the National Parks Board. The Kruger Park with its 25 rest camps is the biggest of two decentralised business units, with its head quarters in Skukuza. During 1990/1991 the Kruger Park covered 60,7% of the total areas that were managed by the National Parks Board; 79,1% of the overnight capacity was managed and 81,4% of the total income was generated by the organisation. Its natural assets, its scientifically funded management policy and the extensive range of opportunities and facilities that are presented to tourists acquired this status. The park is situated near the big Pretoria-Witwatersrand-Vereeniging market, that assures its attraction for local visitors, although people from all-over the country visit this flagship of the National Parks Board.

After the Kruger Park was proclaimed in 1923, ecotourism was introduced in the Sabie Nature Reserve. The last 75 years an ecotourism industry was established that made provision for effective and efficient divergent

expectations, with regard to opportunities and experiences that were presented and facilities to fit all tastes and moneybags. These activities and facilities are in accordance with the basic national park's philosophy (Robinson, 1993: 6-7, Joubert 1994: 20). The Kruger Park has matured through many vicissitudes to become one of the most renowned sanctuaries for wild animals in the world.

Robinson (1993: 6) is of the opinion that:

- Tourism is one of the fastest and biggest growing industries in the world. It has the potential to create jobs.
- The Government should protect and preserve South Africa's natural assets so that they do not perish.

He (1992: 7) proposes a new definition for ecotourism. Ecotourism is the responsible and sustainable tourism that demands the protection of living and non-living natural assets and the promotion of appropriate and environmental sympathetic development; and that adds to achieve the goals such as the improvement of the quality of life and stability, especially for communities in the immediate vicinity of the protected area (national or regional reserve).

1.2 TOURISTS' PERCEPTION OF PRICE

Price shows the published or negotiated terms of an exchange transaction for a product; it determines also the terms of the voluntary transaction between clients which are willing to buy and producers which are willing to sell. It is one of the variables in the four "P's": product, price, place and promotion (Middleton, 1988: 58-59). *"Pricing is one of the most important elements in the tourism marketing mix. Tourism customers rate the product at a price and without a price there is no indication of value. Pricing decisions are therefore essential for the profitability of the tourist establishment, as it has a tremendous impact on demand and sales volume. Pricing is also often considered an indication of quality"* (Meidan, 1989: 307). Price is an important variable in the regional marketing mix, especially with regard to the Kruger National Park. The "right" price must satisfy both the tourists and meet the

profit objectives of the tourism business. It is necessary to develop the price structure, objectives and strategies to establish the strategic role of price in the marketing mix, while enough flexibility must be retained to respond to changing conditions (Heath and Wall, 1992: 160). All marketing mix decisions contain costs for an organisation and have implications for sales volume (McIntosh and Goeldner, 1986: 378-379).

The real meaning of price to tourists can be overlooked by tourism organisations like the National Parks Board. In a regional context there are actual charges of accommodation facilities, effort costs, time costs and psychological costs. Consumers use the price of a product as an indicator of its quality (Heath and Wall, 1992: 141-142). "*Perceptions are the consumer's subjective reality*" and is important in influencing travel behaviour... Price and quality interact to produce the value for money concept. "*Measurers of travellers' price/quality perceptions are key to determining a country's or industry's competitiveness, because competitive advantage grows out of a value that a country is able to create for its buyers which exceeds the cost of creating it*" (Stevens, 1992: 44, 48).

1.3 PRICE STRATEGY

According to McIntosh and Goeldner (1995: 433-434) marketing managers must take the following factors into account that affect **price strategies**:

- 1) Product quality
- 2) Product distinctiveness
- 3) Extent of competition
- 4) Method of distribution
- 5) Character of the market
- 6) Cost of the product and service
- 7) Cost of distribution
- 8) Margin of profit desired
- 9) Seasonality
- 10) Special promotion prices, and
- 11) Psychological considerations.

Pricing decisions are crucial since ultimately the price that is charged for the product, in relation to the company's costs, will determine the profit or loss that is made. The price also gives the consumer an indication of the quality of the holiday, and also plays a part in creating the company's corporate identity. Pricing decisions are thus an inherent part of a company's marketing strategy.

A few steps are necessary when **pricing a product**:

- 1) Determine the likely level of demand for the product
- 2) Determine the price elasticity of demand in each of the market segments in which it operates, and
- 3) Establish the costs of production (Hind, 1989: 226-231).

Tourism pricing is a very complex decision because of the variability of the product, the high degree of competition in certain tourism markets, and difficulties in accurately forecasting the level of demand. A number of **basic characteristics of the tourist industry affect pricing**:

- 1) Perishability
- 2) Intensive capital investment
- 3) The cost of intensive staff employed
- 4) Customer characteristics (Meidan, 1989: 305).

Mill and Morrison (1992: 440-441) reckons **many factors influence pricing policy**:

- 1) Elasticity of demand
- 2) Expected length of the product life cycle and the destination or organisation's position on it
- 3) Competition, and
- 4) The needs of the selected target market(s).

Vaccaro (1993: 84-85) is of the opinion that price is traditionally a basis for **market segmentation**.

Pricing is a potential powerful tool to move towards greater efficiency, fairness and environmentally sustainable nature-based tourism. Moneymaking behaviour is not part of the usual administrative culture for public authorities in charge of parks and wildlife (like the Kruger National Park). Because of the maintenance cost of a park, visitors should pay for their direct use, e.g. capital and operating costs of trails, interpretative centres and information. To visit a

park a tourist must be willing to pay. A price strategy should include general entrance fee, fees for use, concession fees, royalties and profit shares, licences and permits, taxes and voluntary donations (Laarman and Gregerson, 1996: 250, 253).

1.4. PRICE SENSITIVITY

Price sensitivity is defined as "*the highest price (what economists call the reservation price) that a consumer would pay to buy the desired quantity of that brand*". On a market-level analysis we will ask: "*How much will our customer pay?*" On a market or segment level price sensitivity is called **price elasticity**, and is defined as "*the percentage change in a product's unit sales resulting from a given percentage in its price*" "*Any study of price sensitivity should begin with the collection of buyers - who they are, why they buy, and how they make their purchase decisions - since those are the essential inputs in the formulation of judgement*" (Nagle and Holden, 1995: 100, 350).

Psychographical profiles of buyers indicate their psychological motivations for the purchase. The measurement of price sensitivity is not an end result, but a catalyst to learn more about one's buyers. Results may not agree with expectations. Thus one can learn more about a product's buyers and the factors that determine their price sensitivity.

The **ten factors that influence price sensitivity** are, according to Nagle and Holden (1995: 95-100):

- 1) Perceived substitutes effect
- 2) Unique value effect
- 3) Switching cost effect
- 4) Difficult comparison effect
- 5) Price-quality effect
- 6) Expenditure effect
- 7) End-benefit effect
- 8) Shared cost effect
- 9) Fairness effect, and
- 10) Inventory effect.

Conjoint analysis is the most used category of price sensitivity measurement methods.

1.4.1 Conjoint analysis (trade-off analysis)

Huisman (1992: 26) summarised it as follows: *"by letting respondents trade off a series of products which have been constructed from a number of features it is possible to calculate for each individual the relative value to him/her of each specification of each feature involved. This relative value is called 'utility.'With the utilities of the features as 'raw material' it is possible to estimate a respondent's preference and aggregate the results for all the respondents, resulting in indicators of the preference for the product in the market".*

Conjoint analysis examines these trade-offs to determine the combination of attributes that will be most satisfying to the consumer. Four models are used to indicate preferences and to simulate with:

- 1) 'First Choice model'
- 2) 'Share of Preference model without correction for product similarity'
- 3) 'Share of Preference model with correction for product similarity'
- 4) 'Purchase Likelihood model'.

1.4.2 Measuring price sensitivity with the help of conjoint analysis

Conjoint analysis can be implemented in various ways to **measure price sensitivity** in the case of multi-attribute products:

- The price of the product(s) is specified as an attribute of the product
 - Using absolute prices (for example R200; R250; R300, etc.)
 - Using respondent specific prices (for example base price + R500; or + 5%, etc.)
- The attributes are priced separately
 - Each attribute is priced separately at various levels, price attributes are traded off

- Each attribute is priced separately at various levels and the products traded off are priced as the sum total of the prices of the attributes (Huisman, 1992: 26).

1.4.3 Price sensitivity measurement in a broader perspective

Conjoint analysis is very important to help estimate price sensitivity. It generates the basis for further analysis and helps to understand buyers. This can lead to the anchoring of a price strategy. By clustering on utilities benefit segments can be identified (Huisman, 1992: 31), (Hair, Anderson, Tatham and Black, 1995: 556-599).

1.5 EXPOSITION OF THE STUDY

Marketing, the nature and extent of marketing, the market environment and the demand and supply side of the market will be explained in chapter 2. Marketing will be viewed from a consumerism point of view (Webster: 1993, 1-261). A complete discussion will follow of a conceptual framework for the strategic marketing planning (based on Heath and Wall, 1992: 1-226). The framework for planning and marketing is the same as in tourism marketing (chapter 3, figure 3.1). The marketing mix is very important.

In chapter 3 the **marketing of tourism** will be discussed. Several aspects, i.e. the uniqueness of tourism marketing, the nature and characteristics thereof, their marketing implications, and the difference between the marketing of services and goods will be surveyed. Client service in the tourism industry with reference to customer need and the customer experience will be discussed. The role of service in the tourism industry, especially quality of service, improving the design of services, implementing change in the delivery of services and the service-driven service company are new concepts to be looked at. Managing tourism services and tourism satisfaction, total client satisfaction, a client-centred marketing approach, and quality of service control, good service quality and total quality management in tourism will be theoretically discussed. The **tourism marketing mix** will be discussed. **Tourism marketing and the Kruger National Park** will briefly be looked at.

In chapter 4 **the role of price and pricing in tourism marketing** will be discussed. Tourists' perception of price is the first aspect to be looked at. This will be followed by price strategy, pricing decisions and pricing considerations. Economics of pricing in travel and tourism, consumer demand and price elasticity will be discussed. **Price sensitivity** and the ten factors that influence price sensitivity will be explained in detail and conjoint analysis to measure price sensitivity will be briefly explored.

In chapter 5 **experimentation, experimental design, conjoint analysis and research methodology** will be discussed. The descriptive research design was done according to Pizam (1994: 97-98), Schreuder (1995: 228-229) and Emory and Cooper (1991: 148-150), scaling and attitude measurement according to McDougall (1994: 115-129), and the sampling design was based on Cannon (1994: 131-146). The **various conjoint analysis models** to measure consumer preferences amongst competitive tourism products and services will be discussed. The **design of a conjoint experiment** will be given in detail.

The **methodology** that was used is:

- 1) **A detailed literature research** (qualitative research). All secondary data of factors about price sensitivity and the measurement thereof, which are relevant with reference to marketing, tourism marketing and implementation, were checked in detail in existing research articles, tourism handbooks and magazine articles.
- 2) **A Survey** (quantitative research)
 - Two structured bilingual questionnaires (Afrikaans and English), including a **pairwise trade-off conjoint analysis** to simulate a real purchase situation, were used for the survey during the last two weeks of November 1997 in the Kruger National Park.
 - The Kruger Park was divided into a northern, middle and southern area for the rest of the camps. The private and bushveld camps are sporadically distributed in these areas and are not representative of the rest camps because they consist only of luxurious accommodation. If they were

included the sample would have been too large because it would have to be enlarged by 25%. Each area was subdivided into large and small camps with >300 and <300 available beds per night respectively, and they were further divided into **luxurious accommodation** (cottage/rondavel/hut (shared and private ablution), **furnished tents** (shared ablution), and **camping** (caravan and tents) (shared ablution). Only one representative camp was chosen per area for a proportional stratified sampling of 357. The smallest number of respondents per category was 16. Because of the disproportionate relationship between the large and small camps, a minimum of 20 questionnaires was needed where the allocation was lower than twenty. The sample was enlarged by 20% from 357 to 428, and was proportionally allocated for the total of 6443 available number of beds that can be accommodated per night by visitors in **1) the luxurious accommodation and 2) the camping sites** (chapter 5, table 5.4).

- Before the commencement of the real survey, the questionnaires were tested in a pilot survey in Pretoria to determine whether the respondents understood the questions correctly, were able and prepared to answer them, and if the information that was to be collected, was in fact the information that was needed.
- When the local tourists arrived they were asked if they would be willing to help with the gathering of data about the factors that influenced the **price sensitivity and pricing in the demand for accommodation of local tourists in the Kruger National Park**.
- Subsequently the questionnaires with the **30 trade-off questions and additional questions** were presented to the respondents in the selected camps of the Kruger National Park. They could use the language of their choice.

In chapter 6 the **conjoint and price elasticity findings, and conclusions from the price sensitivity hypothesis** will be given. In the **recommendations** the ecotourism, service, pricing and marketing aspects that could have an effect on the demand for a holiday at the Kruger Park, i.e. the perception about the affordability thereof will be surveyed.

The **bibliography** will give all the consulted research documents, articles in magazines and handbooks.

Appendix A will show all the answers from **Section B (Additional Questions)** in percentages for the **six representative camps**, i.e. three big and three small ones.

Appendix B will show the **questionnaire in English and Afrikaans**, and a **copy of the introductory letter** and the **instructions to fill in the questionnaire**.

CHAPTER 2

2. MARKETING

2.1 PERSPECTIVES ON MARKETING

The perspectives on marketing are described according to Marx and Van der Walt (1989: 1-31), and Van der Walt, Strydom, Marx and Jooste (1996: 1-36).

2.1.1 How marketing originated

Marketing originated in the form of bartering transactions between two people for basic necessities in primitive times. Exchange usually took place only if both parties were satisfied that the items they exchanged were more or less equal in nature. A gap developed between those who had to barter and those who needed to. A middleman who was paid for the additional services in a medium acceptable to both parties (information and transport) bridged it. With time the services by middlemen became increasingly important. Today they represent wholesalers, retailers and agents who act as middlemen between buyers and sellers to facilitate bartering in a sophisticated, highly developed economy. Today, in modern society, marketing is very crucial for economic development.

2.1.2 The gap

Marketing activities are needed to bridge the different gap theories between participants in the marketing processes, i.e. space, time, information ownership and value gaps respectively. The activities needed to bridge this time gap on various levels are inter alia transportation and store. Only if all five gaps between sellers and buyers are bridged, there could be talk of and successful marketing.

2.1.3 Marketing activities

The primary activity is transport, while the supporting ones are obtaining and supplying of information, standardisation and grading, re assortment, storage, financing and risk taking. Thus the most important characteristics of marketing are that they:

- Must be prepared
- Can be divided, and
- Can be shifted.

Intermediaries such as wholesalers and retailers perform these activities. They consist of middlemen, sales intermediaries and auxiliary enterprises, and are mainly concerned with distribution tasks.

2.1.4 The marketing process

The marketing process is defined as: "*The marketing process which has been described by a simple bartering process between at least two participants (namely the producers and the consumers), is managed by the marketing department. The product involved in the bartering transaction is more than a physical object - it can better be described as a marketing offering*" (Van der Walt et al, 1996: 13). Marketing management has four marketing instruments at its disposal to create a marketing offer:

- Product
- Distribution (place)
- Marketing communication media and message (promotion)
- Price.

Thus the main objective is maximisation of profitability in the long-term. These are offered to the target market that sacrifices money to get it. The target market also has needs in terms of the utility offered by the product in exchange for a sacrifice in terms of money. The main object is total need satisfaction. The marketing environment also influences relationships between marketers and consumers, and competes with other markets. Marketing research is conducted to determine wants before any decision about a marketing strategy is taken, because marketing management needs information about needs, demands and preferences of consumers in different market segments.

2.1.5 The evolution of the marketing thought

Several phases in the evolution process developed with time:

- In the beginning of 1600 AD the first phase in management was production-orientated. People were mostly self sufficient and specialists.
- After the industrial revolution the management was sales-orientated.
- After the Second World War the management was marketing-orientated.

- Since 1970 there was a more strategic approach to marketing management in the USA - they were more consumer-orientated.

2.1.6 The marketing concept

It is regarded as the ethical code or philosophy according to which the marketing task is performed. The foundations of marketing decisions and activities are:

- Consumer satisfaction
- Striving for long term-profit maximisation
- Creation of an integrated system
- Societal responsibility.

Thus the marketing process is indeed complicated, but must be properly managed according to the concept.

2.1.7 Management tasks of marketing management

There must be a continuous process of planning, organising, co-ordinating, leading and controlling marketing activities.

The five management tasks are:

- 1) **Planning.** Identify opportunities and threats, Set marketing objectives according to enterprises. Decide on the marketing instrument.
- 2) **Organising.** Organise the activities in the marketing department. Consider strong and weak points.
- 3) **Co-ordinating.** Ensure the intent and extend of co-operation.
- 4) **Leading.** Provide leadership in the planning and implementation of the marketing strategies.
- 5) **Control/evaluation.** Control marketing activities.

2.1.8 Mega marketing in the 1900's

There must be a closer involvement between the public relations and the marketing departments because there is less trust in the effectiveness of promotion messages. **Public relations** were added to the four P's (**price, product, promotion** and **place**) to influence consumers' perceptions of products. Mega marketing is the total market-orientated approach driven by accelerated technological developments and world-wide communication

networks. Thus the organisation must be market orientated in all its activities (Van der Walt **et al**, 1996: 34).

2.2 THE NATURE AND SCOPE OF MARKETING

According to Drucker (as cited in Kotler, 1991: 1) marketing is so basic that it cannot be regarded as a separate function. It comprises the whole business seen from the standpoint of its final result, i.e. from the standpoint of the client. Jooste (1995: 250) is of the opinion that "*Marketing is about anticipating demand, recognising it and finally satisfying it. It is about understanding what can be sold, to whom, when, where and what products*". A more recent definition is given by Marx and Van der Walt (1989: 28) "*Marketing consists of management tasks and decisions directed at successfully meeting opportunities and threats in a developing and dynamic environment and transferring a need-satisfying market offering to consumers, in such a way that the objective of the enterprise, the consumer and the society will be achieved*". Kotler and Armstrong (1993: 3) define marketing as: "*A social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others*". The core of the marketing concept consists of needs, wants, demand, products, exchange, transactions, and markets. They are all linked and each concept builds on the one preceding it (Kotler and Armstrong, 1993: 3-8). The definition stresses two characteristics of marketing:

- 1) Marketing as a managerial process aimed at assessing consumer demand and needs.
- 2) It is concerned with the fulfilment of consumer needs by means of a marketing offering (Jooste, 1995: 251).

Other definitions according to Kotler (1991: 4, 10) are that marketing is:

- 1) The process by which an organisation is creative, productive and profitable in relation to the marketplace.
- 2) The art to create clients at a profit and to satisfy them.
- 3) To supply the right goods and services to the right people, on the right time, at the right place, with the right communication and promotion.

McDonald (1992: 119) reckons "*.....marketing is a management process whereby the resources of the whole organisation are utilised to satisfy the needs of selected customer groups in order to achieve the objects of both*

parties. Marketing, then, is first and foremost an attitude of mind rather than a series of functional activities”.

"Marketing is the process of planning and execution of the conception, pricing, promotion and distribution of ideas, goods and services to create an exchange that will satisfy individuals and satisfy organisational targets" (AMA, 1985 as cited in Crane, 1989: 4). Marketing is the integration of many functions and, as a process, it includes identifying and understanding of consumer needs/wants, developing of products that will satisfy these needs/wants, informing consumers that the product exists, delivering of the product, and assurance of satisfaction after the exchange.

Webster (1993: 14) investigated consumerism in South Africa and expands the definition of marketing: *"Marketing could thus be defined as a way of doing business, rather than being a mere function. It is the process of initiating and maintaining exchanges between suppliers and consumers in a way that develops an enduring relationship in which their natural long-term objectives and satisfactions are achieved, and society as a whole is benefited. It is a process that makes the customer an integral part of the business and the central focus of attention."* The **nature of marketing** is summarised by him (1993: 44) as *"...a pervasive business philosophy, a way of doing business that involved three functions: the mutually beneficial and free exchange of values between consumers and suppliers, the creation of new customers, and the maintenance of those customers by fostering a long relationship with them. Performed sensitively and creatively this process would ensure that the consumer's existing frustration and dissatisfaction with the exchange process would be largely eliminated, thereby increasing the long-term profitability of the enterprise.... Marketing is a complex activity, necessitating a guiding philosophy to ensure a consistent focus on the essentials of profitable marketing practice. This guiding philosophy is called the marketing concept"*. Marketing revolves around the customer. Webster (1993: 45) gives a new definition of the marketing concept based on Kotler (1980: 31; 1991: 26): *"The marketing concept is a management orientation that holds that the key task of the enterprise is to determine the needs, wants and interests of consumers in target markets and to deliver the desired satisfaction more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well-being, and ensures the long-term profitable survival of the enterprise"*. The word 'enterprise' can be replaced by

'organisation' and the word 'profitable' by 'effective', in the case of non-profit organisations. The central focus of attention is always creating a customer, maintaining customer satisfaction, the needs, wants, perceptions, convenience, satisfaction and delight of the customer (Webster, 1993: 72-73).

According to Buttle (1989: 235-236) marketing can be viewed from different aspects:

- 1) A philosophy, i.e. a way to do business. It is said that companies that work according to this is market-orientated. Such a business believes that its whole function is to create and retain clients. The whole business, its personnel and its technical systems are tuned in to supply client satisfaction, and to make profit.
- 2) A Management process. It comprises the following steps: investigates client demand for a class of products; identifies a group of clients whose demands can be better satisfied; develops a product at a level that will bear the market and that will give profit; supplies the product through the disposable channels to the client; does promotion so that the product can achieve a desired unit of income volume of demand. Based on an accurate analysis of alternative opportunities, as well as organisational strengths and weaknesses, marketing plans are drawn up, implemented and controlled to achieve marketing goals.
- 3) A series of instruments to manipulate demand. The term **marketing mix**, popular known as the **four P's (product, price, promotion, place)**, is used. The marketer mixes these variables to achieve a target volume of demand. The marketing manager is a demand manager.

2.3 THE MARKET ENVIRONMENT

The market environment is part of the total market environment. The marketing management is daily in close contact with the demand and supply side of the marketing environment. Marketing management's task is therefore to utilise these opportunities and to counter threats where it is possible to identify them.

A market consists of two sides, i.e. a demand and supply side. On the demand side are the potential customers at whom the market offering is directed. On the supply side are the potential customers competing for

consumer patronage and the suppliers offering all kinds of products and services.

The South African market is relative complicated. The marketing management carefully scans this complex market to ensure that:

- The consumer needs, demands and preferences are met
- The society is not harmed in any way
- The struggle against competitors is won
- Profitability is attained by the enterprise (Van der Walt, 1989: 69-72).

2.3.1 Description of the concept 'market'

There are several types of markets. The demand side of the market environment consists of the final consumers (individuals and households), who purchase products for their own consumption. At the supply side of the market there are the competitors and suppliers who strive, each in their own area, to gain patronage of the consumers (Van der Walt, 1989: 72).

2.3.1.1 The demand side of the market

The **demand side** of the market consists of a relatively large number of individuals:

- Needing a specific product
- Having the ability to purchase
- Willing to purchase and
- Having the authority to purchase.

All the above-mentioned prerequisites must be met. In an indifferent way certain numbers of the public are involved: government and other organisations guarding the interests of consumers and the general public. To summarise: the demand side of the consumer market consists of potential consumers who have the authority to purchase and are willing to so. Demand can, however, be influenced by certain other organisations (Van der Walt, 1989: 71-72).

Kotler (1991: 11) reckons the marketing management's task is to influence the level, timing and composition of demand in a way that will help the

organisation to achieve its objectives. Marketing management is essentially demand management.

Eight demand states and corresponding marketing tasks exist:

- 1) **Negative demand:** A market is in a state of negative demand if a major part of the market disfavours the product and may even pay a price to avert it. The marketing task is to determine why the market dislikes the product, and also whether a marketing program consisting of product redesign, lower prices, and more positive promotion can ultimately change the market beliefs and attitudes.
- 2) **No demand:** Target consumers may be indifferent or uninterested in the product. The marketing task is to find ways to connect the benefits of the product with the consumer's natural needs and interests.
- 3) **Latent demand:** Many consumers have a strong need that cannot be satisfied by any existing product. The marketing task is to measure the size of the potential market and develop effective services and goods that would satisfy the demand.
- 4) **Falling demand:** Sooner or later every organisation will experience a decreasing demand for one or more of its products. The marketer must analyse the causes of the market decline and determine whether demand can be restimulated by new target markets, changing the product features, or developing more effective communication. The marketing task is to reverse the declining demand through creative remarketing of the product.
- 5) **Irregular demand:** Many organisations face demand that varies on a seasonal, daily or even hourly basis. It causes problems of idle capacity or overworked capacity. The marketing task, called *synchronmarketing*, is to find ways to alter the same pattern of demand through flexible pricing, promotion and other incentives.
- 6) **Full demand:** Organisations face full demand when they are pleased with their volume of business. The marketing task is to maintain the current level of demand in the face of changing consumer preferences and increasing competition. The organisation must maintain or improve its quality and continuously measure consumer satisfaction so that a good job is done.
- 7) **Overfull demand:** Some organisations face a demand level that is higher than they can or want to handle. The marketing task, called *demarketing*, is to find ways to reduce the demand temporarily or permanently. General demarketing is to discourage demand by raising prices, and reducing

promotion and service. Selective demarketing is to reduce the demand coming from the less profitable or less in need of service parts of the market. Demarketing aims not to destroy demand, but only to reduce its level, temporarily or permanently.

- 8) Unwholesome demand:** Unwholesome products will attract organised efforts to discourage their consumption. The marketing task is to influence people who like something to give it up, by using fear communication, price hikes and reduced availability (Kotler, 1991: 12-13).

2.3.1.2 The supply side of the market

True competition is one of the essentials of a free-market system. The advantage from a marketing point of view and more satisfied customers and a higher standard of living all around. **Competitors** can be classified as market leaders, challengers and avoiders (Van der Walt, 1989: 71-72).

2.4 A FRAMEWORK FOR STRATEGIC MARKETING PLANNING

Kotler (1991: 47-59) describes the business strategic planning process, while McDonald (1992: 78-99) describes a strategic planning approach to marketing. Cravens (1997: 1-26) gives a short account of the strategic marketing process in four steps: marketing - situation analysis, designing marketing strategy, marketing program development and implementation and control. Thompson and Strickland (1990: 84-86) investigate the strategic management process. Heath and Wall (1992: 1-199) outline the strategic planning approach of the marketing of tourism destinations, and is shown by them in a table as: "*A conceptual framework for regional strategic marketing planning of tourism*" (1992: 12, figure 3.1). It can be used and applied exactly in the same way for marketing (figure 2.1). In the rest of the chapter a joined description of all the authors will be used.

2.4.1 Deciding how to compete

According to Cravens (1997: 4-6) the **strategic vision** of the organisation is *when, where* and *how* to compete, and *how not* to compete (SWOT analysis). Thus knowledge of the market needs and trends, competition and the strengths (and weaknesses) of the organisation is necessary. **To achieve competitive advantage** is obtained by offering superior value to the customer

Figure 2.1 A conceptual framework for strategic marketing planning



Source: Adapted to Heath, E. and Wall, G. 1992. Marketing tourist destinations. A strategic planning approach. New York, Chichester: John Wiley & Sons, p. 9.

through lower prices for equivalent benefits and/or benefits that more than offset a higher price. **Important considerations** are:

- 1) Process should be customer-focussed
- 2) Analysis of needs/wants (requirements) should look at groups of buyers with similar preferences
- 3) Opportunities for advantage occur when gaps exist between what customers want and competitors' efforts to satisfy them
- 4) Opportunities are created by finding segments of buyers which are not satisfied
- 5) Customer satisfaction analysis should look for the best opportunities for the organisation to create superior value.

A core requirement is **competitive advantage** because the relationship among business functions (manufacturing, marketing, research, and human resources) is becoming integrated in many companies. Teams of people from different functions are working together, which leads to the design of new processes and improve better customer service.

A **market orientation** makes the customer the focal point of the organisation. It requires competition, intelligence, and co-ordination among business functions. To become market orientated a major change is necessary in the culture, process, and structure of traditional pyramid organisations organised into functional units. Market orientation is about customer focus, competitor intelligence, interfunctional co-ordination. To become a market-orientated organisation the interrelated requirements are information acquisition, interfunctional assessment, and shared diagnosis and action. In a business strategy and marketing organisation context the chief marketing manager's responsibility is developing marketing strategies that follow the business strategic priorities.

2.4.2 Business mission

Each business unit in a corporation must define the **company's mission** in its industry scope, market segment scope, and geographical scope. This will provide employees with the broad goals and policies of the business unit, and will give them a shared sense of purpose, direction and opportunity (Kotler, 1991: 47-48, 59).

2.4.3 Marketing analysis

The purpose of a **corporate plan** in its simplest form is to answer three central questions:

- Where is the company now?
- Where does the company want to go?
- How should the company organise its resources to get there?

An **audit** [analysis] is a systematic, critical and unbiased review and judgement of the environment and of the company's operations. A marketing audit forms part of the larger management audit, and is concerned with the marketing environment and marketing operations. Thus the audit is a structured approach to the collection and analysis of information and data in a complex business environment, and is an essential prerequisite to problem solving. Any company will be faced with two kinds of variables. Firstly there are those over which the company has no direct control, and can be described as environmental, market and competitive variables - thus the **external audit [analysis]** is concerned with these. It starts with an examination of information on the general economy and the outlook for the growth of the markets served by the company. Secondly, there are those over which the company has direct control, and can be described as operational variables - thus the **internal audit [analysis]** is concerned with these. The purpose is to assess the organisation's resources as they relate to the environment and to the resources of competitors (McDonald, 1989: 21-22). The situation analysis consists of two steps: the external environmental analysis and the internal environmental [resource] analysis. Some authors call it the **SWOT analysis**.

2.4.3.1 External environmental analysis

In such an analysis the **identification of opportunities and threats** that face the business is monitored. The following areas should be investigated:

- **Business and economic environment:**
 - Economic
 - Political/fiscal/legal
 - Social/cultural

- Technological
- Intro-company
- **The market:**
 - Total market size, growth, and trends (value/volume)
 - Market characteristics, developments and trends with respect to products, prices, physical distribution channels, communication and industry practices
- **Competition:**
 - Industry structure
 - Industry profitability (McDonald, 1989: 23-25).

The tourism environment consists of three components: the **macro environment**, the **market environment** and the **competitive environment**. They can affect organisations and business units. This leads to a **market analysis** where organisations must monitor and analyse trends and changes in the needs and perceptions of the existing and potential markets. **Environmental scanning** is necessary to determine **present opportunities and threats**, while **environmental forecasting** must be done to understand what the future may be like. This will enable an organisation to set appropriate objectives and develop a better strategy to reach them, and the environmental scanning, a **resource analysis** is also necessary to identify **strengths and weaknesses** of the market environment and other organisations. This will indicate the degree to which environmental opportunities can be exploited, and threats avoided or minimised (Heath and Wall, 1992: 39, 58-59).

2.4.3.2 Internal environmental analysis

The goal is to assess the organisation's resources as they relate to the environment and to the resources of competitors, and determine its strengths and weaknesses in a marketing context. The following areas should be investigated:

- **Own company:**
 - Sales (total, by geographical location, by industry type, by customer, by product)
 - Market shares
 - Profit margins
 - Marketing procedures
 - Marketing organisation

- Sales/marketing control data
- Marketing mix variables (market research, product development, product range, product quality, unit of sale, stock levels, distribution, dealer support, pricing discounts, credit, samples, exhibitions, selling, sales aids, point of sale, advertising, sales promotion, public relations, after-sales service, training)
- **Operations and resources:**
 - Marketing objectives
 - Marketing strategy
 - Structure
 - Information system
 - Planning system
 - Control system
 - Interfunctional efficiency
 - Profitability analysis
 - Cost-effective analysis (McDonald, 1989: 25-26).

Cravens (1997: 10) reckons that information provided by the marketing situation analysis to guide the **design of a new strategy** is needed by marketing managers and leads to the design of a new strategy or to changing an existing one. It is conducted on a regional basis:

- Analysing markets and competition
- Market analysis
- Competition
- Segmenting markets, describing possible customer groups
- Continuous learning about markets give information about analysis and decision making.

2.4.3.3 Key success factors

After the audit and SWOT-analysis, **assumptions** must be written. There are certain key determinants of success about which assumptions have to be made before the planning process can begin. It is thus a question of standardising the planning environment. Assumptions should only be a few in number (McDonald, 1989: 31-33).

Key success factors are the main determinants of financial and competitive success in an industry. It highlights the things all firms in the industry must

pay close attention to - the specific outcomes that are crucial to success in the marketplace, and also the functional skills with the most direct bearing on company profitability. The identification of these factors is a top priority strategic consideration, and can serve as the cornerstones on which a business strategy is build. Types of key success factors are related to technology, manufacturing, distribution, marketing, skills and organisational capability (Thompson and Strickland, 1990: 83-86). The ten success factors for the 1990's are, according to McDonald (1992: 206-207):

- Environmental sensitivity. Because the 1990s are different from any other decade, changes that are taking place in one's own environment must continuously be understood and monitored in one's own external environment (opportunities and threats).
- Competitive analysis. Competitors' strengths and weaknesses in each segment in which one competes must be continuously monitored.
- Internal sensitivity. A formal position audit of one's own strengths and weaknesses must be done especially one's own product/market position in each segment in which one competes.
- Understand the sources of competitive advantage in total and by segment. A deep understanding of the needs of specific customer groups, for whom one develops specific offers that have a differential advantage over the offers of competitors, will lead to overall competitive advantage.
- Understand one's portfolio (of products and markets). One cannot be all for everybody. A good understanding of the portfolio analysis will help to allocate one's appropriate sources and formulate appropriate marketing goals.
- Develop clear strategic priorities. Focus one's best sources on the best opportunities to achieve long-term growth in terms of income and revenue.
- Be disciplined. Manage the economics of one's business' with a strong discipline that focuses on the main performance indicators in relation to one's strategic priorities.
- Customer orientation in all functions. Make sure that every function in the organisation is understood and believe that they are there to serve the client, not one's own closely related functional interests.
- Commitment to innovation. Strive to serve the client in a continuous better way. It means to be innovative.
- Leadership. Do not let doom and gloom pervade one's thoughts. The hostile environment offers many opportunities for companies with

toughness and insight. In the first place, govern the management team strongly. Do not accept poor performance in the most critical positions.

2.4.4 Goal formulation

Goal formulation is to get clarity as to what is expected to be achieved with tourism development. First a **mission statement** should be formulated for tourism, followed by **goals** that should be established to spell out the qualitative values that must be pursued (image development, increase in market share, and new product developments) and then specific **objectives** must be determined with respect to magnitude, time and responsibility (Heath and Wall, 1992: 63-73, 88).

2.4.5 Designing strategic marketing strategies

Cravens (1997: 9) defines **strategic marketing** as: "*...the analysis, strategy development, in selecting market target strategies for the product markets of interest to the organisation, setting marketing objectives, and developing, implementing, and managing the marketing programs and positioning strategies to meet the needs of customers in each market target*".

The first part of the process is a **product-market analysis**, market segmentation and continuous learning about markets. These guide the choice of market strategy. The **market definition** establishes the overall competitive arena. **Market segmentation** shows the possible customer groups for targeting by business. **Competitor analysis** looks at strengths and weaknesses, and strategies of main competitors. **Continuous learning about market suppliers** for information for analysis and decision making.

Strategies grow out of and reflect the environmental analysis, resource analysis and goal formulation steps. In seeking feasible strategies it can be proceeded in two stages: 1) Develop a **product portfolio strategy** to decide what to do with each of the current major tourism products. 2) Develop a **product-market expansion strategy** to decide on what new products and markets to concentrate on in the future. These steps form the basis of a marketing strategy, positioning strategy and an effective marketing mix. The results of the strategies can provide the basis for the formulation of the organisation's strategic plans (Heath and Wall, 1992: 16-18, 74-88).

A marketing strategy is developed at the business unit level. Within a given environment marketing strategy deals with the interplay of three forces, known as **the strategic 3 C's: customer, competition and corporation**. A marketing strategy is thus an endeavour of a corporation to differentiate itself positively from its competitors, by using its relative corporate strengths to satisfy customer needs better, in a given environmental setting (Jain, 1990: 24-25).

The situation analysis identifies market opportunities, defines market segments, makes evaluations of competitors, and assesses the organisation's strengths and weaknesses. This information is the basis for designing marketing strategies, positioning, and building market relationships, and also developing and introducing new products. The situation analysis guides the selection of the people (or organisations) to be targeted. A **target market** describes individual buyer groups and needs to be satisfied by making program-positioning strategies. This indicates how the organisation will position itself against key competitors in meeting the needs of buyers in the target market. Relationship strategies spell out relations to be developed with customers, other organisations, and company personnel. New product strategies to give a stream of new entries to replace mature products that are eliminated.

2.4.5.1 Market targeting positioning strategy

Marketing advantage is influenced by the type of firm, difference in buyers' needs, and specific competitive advantage of the company in designing marketing strategy (Cravens, 1997: 14-17, 28).

2.4.6 The marketing mix in the designing of marketing strategies

The elements of the **marketing mix** consist of the following **strategies: product, price, distribution, and promotion** (four P's) (Heath and Wall, 1992: 126). Specific marketing mix programs must be developed for the four P's to implement the positioning strategy selected by marketing managers. They are the main levers or controls available to the marketing managers in their continuous endeavours to achieve the planned objectives and targets, expressed as sales volume and revenue from identified customer groups. The mix decisions are based on a mixture of marketing research and marketing

planning procedures, and also the judgement of individual managers who are engaged in a battle of wits with their competitors (Middleton 1988: 63). The marketing mix decisions will help implement the positioning strategy. The object is to achieve favourable positioning, while allocating financial, human and production resources to markets, customers, and products as effectively as possible. In summary, the real objective is to combine marketing mix components to accomplish market objectives in a cost-effective manner (Cravens, 1997: 18-20).

2.4.7 Implementing and managing marketing strategy

This is the last phase of the marketing plan. The focus is on marketing organisational design and marketing strategy. It must be implemented and controlled to achieve the marketing strategy. The marketing plan must be reviewed from time to time. Lastly, the marketing performance must be evaluated and controlled (Cravens, 1997: 18-20).

2.4.8 Organisation and management supporting systems

If a strategic marketing planning framework is to be implemented effectively, an organisation must have the necessary structure and people to develop strategies that will contribute toward reaching regional goals in a dynamic, changing environment. Particular attention is necessary for the appropriate **organisation design**, and also to the relationship with, and role of, other regional bodies.

The management supporting systems must include:

- An information system
- A planning system
- An evaluation system (Heath and Wall, 1992: 165-189, 197).

2.4.9 The marketing plan

In summary, it spells out the actions to be taken, which should be responsible, deadlines to be met, and the sales forecast budget. It also describes the marketing decisions and it guides the implementation of the decisions, and the evaluation and the management of the marketing strategy.

CHAPTER 3

3. MARKETING OF TOURISM

3.1 DEFINITONS AND CORE CONCEPTS IN TOURISM MARKETING

"In essence travel and tourism is a total market reflecting the demand of consumers, for a very wide range of travel related products. It is of national and international importance its potential for further growth, its economic contribution measured in terms of investment, employment and balance of payments, its effect on host communities and its impact on the physical environment of visited destinations. Marketing is important in travel and tourism because it is the principle management influence which can be brought to bear on the size and behaviour of this major global market" (Middleton, 1988: 3).

Holloway and Plant (1992: 4) give the Chartered Institute of Marketing's definition (with regard to tourism marketing): *"Marketing is the management function which organises and directs all those business activities involved in assessing customer needs and converting customer purchasing power into effective demand for a specific product or service, in moving that product or service to the final customer or user so as to achieve the profit target or other objective set by the company or other organisation"*. The definition has the following implications:

- It is a management function.
- It underlies and provides the framework for all the activities which a business undertakes.
- It places the emphasis on customers' needs as the starting point for the business operation.

According to Crane (1993: 8) professional services providers must embrace marketing in order to be successful in today's marketplace. The marketing concept is central to the needs of the client, and it is about equitable exchange and client satisfaction.

The five component sectors of the travel and tourism industry are:

- Accommodation sector
- Attractions sector

- Transport sector
- Travel organisers sector and
- Destination organisers sector (Middleton, 1988: 7-9).

3.1.1 Aspects of the demand for travel and tourism

The main determinants of demand are:

- Economic
- Demographic
- Geographic
- Socio-cultural
- Comparative prices
- Mobility
- Government/regulatory and
- Media communications (Middleton, 1988: 57-29, Laws, 1991: 16-29).

3.1.2 Travel motivations and buyer behaviour

Marketing managers must know how the internal and psychological processes influence individuals ('motivations') to decide on the choice of a particular holiday destination, and a particular product within this choice of destination, or vice versa (Middleton 1988: 48-54).

3.2 THE UNIQUENESS OF TOURISM MARKETING

"Marketing is a vital activity in all types of tourism establishment. As a discipline marketing does not differ from commercial organisations. Tourism marketing is an adaptation of the basic principles of marketing which have been developed and practised across a wide spectrum of consumer products" (Middleton, 1992 as cited by Jooste, 1995: 251). Tourism marketing differs from traditional marketing:

- Tourism products show the typical characteristics of services, namely **intangibility, inseparability, heterogeneity quality and perishability**.
- The tourism product consists of several services and products offered by different organisations and the components thereof are usually offered by different organisations and are marketed directly to the tourist by the individual organisations or as a combined package.

- The tourism product and services are usually removed from potential clients. Thus specialised intermediaries are used to bridge the gap between producers and customers.
- Because tourism demand is highly elastic and seasonal, preferences and price can influence it.
- The tourism product is marketed at two levels: 1) The national, regional or local level and, 2) the individual level (Jooste, 1995: 251-252).
- Burke and Resnik (1991: 224) adds complementarity because the sale of a travel product also influences other travel products such as restaurants, shops, etc.
- Easiness of entrance to the industry
- Another approach is necessary for the marketing of goods. There are differences in marketing mix, the distribution system, and the accent is on relations and client service (Jooste, 1995: 251-252, Bennet, 1995: 285-286).

The marketing of services is to satisfy needs, while services keep people happy. A service is an activity or benefit that one party can offer to another and is in essence intangible and cannot be owned by anybody. The production may or may not be coupled to a physical (Kotler and Armstrong, 1993: 494). Buttle (1989: 235-236) looks at marketing as: 1) 'n philosophy, 2) management process, and 3) A series of instruments to manipulate demand.

3.2.1 Distinguishing features of services - marketing implications

The main features that distinguish services from goods are:

- 1) Intangibility
- 2) Inseparability
- 3) Heterogeneity
- 4) Perishability and
- 5) Ownership is not transferable (Bennet, 1995: 285-286).

3.2.1.1 Intangibility of services

It implies that a service can be experienced and delivered, but ownership cannot exist. There is a double intangibility of services because they cannot be tasted, sensed, heard, or smelled. A thorough evaluation of a service is thus not possible before the purchase.

3.2.1.2 Perishability of services

Unused capacity of a service is perishable service because it cannot be stored at present or in the future. A hotel room or unused aeroplane seat that is not sold on a specific day, cannot be sold again.

3.2.1.3 Heterogeneity of services

Heterogeneity means that services are difficult to standardise. Services are not homogenised - their quality may vary a lot, depending on who delivers it, also when, where and how. Because clients who buy services are in direct contact with the service employees, and experience their behaviour attitude, service cannot be standardised. The management cannot solely control personal performance.

3.2.1.4 Inseparability of services

Services are sold and produced and consumed at the same time - many times on the property of the service organisations. They cannot be separated from their suppliers (people or machinery). This causes problems that marketers of goods do not have. Because the client is present when the service is produced, the supplier-client interaction is a special characteristic of the marketing of services. Both the supplier and the client influence the service result.

3.2.1.5 Summary of the characteristics and marketing implications of services

Intangibilities must be made more intangible by the management of the physical environment and by effective promotion, i.e. indications, image, and brand development. Personal development and education of employees are important because they act at the delivery of services both as sales representatives and production workers. An effective balance is necessary and must be maintained between people and machines (Edgett and Parkinson, 1993: 32-34).

3.2.1.6 Marketing differences between goods and services

Lovelock (1991: 7-8) reckons seven broad generic differences tend to distinguish services marketing from goods marketing:

- 1) Nature of the product
- 2) Greater involvement of customers in the production process
- 3) People as part of the product
- 4) Greater difficulties in maintaining quality control standards
- 5) Absence of inventories
- 6) Relative importance of the time factor
- 7) Structure of distribution channels.

According to Crane (1989: 5-6) the characteristics of services, which are the main source of difficulty in managing and marketing professional services are:

- 1) Intangibility
- 2) Perishability, no storability
- 3) No pre-trial
- 4) No recall of service delivered
- 5) Inseparability of production and consumption
- 6) Labour intensive, high degree of human interaction
- 7) Non-standardisation of service delivery and quality.

3.3 CLIENT SERVICE IN THE TOURISM INDUSTRY

The various aspects of client service will be discussed.

3.3.1 Customer need

"Satisfaction of customer need is the ultimate test of a business unit's success. Thus an effective marketing strategy should aim at serving the customer needs and wants better than the competitors do. Focus on customers is the essence of marketing strategy" (Jain, 1990: 118).

Traditionally, needs have been classified to Maslow's hierarchy of human needs:

- Physiological (lowest level needs)
- Safety
- Belongings
- Self-esteem

- Self-actualisation (highest level needs)

Needs at each level of the hierarchy can be satisfied only after the needs at the levels below it have been satisfied. Once a need has been satisfied, it is forgotten, and it creates space for the awareness of other needs. In a marketing context, it means that customers need periodic reminders of their association with a product, particularly when satisfied. At the highest level, self-actualisation, the customer feels a close identification with the product (Jain, 1990: 118-119).

3.3.2 The customer experience

A person's evaluation of a service is often based on numerous impressions that include performance of supplementary services as well as the core service (Lovelock, 1991: 22).

3.4 THE ROLE OF SERVICE IN TOURISM MARKETING

This is one of the most important aspects in the tourism industry, and the role service plays is crucial for competitive advantage. The focus in the marketing of tourism has shifted in the last few years to the customer to serve him better than the competitors, with the emphasis on better quality and the management of it.

3.4.1 Quality of service

The quality state of mind is part of all the levels of the firm and all its functions. The management should further implement quality education for all its personnel - including top management and the council. It should be done with an education program that includes a capacity for the expression and determination of some quality problems on the employee level, because quality processes represent responsible behaviour.

By this quality becomes a regulating mechanism through which the elements of quality are maintained at an optimal value from the point of view of the tourist and tourist firm. In the policy the importance of education must be stressed. Because control is a new approach of management, it needs enormous attempts of training at all levels. Firstly there must be a total involvement of everybody in the firm. Under these circumstances leaders shall

have the necessary enthusiasm and strength to lead their colleagues. Quality control requires an intense knowledge of marketing. It is a subject that must be taught thoroughly. Quality control needs continuous education in the field of communication and in the leadership of teams. Quality control is thus the key to excellence in tourism (Lanquar, 1989: 345-349).

3.4.2 Improving in the design of services

Awareness is growing of the gap between received theories, philosophies, and techniques of management and the needs of service organisations. The **management of service quality** must be researched, to see how customer experience can be more fully integrated in the design of services (Teare, Moutinho and Morgan, 1990: 250, Connor and Davidson, 1985: 21-33). A **client-centred marketing approach** is the organised and co-ordinated activities designed to develop and enhance relationships with clients and manage the firm's image with targeted individuals and organisations. For survival and prosperity, the application of strategic management of marketing encompassing the client-centred approach and use of leveraging becomes a necessity for all professional firms.

3.4.3 Implementing change in the delivery of services

With changes in the market place, service firms will have to develop new strategies to maintain market share. Technological developments in material and the information processing, and the availability of skilled personnel are likely to have a large impact on policy, planning and strategy. Service firms will need to respond to these challenges with appropriate recruitment programs, personnel development, and training at all organisational levels, from operative to executive. A strategic response is also necessary for social and demographic change.

Effective action will be required for more information about customers, defining market segments with greater precision and giving higher priority to brand differentiation

3.4.4 The service-driven service company

In this new model of service, companies:

- Value investments in people as much as investments in machines, and sometimes more
- Use technology to support the efforts of men and women on the front line, not just to monitor or replace them
- Make recruitment and training as crucial for salesclerks and housekeepers as for managers and senior executives
- Link compensation to performance for employees at every level, not for just those at the top.

An important aspect in the economy of service is the critical role of the client-contact employee. Human resource management is the main component of this and will lead to a quality service organisation. It was further developed to the service-profit chain model (Schlesinger and Heskett, 1991: 71-81).

3.4.5 Managing tourism services and tourism satisfaction

A specialised understanding of service management is required to ensure the satisfactory outcomes for tourists, the staff and organisation. The quality of services is an important factor in clients' future decisions. Therefore managers have a critical responsibility to reduce any factors in a service system that cause their clients' dissatisfaction, and emphasising the satisfying aspects of service. The service manager's task is to support the diversity of response especially between the customer and the frontline people of the organisation. A distinctive level of customer service must be created. The management must understand and shape the customer's pre-purchase expectations, influence his/her evaluation of post-purchase quality, and ensure that the process of being served is not only painless and easy, but enjoyable (Laws, 1991: 101, 116-117).

3.4.6 Total client satisfaction, client-centred marketing approach, and the creating and protection of client income

Horovitz and Jurgens-Panak (1992: v-x, 1-158) did two years of research on the top 50 companies in Europe. Certain areas are important for good quality service management:

- Corporate culture is essential
- Power leadership
- Communicate - internally and externally

- Service strategy: create clever differences
- Obtain advantage of technology
- Measuring and monitoring
- Middle-level management: cornerstone in the corporate structure
- Recruit correctly, good training

3.4.7 Why good service quality?

Good service quality makes a big difference in an organisation. There are two types of services:

- 1) The providing of a good designed service means 'do the right work' for the right client. The service design pertains to the basic 'payable' service supplied to clients. It is determined by the company's marketing strategy and comprises the 'packet' offered to the buyer. In the case of a service company it is the basic service supplied.
- 2) The supply of a good designed service means 'do the work right'. Supply of service pertains to the 'non-payable' aspect of the service or how the work was done (Horovitz and Jurgens-Panak, 1992: xiii-xiv).

Two types of competencies exist:

- 1) The strategy of 'do the right work'. The presentation of a well designed service means that what your clients expected were evaluated correctly in terms of service and the creation of service 'packets' which reflect those expectations.
- 2) The operational or 'do the work right'. Client expectations must also comply with the requirements of service delivery. The supply of a good delivered service means that there is an assurance that the service packet has no faults, when and wherever the client comes in contact with the firm. It is known as zero default service (Horovitz and Jurgens-Panak, 1992: xiv-xviii).

3.4.8 Guidelines for total quality management (TQM) in tourism

Guidelines for the successful implementation of TQM in services are grouped into three classes (Witt and Muhlemann, 1994: 422-423):

- 1) Elements of the product/service package
- 2) The human aspects of the delivery system
- 3) Measurement issues in service quality.

3.4.9 Corporate culture is essential

According to Horovitz and Jurgens-Panak (1992: 1-21) to have the right corporate culture, is critical for achieving of good service. Managers said this was the element in companies that contributed the most to good client service. To achieve a corporate culture that stimulated client service, is achieved by main success factors:

- Define shared values
- Let time do its work
- Use cultural levers to promote changes
- Re-enforce the message by designs, legends, examples and symbols
- Change the structure to let energy free

3.4.10 Power leadership

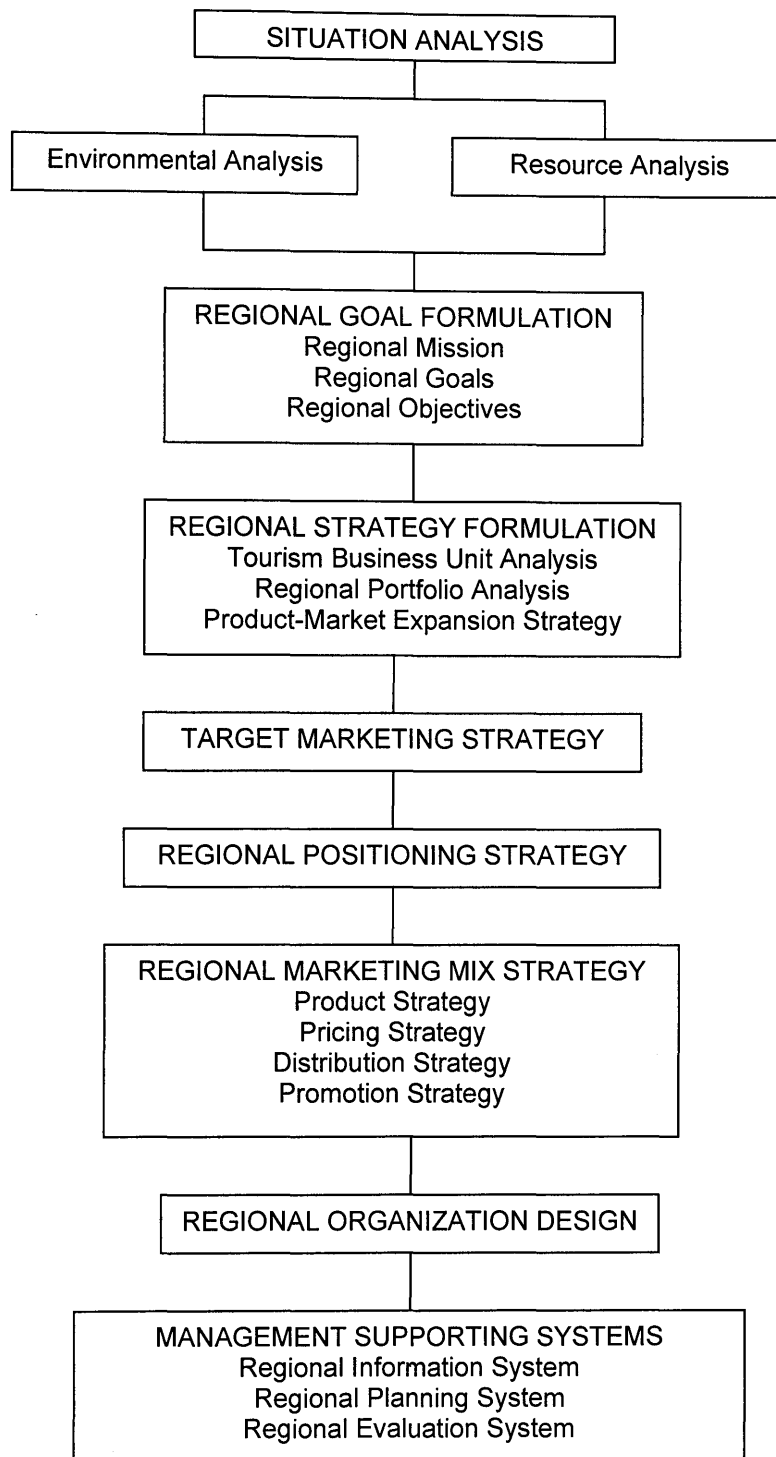
Service quality companies are led by dynamic leaders; people with an enormous belief in what they do and a total obligation to do the right thing for the client. They have two main qualities in them:

- They are inflexible when it comes to the manner of how to handle clients.
- They are perfectionists when it comes to service delivery - at one or more aspects of service. There is no talk of 'management by consensus'. These leadership styles encourage the development of other conditions that are positive for the organisations:
 - A strong team spirit - each one strives to reach the same goal, in other words that of the leader.
 - Give credit/complement - because the standards are so high that the employees encourage each other to achieve it. The highest honour is the approval of the leader. He is usually aware of it and uses it to steer people in that direction.
 - Take initiatives - people are willing to take risks because they have a need to get recognition from the boss and because they know that it is a good way, i.e. they want a place in the sun. Consensus management is thus queried (Horovitz and Jurgens-Panak, 1992: 22-34).

3.5 A FRAMEWORK FOR STRATEGIC MARKETING PLANNING OF TOURISM

It is the original model that was proposed by Heath and Wall (1992: 9-25) for

Figure 3.1 A conceptual framework for regional strategic marketing planning of tourism



Source: Heath, E. and Wall, G. 1992. Marketing tourist destinations. A strategic planning approach. New York, Chichester: John Wiley & Sons: 9.

regional tourism, and can be accepted, used and implemented with great success by regional tourism organisations like the Kruger National Park (see chapter 2, point 2.3). It is shown as figure 3.1. De Bruyn (1995: 166-185) described the strategic management for tourism organisations.

Hind (1989: 197) shows the **six steps in the marketing of tourism**:

- Segment the market
- Develop a profile of the consumers in each market segment
- Determine the attractiveness of each market segment
- Select the target market(s)
- Develop a positioning strategy for each target market
- Develop a marketing mix for each target market:
 - Product, promotion, price, place, personnel, physical environment, and process.

Crane (1989: 3) has a more modern approach to the **key steps in the professional services marketing process**:

- Identifying and comprehending consumer needs/wants
- Developing products to meet those needs/wants
- Pricing products effectively
- Informing consumers that the products exist
- Delivering the products efficiently
- Ensuring satisfaction during and after the exchange process.

Thus professional service marketers must embrace marketing in order to be successful in today's marketplace. Central to the marketing concept are the needs of the customer. Marketing is about equitable exchange and customer satisfaction (Crane 1993: 8).

3.5.1 Situation analysis

Tourism takes place in a dynamic and rapidly changing environment, and it must be monitored and adapted by every one involved in the tourism industry. The development of a situation analysis is very important for regional tourism. A regional situation analysis consists of two broad elements:

- 1) The identification of **opportunities and threats** that might originate from changes in the environment (environmental analysis); and

- 2) The identification of **strengths and weaknesses** of the region and business units in the region (resource analysis).

Crane (1993: 3) uses a **marketing audit** as a slightly different approach, and it is defined as: "*A comprehensive, systematic examination of a firm's total marketing activities. It examines all the marketing controllable factors (or the marketing mix) on a diagnosis and prognosis basis. The marketing audit should always be conducted in conjunction with the environmental scan and before the marketing plan is constructed*". It should be as objective as possible, and should determine internal strengths and weaknesses providing the firm with an indication of where it is going. Components of a professional audit are:

- Practice philosophy
- Physical operating environment
- Client base
- Service process and delivery
- Professional fees
- Communications.

3.5.1.1 Environmental analysis

The regional tourism environment consists of three major components: the macro-environment, the market environment, and the competitive environment. In such an analysis the **identification of opportunities and threats** that face the business is monitored. In an **analysis of macro-environmental factors** different types of **environments** can be distinguished:

- Economic
- Sociocultural
- Political
- Technological
- Ecological.

This leads to a **market analysis** where organisations must monitor and analyse trends and changes in the needs and perceptions of the existing and potential markets. **Environmental scanning** is necessary to determine **present opportunities and threats**, while **environmental forecasting** must be done to understand what the future may be like. This will enable an

organisation to set appropriate objectives and develop a better strategy to reach them (Heath and Wall, 1992: 31-57, 58-59).

3.5.1.2 Resource analysis

Together with the environmental scanning, a **resource analysis** is also necessary to identify **strengths and weaknesses** of the regional tourism organisations, the region at large, the communities of the region, and the tourism business units in the region. This will indicate the degree to which environmental opportunities can be exploited, and threats avoided or minimised. An important aspect is the identification of a distinctive competence. An inventory of regional resource sectors is necessary. They are accommodation, transportation, events and attractions, outdoor recreation and parks, business and conferences, travel services, retail trade and hospitality. With the mapping completed, the capacities of the various tourism resources in the region can be measured or estimated (Heath and Wall, 1992: 52-59).

After all the analysis, **assumptions** must be written down. They should be few in number, and if a plan is possible irrespective of the assumptions made, then assumptions are unnecessary (McDonald, 1992: 84-85).

3.5.1.3 Key success factors in the South African tourism industry

A number of key success factors has been identified for each of the six most important sectors in the South African tourism industry, and also for the industry as a whole by Conradie (1993: iv-viii). Accommodation, transport, entertainment, curio shops and jewellers, tour operators, travel agents/wholesalers were the industry sectors. The six most important factors for success in the tourism industry were:

- Quality of service rendered
- Quality of product offered
- Operational efficiency
- Managerial know-how
- Value for money
- Knowledge of the industry.

Critical issues in the South African tourism industry are according to "A Strategic Framework for Tourism Development in South and Southern Africa" (1991: 15-35):

- Environment/culture
- Infrastructure
- Tourism plant
- Entrepreneurial support
- Marketing
- Training/service
- Education awareness
- Legal issues
- Information management
- Structure/co-ordination.

In the White Paper: "National strategy for the development and promotion of tourism in South Africa" (1996: 24) to achieve its vision for the South African tourism industry, ten critical success factors are identified:

- Sustainable environmental management practices
- Involvement of local communities and previously neglected groups
- A safe and stable tourism environment
- Globally competitive strategies by offering quality service and value for more money
- Innovative and responsive customer needs
- Focus on product enhancement and emphasis on diversity
- Effective tourism training, education and promotion of tourists
- Creative and aggressive marketing and promotion
- Strong economic linkages with other sectors of the economy
- Appropriate institutional structures
- Appropriate supportive infrastructure.

A new flexible tourism starts to develop. Consumers drive it on the demand side and technology on the supply side. Five main forces give rise to this new tourism:

- Changes in the industry's framework conditions
- New consumers
- New technologies
- New production practices
- New management techniques (Poon, 1993: 84-89, 107-108).

3.5.2 Regional goal formulation

The environmental and resource analysis is followed by **regional goal formulation** to get clarity as to what is expected to be achieved with tourism development in the region. To do it:

- 1) **A mission statement** should be formulated for tourism.
- 2) **Regional goals** should be established to spell out the qualitative values that must be pursued.
- 3) **Specific regional objectives** must be determined with respect to magnitude, time, and responsibility. Realistic goals can place an organisation in a position to:
 - Determine what it should be doing
 - Assist in developing effective strategies and plans
 - Set or assist in setting objectives for the performances of individual tourism business units
 - Evaluate results.

3.5.2.1 Mission statement development

A regional tourism organisation must have a clear **mission statement** about its philosophy and purpose. It should be feasible, motivating and distinctive. It can provide everyone in the organisation, and also those being affected and influenced by the organisation's activities, with a shared sense of purpose, direction, significance, and achievement, and will hopefully motivate them. The purpose of the mission statement is what it is trying to accomplish with regard to tourism development in the region, with the emphasis on what should be aimed at in the long-term opportunity.

3.5.2.2 Goals

Major tourism **goals** should be developed for the future. It can guide the organisation in accomplishing its mission and can also serve as guidelines for the individual tourism business units. They can further provide standards for evaluating the organisation's performance and of the destination as a whole. A major factor that a regional organisation will emphasise for long-range purposes is image development, increase in market share, and new product development. Goals are usually not quantified or limited to a specific time period.

3.5.2.3 The development of regional objectives

The chosen goals must be restated in an operational and measurable form called **objectives**. A clearly defined objective statement can assist the regional tourism organisation to think in terms of planning, programming and control aspects of pursuing that objective. It can further serve as a specific guide to tourism business units with regard to their own strategic marketing planning. A measurable goal should be made specific with respect to magnitude, time, and responsibility (Heath and Wall, 1992: 14, 63-73, 88).

3.5.3 Strategy formulation

The **strategy formulation** should culminate in an overall strategy for the destination and give assistance in strategy formulation for tourism business units destinations such as hotels, attractions, and entertainment facilities. It should include decisions about its current activities and programs, and whether to maintain, build or drop them and add new ones for the future. The underlying objective of regional strategy formulation is to translate the current conditions in the region into desired situations. Thus a broad strategy is determined to reach the region's goals.

Strategies grow out of and reflect the environmental analysis, resource analysis and goal formulation steps. Two steps are necessary:

- 1) Develop a **product portfolio strategy** to decide what to do with each of the current major tourism products. Analytical models to assist are the Boston Consulting Group and General Electric portfolios.
- 2) Develop a **product-market expansion strategy** to decide what new products and markets to concentrate on in the future. The results of the strategies can provide the basis for the formulation of the organisation's strategic plans (Heath and Wall, 1992: 16-18, 74-88).

A marketing strategy is developed at the business unit level. Within a given environment marketing strategy deals with the interplay of three forces, known as **the strategic 3 C's**:

- 1) Customer
- 2) Competition
- 3) Corporation.

A marketing strategy is thus an endeavour of a corporation to differentiate itself positively from its competitors, by using its relative corporate strengths to satisfy customer needs better, in a given environmental setting (Jain, 1990: 24-25).

Levit (1983) as cited in Blankenship and Breen (1993: 3) reckons: "*The purpose of a business is to create and keep a customer. There can be no corporate strategy that is not in some fundamental fashion a marketing strategy, no purpose that does not respond somehow to what people are willing to buy for a price.*"

3.5.4 Target marketing strategy

In **target marketing** a distinction is made between the different groups of which the market consists and appropriate tourism products and marketing mix strategies for each target market are developed. **Market segmentation** is the underlying base for target marketing. Various bases for segmenting the tourist market have been developed, and consist of geographic, socio-economic and demographic, psychographic, and behavioral. To a large extent the effectiveness of the segmentation process will depend on arriving at measurable, accessible, substantial, defensible, stable and feasible segments (Heath and Wall, 1992: 91-103, 120).

Segmentation is an essential element of a market strategy at all levels - for individual organisations or groups of organisations, resorts, regions, or countries. It can give an indication in what direction the product should be adapted. It is furthermore necessary to get the best financial results with limited financial resources. In certain circumstances an individual organisation cannot ignore the market segmentation arrived at and used for marketing at a higher level in which it operates such as a resort, a tourist region, or even a whole country (Vanhove, 1994: 305-307).

3.5.5 Positioning strategy

After the selection of the target, a **positioning strategy** must be developed relative to the other suppliers of similar tourism offerings that serve the same target market. Positioning can be seen as the development and communication of meaningful differences between a region's tourism offerings

and that of its major competitors serving the same target market(s). Steps in the positioning strategy development are the assessment of the current regional position, selection of the desired position, planning to achieve the desired position, and the implementation of the strategy (Heath and Wall, 1992: 114-120, 121, 196).

Positioning is valuable for service marketers because it forces explicit characteristics of the overall service concept. The identification of opportunities for serving a particular segment's need better than anyone else, can be done by combining an analysis of customer needs on a segment-by-segment basis with an understanding of competitive offerings. Its offering of such a service is seen as compatible with the organisation's resources and values; the firm should then be able to develop a profitable niche for itself in the market (Lovelock, 1991: 116).

3.5.6 The regional marketing mix

The **marketing mix** consists of every factor that influences the marketing effort. It is essentially a positioning strategy because it combines the marketing capabilities of the various tourism business units into a package of actions intended to position the destination's offerings, and also that of the individual tourism units against those of the major competitors, in order to compete for the tourists comprising the target market(s). It must also be consistent with the region's capacity. The individual activities undertaken by the business units and everyone involved should complement each other. The **elements of the marketing mix** consist of the following **strategies: product, price, distribution, and promotion (four P's)**. *"It is of vital importance that none of the above-mentioned marketing mix variables should be considered in isolation from each other, as their interaction produces a combined impact on the existing and potential tourism markets"* (Heath and Wall, 1992: 160). The combination of the marketing mix is used by the marketing manager to let supply equals demand (Cohen, 1989: 517). They are the main levers or controls available to the marketing managers in their continuous endeavours to achieve the planned objectives and targets, expressed as sales volume and revenue from identified customer groups. The mix decisions are based on a mixture of marketing research and marketing planning procedures, and also the judgement of individual managers who are engaged in a battle of wits with their competitors (Middleton, 1988: 58-63).

3.5.6.1 Regional product strategy

The **product** is the shape or form of what is offered to the tourist, in other words the characteristics of the product designed by management decisions. It must be continuously adapted to match market segments' needs, expectations, and ability to pay (Middleton, 1988: 58), or "*A product is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. It includes physical objects, service, places, organizations, and ideas*" (Kotler, Bowen and Makens, 1996: 308). The term 'tourism or service offering' is preferred to that of 'tourism product', because in tourism the service interaction and symbolic associations are the very core of the process. They are intangible and differ considerably from a traditionally manufactured product. **Brands**, known as tourism offerings, need an understanding of both the market and service life cycles. The main aim is to match the development of these offerings to fit the nature of the marketing environment. Some guidance is provided by the new product development model (Lumsdon, 1997: 151).

The **product strategy** should be sensitive to both the physical as well as other salient attributes of the regional tourism offering. It must also include the regional product mix decisions, the management of the region's tourism products over their life cycles, the development of new tourism products, and the development of appropriate regional product strategies (Heath and Wall, 1992: 20).

3.5.6.2 Regional price strategy

Price is a very important variable in the regional marketing mix. Pricing strategies must be developed so as to establish the strategic role of price in the marketing mix, while enough flexibility must be retained to respond to changing conditions. Consideration is also necessary to pricing strategies for new tourism products (Heath and Wall, 1992: 140-147,160). In the determination of price strategies, tourism marketers must be aware of consumer perceptions, propensities to travel and the degree of competitor activity. Key issues are parity pricing, which seek to add value and customer service, to encourage improved relationships with customer segments. Pricing policies to enhance and/or protect the environment can prove to be very successful in reducing marginal customers (Lumsdon, 1997: 165).

3.5.6.3 Regional distribution strategy

Distribution is a major consideration because it is important that the regional tourism offerings are made available and accessible to the envisaged target markets. Distribution decisions centre on what channels and institutions can and should be used, to give the tourist the most effective access to the tourism products (Heath and Wall, 1992: 147-152, 196). Lumsdon (1997: 197) adds that the customer has to be enticed to travel to the destination. It has led to a sophisticated set of distribution channels, which convey a wide range of information and tourism offerings to a mass market. Major intermediaries are the travel agent, tour operator, and international carriers. Computerised reservation and booking systems have been developed to make holidays both easy and accessible. Distribution issues also address locational analysis in the development of new resorts.

3.5.6.4 Regional promotion strategy

Promotion strategies are used to communicate the benefits of the tourism offering to potential tourists. It includes advertising, sales promotion, public relations, personal selling, and publicity. The 'right' promotional mix should be developed where each of these promotional techniques is used when it is needed. It is thus necessary that a co-ordinated regional promotional strategy is developed that includes the steps of identifying target audiences, developing promotional objectives, determining the promotional grant, and establishing the promotional components to be used (Heath and Wall, 1992: 152-160, 196). Lumsdon (1997: 166) is of the opinion that the **promotional mix** refers to **external promotional activity**, whereas the **communications mix** encompasses **external** and **internal activity**. A tourism organisation must know the theory of communication and how it might be applied to any given marketing campaign. Brochures and printed material are still the most important promotional material, but organisations and destinations are turning increasingly to direct marketing by using the Internet and CD-ROMS. Other promotional techniques are public relations, sales promotion, incentive travel and sponsorship. They are enjoying increased success within the more conventional framework of the above-the-line communication techniques such as advertising.

All the marketing mix variables should not be used in isolation, because their interaction produces a combined impact on existing and potential markets.

3.5.6.5 Augmentation of the four P's

Service marketers critically investigated the original four P's. Booms and Bitner (1981) as cited in Buttle (1989: 236, 240-246) proposed a reformulation on the basis of the four distinctive properties of services - intangibility, perishability, heterogeneity and inseparability. The new marketing mix consists of the original four P's plus three additional ones: **participants**, **physical evidence** and **process**. Holloway and Plant (1992: 28) add three elements: **personnel**, **physical environment** and **process**. Other authors added two to three elements so that it is called six P's to seven P's. MacGrath (1986) as cited by Heischmidt and Hekmat (1991: 70-71) describes three additional elements in the marketing mix (seven P's): **personnel**, **physical facilities** and **process management**. Mason and Mayer (1987) as cited by Ellis and Mosher (1993: 129-144) augment the traditional four P's to six P's for the professional services firms with two elements: **people** and **presentation**. Burke and Resnik (1991: 26) describe eight variables (eight P's) that a company can control when it is trying to achieve its goal for success in tourism:

- **Product** (what a company offer to sell)
- **Process of delivery** (delivery channels)
- **Price** (the amount of money paid for a product by a buyer, based on certain factors)
- **Promotion** (activities that stimulate the interest in a product)
- **Physical environment** (the environment where sales take place, the environment in which the product is produced and consumed)
- **Purchasing process** (marketing and information search)
- **Packaging** (the putting together of complementary travel products)
- **Participation** (the transaction or experience).

3.5.7 Regional organisation and management supporting systems

If a strategic marketing planning framework is to be implemented effectively, an organisation must have the necessary structure and people to develop strategies that will contribute toward reaching regional goals in a dynamic, changing environment. The regional organisation design is a crucial issue that

should be addressed so as to ensure that tourism development takes place effectively (Heath and Wall: 165-189, 197).

3.5.7.1 Regional organisation design

For the implementation of a strategic marketing planning framework to be implemented effectively, an organisation with the necessary structure and people is required to develop strategies that will contribute toward reaching the regional goals, particularly now in a dynamic and changing environment. Particular attention is necessary for the appropriate **regional organisation design**, and also to the relationship with, and role of, other regional bodies. It may be necessary to transform existing organisational structures and also retrain people occupying key positions (Heath and Wall: 165-189, 197).

3.5.7.2 Management supporting systems

An effective regional tourism organisation must develop and execute appropriate and effective marketing plans. There is a need for:

- **An information system**

Kotler (1981) as cited in Ritchie (1994: 14) reckons research as a source of information. Schreuder (1995: 218-219) discusses research and competition. He is of the opinion that present managers have a crying need for information. If marketing information is valuable, it must be accurate, available and affordable. It can give a competitive advantage to the user of it. The instrument to achieve it is known as a marketing information system ('MIS'). Heath and Wall (1992: 188) reckon that an effective regional organisation requires relevant, timely, and accurate information to carry its effective strategic marketing plans. Therefore a **marketing information system** must be developed. Four sub-systems can facilitate this information system:

- Internal records system
- Market intelligence system
- Marketing research system and
- Analytical marketing research system

- **A planning system**

The information must be incorporated into an appropriate **planning system** to guide the tourism organisation and its tourism business units in the dynamic market place.

- **A valuation system**

To ensure that the regional goals, strategies and systems are optimally adapted in the dynamic marketing environment, a **regional evaluation system** should be developed. A major tool to help is a strategic marketing planning audit. It can be described as a comprehensive, systematic, independent, and periodic examination of a region's marketing environment, goals, and strategies to determine problem areas and opportunities, and also recommending a plan of action (Heath and Wall, 1992: 165-189, 197).

3.6 MARKETING OF THE KRUGER NATIONAL PARK

For the marketing of the Kruger National Park, various aspects are important for the future.

3.6.1 Economic, financial and ecotourism aspects

Engelbrecht and Van der Walt (1993: 113, 116, 119) did research on the economic use of the Kruger National Park (KNP). They found that the present use of land represented by the park was more effective than allocation to agriculture. The aim with economic efficiency is to maximise the net value or benefits from the use of a resource for the economy or the society as a whole. The use of the KNP for conservation purposes was discussed. They estimated the impact of direct income and tourism. Foreign tourism creates little contribution to the national economy in the form of employment creation, foreign exchange, increases in domestic product (GDP) and household income. The same results are valid for local visitors. The current use of the KNP creates **additional benefits** because expenditure by foreign and local tourists has a substantial impact on the economy. They concluded that the present use of the KNP for conservation and tourism creates substantially more net social benefits for society than to agricultural use.

The view that accommodation in a national park is too expensive, is possibly only a perception. National parks offer a wide spectrum of lodging, from camping places, furnished tents and basic huts to more expensive family houses and luxury chalets or guesthouses. National parks are far from the metropolis and travel and associated costs increased sharply during the last years. From the 'expensive' visit to a national park the lodging accounts only

for a portion of the total holiday costs. Furthermore it is unreasonable to expect from the National Parks Board to commercialise in order to stop privatisation, without using the most important marketing mechanism - price. The National Parks board manages its accommodation and commercial activities according to recognised business principles without bulging the public (Havenga, 1994: 30).

The following is suggested for:

1) Conservation areas

It is very important that a healthy and appropriate planning of tourism development should be done. Accessibility, carrying capacity and environmentally friendly visitors planning is the key to success for the KNP. Planning should have the following aspects included:

- A solid market research analysis
- Research and analysis for a zoning and soil employment plan
- An environmental impact determination
- The involvement of and recognition of the local community in all stadiums of and levels of development
- The development and promotion of cost advantage models, vitality studies and financing possibilities
- The introduction of reform possibilities (All must be done by one authority/organisation or can certain services be handled by other expert organisations)
- Observance of international and local views (Robinson 1993: 7-8)

2) Infrastructure

One way routes can be constructed (Robinson, 1993: 8).

3) Service and client orientation

- An important part of ecotourism planning is that, if they are ecological sensitive, protected areas must not be protected for the sake of animals only, but also for humans. It is thus important that visits to protected areas will be characterised by quality, visitor-friendly service and the offering of educational facilities.
- Visitors must feel welcome. They must have convenient lodging and enjoy good food at reasonable prices in a cosy atmosphere. This will

- ensure that they will return, and will generate greater revenue that could be ploughed back into the development and upkeep of the natural environment.
- It is important to get rid of the 'government service' label by better service across the conservation area and in particular the in ecotourism.
 - People in the conservation and ecotourism industries must realise that they are part of a service industry. Deliberate and long-term actions must be taken to create a culture of excellent service, and should be part of the in-service training. All employees should have a service obsession, and when dealing with the public they should have the right disposition.
 - Excellent service as seen by the client in comparison with the competitor, must be far better. Thus the service provider can ask higher prices and get a bigger part of the market share.
 - The first contact with an organisation is usually by telephone, Therefore the employee must show the right disposition.
 - Brochures and pamphlets must be produced professionally. They must be accurate, on the point and user friendly. The management of and management principles for service are used as instruments to position the organisation in the market and increase its market segment. This will enable thousands of employees to understand their internal service role. Service and the achieving of it became a science. Ecotourism can succeed if everybody know the developments and new techniques in this dynamic area (Robinson, 1993: 9).

3.6.2 Marketing aspects of the Kruger National Park

A marketing strategy is necessary for each organisation, developed at the business unit level, like the Kruger National Park. It deals within a given environment with the interplay of three forces, known as **the strategic 3 C's**: customer, competition and corporation. In a given environmental setting a marketing strategy is thus an endeavour of a corporation to differentiate itself

positively from its competitors, by using its relative corporate strengths to satisfy customer needs better (Jain, 1990: 24-25).

Dearlove (1993: 13) reckons that marketing is not a concept that is not normally associated with a conservation organisation like the National Parks Board. It is much easier coupled with the introduction and selling of a commercial product. Marketing is however included as a fundamental principle in the future planning for national parks. Without sound business principles, dynamic strategies and efficient marketing, the National Parks Board will not have part in the expected upswing in local and international tourism and cannot share and become financially independent. This goal will be achieved by understanding the needs of the tourist; provision of clean, commodious lodging and facilities at affordable prices and rendering of outstanding quality. This will all be introduced by efficient marketing strategies. A National Park's holiday will in this way become a way of life of an increasing number of visitors. Robinson (1994: 12) adds that the objective is to market various national parks to satisfy the divergent tastes of visitors, that ranges from luxurious facilities and equipped lodging to wilderness experiences.

CHAPTER 4

4. THE ROLE OF PRICE AND PRICING IN TOURISM MARKETING

4.1 INTRODUCTION

Price is part of the marketing mix: *"A product's **price** is that which consumers exchange with the market in order to purchase the product. Consumers consider price to be an important criterion in their evaluation of alternatives, both before and after making a purchase. Furthermore if a product's design requires consumers to exchange both time and money, then the actual price includes more than just its monetary price"* (Wells and Prenskey, 1996: 92).

Price shows the published or negotiated terms of an exchange transaction for a product, between a producer who aims to achieve a predetermined sales volume and revenue objectives, and prospective customers who seek to maximise their perceptions of value for money in the choices they make between alternative products. It is one of the variables of the four "P's": product, price, place and promotion (Middleton, 1988: 58-60). *"Pricing is one of the most important elements in the tourism marketing mix. Tourism customers rate the product at a price and without a price there is no indication of value. Pricing decisions are therefore essential for the profitability of the tourist establishment, as it has a tremendous impact on demand and sales volume. Pricing is also often considered an indication of quality.....Although the pricing element is the most important one of the marketing mix in terms of profitability, pricing cannot be seen in isolation from the other elements"*. Therefore it must be viewed as an integral part of the marketing process, and the interrelationship with the other elements in the mix must also be taken into consideration (Meidan, 1994: 357).

Price is an important variable in the regional marketing mix especially with regard to the Kruger National Park. The "right" price must satisfy both the tourists and meet the profit objectives of the tourism business. Therefore it is necessary to develop the price structure, objectives and strategies to establish the strategic role of price in the marketing mix, while enough flexibility must be retained to respond to changing conditions. Consideration is necessary to pricing strategies for new products (Heath and Wall, 1992: 160).

4.2 TOURISTS' PERCEPTION OF PRICE

According to consumer behaviour research by Stevens (1992: 44) "*consumers perception carry the greatest weight in the various decisions made by tourists - the choice of a destination, the consumption of commodities while on vacation, and the decision to return. Perception are the consumer's subjective reality.....Perception is important because contemporary consumers are becoming more and more discriminating*". They are more experienced travellers, older and more value conscious. It is important in influencing travel behaviour. To stay competitive in such a climate, the tourism product must be perceived as of a quality similar or better to that of other competitors, and its price must be perceived as attractive. Thus the information on tourists' perceptions of prices and quality and on the role price plays in tourist behaviour is of the utmost importance.

Price and quality interact to produce the value for money concept. Because pleasure travel is an experiential product, and therefore the value for money concept must be very subjectively measured by travellers: "*Measurers of travelers' price/quality perceptions are key to determining a country's or industry's competitiveness, because competitive advantage grows out of a value that a country is able to create for its buyers which exceeds the cost of creating it*". Thus studies of price, quality and value can provide insights into a country's tourism product, and eventually give information for a competitive advantage in marketing its product and planning an industrial development strategy (Stevens, 1992: 48).

The real meaning of price to tourists can be overlooked by tourism organisations like the National Parks Board. In a regional context there are actual charges of accommodation facilities, effort costs, time costs and psychological costs, for example, the possibility of a potential tourist patronising the tourism facilities can be based upon:

- The actual price of the tourism facilities in the region.
- The time costs and trouble of travelling a long distance to the specific region.
- If the destination and its offerings are unknown to him, the tourist experiences will be uncertain (Heath and Wall, 1992: 141-142).

"Consumers do tend to believe that price is a good indicator of quality (Wells and Prensky, 1996: 276). The price of a product is an indication of its quality. When price differences between several tourism offerings are small, tourists will not use price as a basis for decisions whom to support. Consumers (tourists) tend to lean on price when they make an important decision, especially when they have no self-confidence during decision making. It may happen that tourists are sceptical about tourism destinations that require much less than others of the same kind. They might wonder what is wrong with the tourist destination, and assume that other more expensive places offer better tourism facilities. This price-quality relationship should be taken into account by tourism organisations and tourism businesses during the price-fixing for regional tourism offerings.

Meidan (1994: 357) reckons that when setting prices, the psychology of prices is very important in determining a person's price-value relationship. Attitudes to price are very closely related to the amount of risk the buyer feels is involved in the purchasing decision. Therefore cost-based methods of setting tourism prices could be dangerous - their real value is in determining the lower limits of price.

4.3 PRICE STRATEGY

According to Nellis and Parker (1992: 116-117) the **essence of pricing strategies** is "*Choosing the appropriate price to charge for a good or service is one of the most important challenges facing management....therefore, economists call the price which exactly matches the supply and demand for a particular good or service, the equilibrium price*". The 'best' or 'correct' price to charge must remain uncertain ahead of actual production and sale. Because market conditions are in a constant state of flux, pricing decisions contain risks. To achieve the optimal pricing strategy, there must be perfect information available to managers about consumer demand, competitors' reactions and supply costs, etc. They reckon managers might adopt **various approaches to pricing**.

4.3.1 Price determination and managerial objectives

Price has two broad functions. Firstly, all managers must know that prices raise revenue for the firm. Price multiplied by the quantity sold determines the

firm's total revenue, and depending on the production costs, ultimately the firm's survival. Secondly, price rations out the available production amongst consumers on the basis of their ability and willingness to pay. Thus in a competitive market economy price is determined by the forces of demand and supply. Pricing is driven by managerial objectives. The precise objectives pursued by the management will ultimately determine the price strategy that is adopted.

4.3.2 Generic pricing strategies

There are four strategies:

- 1) **Marginal cost pricing** involves the setting of prices, and therefore determines the amount produced, according to the marginal costs of production. It is normally associated with a profit maximising objective.
- 2) **Incremental pricing** deals with the relationship between larger changes in revenues and costs associated with the managerial decisions. To use an incremental analysis properly requires a wide-ranging examination of the total effect of any decision rather than simply the effect at the margin.
- 3) **Break-even pricing** requires that the price of the product is set so that the total revenue earned equals the total costs of production.
- 4) **Mark-up pricing** is similar to break-even pricing, except that a desired rate of profit is build into the price. Hence this is also sometimes referred to as cost-plus pricing, full-cost pricing or target-profit pricing.

4.3.3 Pricing and the competitive environment

The nature of the market in which the product is sold will have a major influence on the pricing policy adopted. Markets can be conveniently divided into four broad kinds of markets: perfectly competitive, monopoly, monopolistically competitive and oligopoly markets. The appropriate approach to pricing in each of these is:

- 1) **Pricing in perfectly competitive markets.** The supplier is a price taker. Because each firm's product is indistinguishable from products of all the other competitive firms the consumer buy only on the basis of price.
- 2) **Product Pricing in monopoly markets.** The firm is a price-maker. Thus as markets become less competitive (the degree of monopoly increases) and suppliers will have more discretion when setting prices. Price rises will reduce demand but will not completely destroy it. Price elasticity of

demand becomes an important consideration in setting prices - lesser price elastic for the demand for the product will increase the firm's market power which will result in freedom for the firm to set prices.

- 3) **Pricing in monopolistically competitive markets.** A large number of competitors produce substitutable products, in such a way that an attempt to achieve product differentiation is a dominant feature. This monopolistic competition means that firms still have control over their output. Thus they try segmenting their markets and thereby reducing competition.
- 4) **Pricing in oligopoly markets.** An individual firm's actions are very likely to provoke a competitive reaction. It is crucial to know how competitors are likely to react to price changes. Various competitive strategies are reflected in which price may or may not be a critical variable.

4.3.4 The marketing mix and the product life cycle

Pricing strategies require the integration of pricing into the 'four P's' of the marketing mix (product, place, price and promotion), and should complement the other factors of the mix. In developing an effective marketing strategy the 'four P's' determine what is offered to the consumer:

- 1) **Product** raises the issue of consumers' perception of its characteristics. The perceived value or utility to the consumer becomes the key to non-price factors used to increase the perceived value.
- 2) **Place** relates to the distribution of the product and how well it is distributed is important to its success
- 3) **Promotion** of a product involves effective marketing including the provision of adequate credit and advertising. Consumers' perception of the product is shaped by advertising and increases consumer demand at all prices. Successful advertising by increasing market segmentation can reduce price sensitivity
- 4) **Price.** Product, place and promotion have an effect on both a firm's demand and cost relationship. Therefore price must fit in with remainder of the marketing plan because together they determine the product's 'positioning' in the market place. The positioning of a good or service in the market-place has major implications for pricing policy. Thus it must be priced correctly.

Different strategies are necessary for the various stages of a product's life cycle. When a product is launched a 'promotional' or 'penetration pricing' is used in which the price is set low to enter the market against existing competitors, attract consumers to the new product, and gain market share. Where a new product has a monopoly in the market for a short period, a skimming policy arises when the price is set high initially to cover large unit costs in the early stages of the product life. In the growth stage price may have ceased to be a primary consideration. In the maturity stage the emphasis will be on profit contribution. As the product declines in popularity in the final stage price may have to be cut to maintain demand and hence margins sink.

4.3.5 The economics of price discrimination

It is used by economists specifically to identify only those circumstances where different consumers exhibit different responses to prices: i.e. where there are different price elasticities. Price discrimination represents the practice of charging different prices for various units of a single product when the price differences are not justified by differences in the production/supply cost. For successful price discrimination the firm must be able to control its own prices. There must also be different price elasticities of demand in the various markets - they may reflect different preferences, information and perceptions of the product, and incomes and tastes.

4.3.6 Pricing in multi-plant and multi-product firms

Most firms produce a range of products on more than one site. Thus in a multi-plant firm the profit-maximising output rule (marginal supply costs must equal marginal revenue) is unchanged, but the marginal cost (the sum of the separate plants' marginal costs and production) must be allocated between the plants so that the marginal supply cost at each point is identical. When producing and pricing a product, the multi-product firm must consider the impact for that product of a price change (its own price elasticity of demand) and also the impact in the demand for the other products in the firm's range (the relevant cross price elasticities). Obtaining the desired rate of return from the full product range rather than individual products now influences pricing.

4.3.7 Peak-load pricing

Where the demand for a product varies over time it can pay to introduce a form of discriminatory pricing called peak-load pricing. The factor that causes differentiated pricing is the differences of supply costs over time, i.e. the marginal cost of supplying the product or service is much lower at off-peak times when there is spare capacity, and much higher at peak times when there is congestion. Peak-load pricing is used extensively by travel companies and hotels, which charge much less for the same holiday or room out of season, i.e. the 'weekend breaks'. Thus consumers might alter their demand pattern and travel during off-peak periods.

4.3.8 Pricing policy and the role of government

All market economies have some state intervention in pricing in the form of taxation and subsidies. Direct controls arise from prices and income policies, anti-monopoly and restrictive legislation, and also regulations and licensing.

The above-mentioned discussion of pricing policies under different market conditions can be summarised as: "*...optimal pricing requires a full consideration of both demand and cost conditions....there is a case for a more flexible approach to pricing where markets with different price elasticities are supplied or where a peak-load problem exists...successful firms are those which gain competitive advantage and price remains an important variable in achieving this advantage*" (Nellis and Parker, 1992: 143).

4.3.9 Factors that affect price strategies

According to McIntosh and Goeldner (1995: 433-434) marketing managers must take the following **factors** into account **that affect price strategies**:

- **Product quality.** The quality of the product really determines the price-value relationship. It is logical that that product that offers greater utility and fills the consumer needs more effectively than a competitive product can command a higher price.
- **Product distinctiveness.** A standard or staple product with no distinctive features offers little or no opportunity for price control. But, a novel and different product may be able to command higher prices. For instance, the Lost City as an attractive novelty, combined with excellent services and

facilities, makes it possible for Sun International to command higher prices (Jooste, 1995: 269).

- **Extent of the competition.** A product that is comparable to that of competitors' must be priced taking the prices of competitors into consideration. To some extent the product's price determines its position in the market.
- **Method of distribution.** The price of the product must include adequate margins for tour operators, travel agents or the company's own sales force.
- **Character of the market.** The type and possible numbers must be considered. If there is a limited number of consumers, then the price must be high enough to compensate for a limited market. But, one must also consider consumer ability and propensity to buy.
- **Cost of the product and service.** The price must be higher than cost over the long run or the business will not survive. Both cost and market conditions should serve as guides to pricing.
- **Cost of distribution.** Distribution costs must also be included in the pricing equation. They are much more difficult to estimate than other costs.
- **Margin of profit desired.** The profit margin build into the product's price must be higher than the returns realised on more conventional investments in order to compensate for the risk involved in the enterprise.
- **Seasonality.** Most tourism products are affected by seasonality because of school-year and holiday patterns. Consequently, the seasonal aspects must be considered when developing prices.
- **Special promotion prices.** It is often a good strategy to offer introduction prices and special one-time price offers to introduce the product to consumers. However, these must be carefully planned so that they achieve the purpose and do not become a regular price.
- **Psychological considerations.** Throughout the economy psychological pricing is applied, usually in the form of prices that are set in odd amounts such as 99c, R19,95 or R29,99. Generally consumers respond well to odd pricing, and there seems something particularly magical about prices that ends in a nine.

Lumsdon (1997: 156-157) discusses the **latest factors that shape pricing strategy**. Internal and external factors are summarised below:

- **Overall marketing policy and objectives.** Pricing is an integral part of position. Because of the intangibility of tourism offerings, price signals to the customer an expectation of what is being sold.
- **The price-quality relationship of the company's range of service offerings, especially with regard to the market life cycle.** Price is in particular associated with quality, the expectation being that the more a customer pays, the higher the expected quality. A similar indication is value, where customers invariably expect higher quality than the price they pay.
- **The uniqueness of the tourism offering and strength of brand.** Premium pricing is used when tourism marketers are selling a unique or unusual type of experience, or when a brand holds great value.
- **The potential to reduce costs through effective use of the value chain within the company and in terms of suppliers.** Many companies look and try to reduce costs in the supply of tourism services so that it allows for greater in pricing.
- **The structure of the market and the company's position in the market place.** Positioning is important because companies with a large share of the market tend to lead with pricing while competitors follow their pricing structure.
- **Degree of competition.** The level of competition within a market can lead to parity pricing, price following or price warfare that depend on the nature and intensity of competitors.
- **Government involvement in the market.** They can impose taxes, levies or retail price maintenance mechanisms, which affect the market.
- **Currency exchange rates.** When currencies fluctuate between countries, it can lead to international pricing policies which build in safeguards against erratic movements of exchange rates.

4.4 PRICING POLICY

Cooper, Fletcher, Gilbert and Wanhill (1993: 255) reckon that there are **many factors influencing pricing policy**:

- **The perishable nature of the tourism product** - it cannot be stored for future occasions. Thus it leads to various forms of last-minute tactical pricing.
- **The high price elasticity of demand** shown by holiday and markets places emphasis on setting prices at the right levels.

- **The volatility of the market** due to short-run fluctuations in international markets, exchange rates, oil prices and political events requires sophisticated forward planning.
- Many companies will **forgo short-run profit** in order to create acceptable load factors or occupancy levels because they are reliant on high volumes to break even.
- **Cost control** is an important part of pricing policy. Many tourism establishments have high fixed costs and price close to break-even positions. This could make them vulnerable to financial collapse or take-over if costs are not controlled.
- For airline travel and hotel accommodation some regions and countries have **price controls**.
- **Seasonal demand** leads to low and peak season periods, which require demand management pricing to cope with short-run capacity problems.
- **Price is associated with the psychological aspects of both quality and status**. It is therefore always important to measure the way prices or the different target segments will perceive their change.
- **Cash flow** is high because much of the payment of tourism products is being made in advance of consumption.

Mill and Morrison (1992: 440-441) add other **factors that influence pricing policy**:

- **Price as a result of supply and demand**. When supply exceeds demand, price will tend to decrease and vice versa. The extent to which demand changes (as measured by the amount purchased) as price changes, called the elasticity of demand, is of greater importance. A %5 reduction in price may lead to a corresponding 10% in the number of buyers and subsequent increase in sales revenue. In this case it is **demand elastic**. Products aimed at the luxury end of the consumer scale are less susceptible to changes in price, and tend to be **price inelastic**. Supply is limited for destinations or properties that are not open all year, and prices will be correspondingly higher. Because demand is not often uniform throughout the year, it is common to charge higher prices during the peak season.
- **The expected length of the product life cycle and the destination or organisation's position on it**. This will also affect pricing decisions because a "fad" item with an expected life cycle will have to be charged a high price to recoup the investment in a relatively short period of time.

- **Competition.** The extent to which the destination area or other tourism service is unique determines whether it can be charge more.
- **The needs of the selected target market(s).** Pricing policy is also influenced by the needs of the selected target market(s). If a tourism organisation or tourism destination is seen as serving the needs and wants of the market, and if they are perceived to be important to members of the market segment, those members will be willing to pay a higher price. The price charged must be perceived by the market as less or at least equal to the value perceived

4.5 PRICING OF A PRODUCT/SERVICE

In the **marketing mix context** Hind (1989: 226-231) considers **how much should a company charge for its products. Pricing decisions are crucial** because ultimately the price that will be charged for the product, in relation to the company's costs, will determine the profit or loss that is made. Price tells the consumer about the product and should give an indication of the quality of the holiday. Further it will also play a part in creating a company's corporate identity. It is therefore of utmost importance that companies should regard pricing decisions as part of their marketing strategy. The price charged is not simply a result of analysing the involved, and adding on a fixed percentage for a profit margin. Rather a few **steps are needed when pricing a product:**

- **Determine the likely level of demand for the product.** Because the market demand will set the upper limit of the price that can be charged, it is important fix the likely demand for the product. If the price is set too high, consumers will be unable or unwilling to buy the product. Market research can be used to get an idea of the likely demand for a product, while previous sales of the product can be used in forecasting potential demand in the future.
- **Determine the price elasticity of demand in each of the market segments in which it operates.** Market segments can be elastic or inelastic. **Inelastic** means that increases or decreases in the price charged would have little effect on the amount of the product that the consumers wish to buy. Luxury holidays are usually more likely to be **demand inelastic** because of the exclusiveness of high prices and the affluence of the consumers. If the demand is **price 'elastic'** changes in the price of the holiday will have a significant effect on the level of sales. Holidays in the mass market fall into this category because the consumers are less

affluent and much more price conscious. The elasticity of demand is not always apparent and prices will vary to 'test the market' before companies can make major policy decisions. Price elasticity could change as fashions dictate the habits of consumers. Therefore the current state of demand in the market place must be understood, to play an important part in the pricing decision.

- **Establish the costs of production.** Demand in an existing market segment determines the highest price that can be charged, while the costs involved in producing the holiday sets the lowest price. Thus the lowest price that a company can sell the holiday for, but still cover the costs. The company must have a full knowledge of both its fixed and variable costs, together with an understanding of how these costs are to be apportioned over the range of products it sells.

Hind (1989: 228-231) also reckons that **other major factors** should be considered by travelling companies **when establishing the price of a product**. A consideration of this will help to establish where between the lowest and highest price, the actual price to be charged should be pitched:

- **The effects of fluctuating exchange rates**
- **Perceptual pricing**
- **Price discrimination**
- **Seasonal pricing**
- **The company's sales history**
- **Competitors' prices**
- **Discount pricing**
- **Promotional pricing**
- **Booking periods**
- **Group discounts.**

According to Meidan (1989: 354) **tourism pricing** is a very complex decision because of the variability of the product, the high degree of competition in certain tourism markets, and difficulties in accurately forecasting the level of demand. The latter may vary because of the special characteristics of the industry, but also because of factors such as the weather, terrorism, strikes, etc. There is thus no one universally accepted pricing method and the approach can vary considerably from one tourism organisation to another. A number of basic characteristics of the tourist industry affects pricing:

- **Perishability.** The tourism product cannot be stored for future use. This means that an unsold service/product is lost revenue, which cannot be recouped later. The profitability of the tourism organisation/establishment will be influenced, especially when the high fixed costs incurred by the industry are considered.
- **Intensive capital investment.** In most investments in tourism facilities up to 90% of the capital is invested in fixed assets. Thus the level of fixed costs is very high in relation to other industries and will affect pricing decisions.
- **The costs of intensive staff employed.** To a large extent the quality of the product of the tourism industry depends on the number and quality of staff employed. Special and professional skills are needed to deal with guest/staff relationships. A big problem is that most of the tourism establishments and facilities are very dependent on occupancy levels at off-peak times, in order to justify the retention of staff at these periods.
- **Customer characteristics.** Different tourist destinations will appeal differently to various income groups and social classes. They will have different spending patterns and lengths of stay, and also different sensitivities.
- **Competition.** Fluctuating demand and overall business conditions also affect tourism pricing.

Middleton (1988: 59-60) is of the opinion that all marketing decisions involve **costs** for an organisation and implications for sales volumes. Three of the 4P's involve significant expenditure, which must be made in advance of the revenue it is expected to generate. Product changes, advertising, sales promotion, brochure production, and the organisation and servicing of distribution channels, are all financial commitments in the expectation of sales results. While pricing decisions do not involve costs in advance of sales, they surely determine the level of revenue achievable, and in the case of price discounting to unsold capacity, they represent revenue foregone.

Vaccaro (1993: 84-85) reckons that price is traditional a basis for **market segmentation**. Price is perceived as a guarantee of confidence for the customer who does not have the experience and knowledge to assess product quality. Therefore, price should be viewed in many occasions as a psychological instrument for communicating the value of the brand.

Pricing is a potentially powerful tool to move towards greater efficiency, fairness and environmentally sustainable nature-based tourism. Moneymaking behaviour is not part of the usual administrative culture for public authorities in charge of parks and wildlife (like the Kruger National Park). Because of the maintenance cost of a park, visitors should pay for their direct use, e.g. capital and operating costs of trails, interpretative centres and information. To visit a park a tourist must be willing to pay some price. A price strategy should include general entrance fee, fees for use, concession fees, royalties and profit shares, licences and permits, taxes and voluntary donations (Laarman and Gregerson, 1996: 250, 253).

4.6 THE COMPETITIVE ENVIRONMENT

Nellis and Parker (1992: 13-15, 17) reckons that economists break it down into four discrete models of market structure, and they "*provide useful information into the operation of competitive markets. They serve as stepping stones towards a more critical awareness of the pressures and challenges facing management today....*":

- **Perfectly competitive markets.** It is made up of numerous small firms each offering identical products with complete freedom of entry for new firms. There is no control over the price of the product - each one is a **price taker** instead of a price maker. They must accept the price that is determined by the interaction of the overall market supply and demand.
- **Monopolistically competitive markets.** These markets arise where there are many buyers but where there is also some degree of differentiation of the product offered by each. Therefore each firm has a degree of monopoly power - it could influence the price of its product insofar that it is independent of its competitors. Nevertheless, the degree of pricing that each firm has is limited.
- **Oligopolistic competition.** It arises where there are a small amount of relatively large firms, which are constantly aware of each other's actions regarding price and non-price competition. A high degree of interdependence exists in these markets. The products may be undifferentiated, but in practice some differentiation usually exists.
- **Monopoly.** A monopolist is the sole supplier. There is virtually no competition because there are no producers or products of the same or similar products. In practice there are no close substitutes.

4.7 THE TASTES AND PREFERENCES OF THE CONSUMER

The nature of consumer's preferences and the indifference curves that it represents, and the concept of utility will be discussed.

4.7.1 The nature of consumer's preferences

One of the most important determinants of consumer's behaviour is his or her tastes or performances. Mansfield (1994: 54-58) explains this concept with different market baskets [product or service]. Suppose the consumer is confronted with any two market baskets, each containing various quantities of commodities. He makes three assumptions:

- 1) Consumers can decide whether they prefer the first market basket to the second, or are whether they are indifferent between them.
- 2) The consumers' preferences are transitive.
- 3) The consumer always prefers more of a commodity to less.

4.7.2 Indifference curves

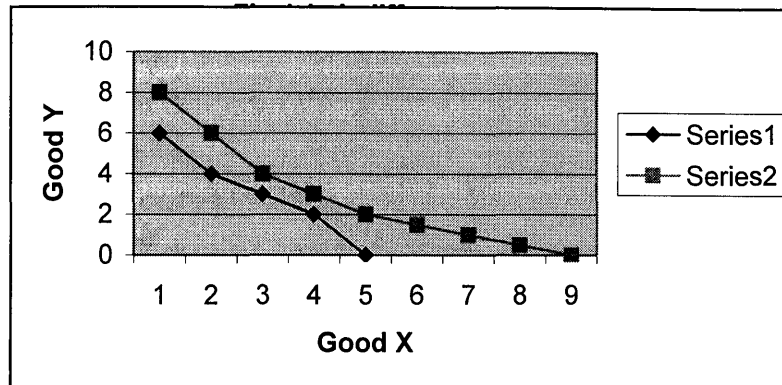
If the above assumptions hold, it can be presented by a set of curves (figure 4.1). An indifference curve can be defined as "*the locus of points representing market baskets [products] among which the consumer is indifferent*". Curve A is the set of points representing market baskets among which the consumer is indifferent. Curve A is an indifference curve. The consumer is indifferent among the market baskets [products] represented by points on indifference curve A. The market baskets [products] on indifference curve B are preferred over those represented by points on indifference curve A. Consumer A's indifference curves are relatively steep, while B's ones are relatively flat. Thus consumer A needs several extra units of good Y to compensate for the loss of a single unit of good (Mansfield, 1994: 56).

4.7.3 Characteristics of indifference curves

The characteristics of indifference curves is described by Mansfield (1994: 57-58): "*All indifference curves must have a negative slope.... Given the fact that every commodity is defined so that more of it is preferred to less, it also follow that the indifference curves that are higher in graphs like in the graph, represent greater levels of consumer satisfaction than indifference curves that*

are lower.... Indifference curves cannot intersect.... If the consumer's tastes are transitive, as were assumed in this model, there cannot be an intersection of indifference curves". Schotter (1994: 40) adds that indifference curves are bowed into the origin. An example of an indifference curve is shown in figure 4.1.

Figure 4.1 Indifference curves



Series 1 = A

Series 2 = B

Source: MANSFIELD, E. 1994. Microeconomics: Theory and applications. Eight Edition. N. Y, London: W.W. Norton & Company: 56.

4.7.4 The concept of utility

The consumer's indifference is a representation of his or her tastes. This is true, because the consumer's indifference map shows each and every of his or her indifferent curves. A number, a **utility**, can be attached to each of the products presented to the consumer. *"This utility indicates the level of enjoyment or preference attached by this consumer to this market basket [product]"* (Mansfield, 1994: 58). Monroe (1990: 29) reckons that: *" Given the prices of all products, and given their income, buyers make their purchases according to their own tastes and preferences. The consumer is assumed to be rational and choose among alternative products so as to maximize satisfaction (utility).....As indicated, utility means want-satisfying power, resides in the mind of the buyer, and is common to all products and services. Utility is subjective, not objective, and it is assumed that a choice of product A over product B means the buyer perceives product A as having more utility than product B"*.

4.8 THE ANALYSIS OF CONSUMER DEMAND

The main aim is to identify the forces that determine the demand for a firm's product and to show how management can proceed to measure the magnitude and impact of these forces (Nellis and Parker, 1992: 18).

4.8.1 The market demand curve

Effective demand is the amount consumers are willing to buy at a given price and over a given period of time. At any given time and for any good or service it is possible to perceive a consumer's demand curve: "A **consumer's demand curve** relates to the amount that the consumer is willing to buy to each conceivable price for the product". It would be expected that the consumer would be willing to buy more of something the lower its price. From the relationship between an individual's demand for a product and its price "the **market demand curve** is derived by summing the individual demand curves of consumers horizontally". Individual and product demand curves show the relationship between different possible prices of goods and the quantity expected to be sold. "In general there is a **central law of demand**, which states that there is an inverse relationship between the price of a good and the quantity demanded assuming all other factors that might influence demand are held constantly". Thus when price increases less will be bought (and vice versa) (Nellis and Parker, 1992: 20-21). Since individual demand curves almost always slope downward to the right, it follows that market demand curves will do so, too.

4.8.2 Concepts of elasticity

The **price elasticity of demand** is defined by Mansfield (1994: 24) as "to be the percentage change in quantity resulting from a 1 percent change in price". Therefore the price change of demand is expressed as relative changes in price and quantity demanded.

Nellis and Parker (1992: 28-38) reckon that to understand the nature of demand, it would be very useful if management were able to estimate the extent to which demand is likely to respond to a price change. This is known as the **measurement of price elasticity**. Since demand is affected by many factors, the elasticity (i.e. responsiveness of quantity demanded) can be

calculated with respect to a wide range of variables other than price, for instance the price of other goods and income. Thus the following can be defined:

- **Price elasticity of demand**

This measures the responsiveness of quantity demanded for a product to changes in its 'own price'. For instance, if the price of alcohol increases, what happens to the quantity of alcohol demanded? It can be defined as:

$$E_d = \frac{\text{Percentage change in quantity demanded}}{\text{Percentage change in the price of the product}}$$

Therefore when a product has a downward sloping demand curve, the value of price elasticity will always be negative, because when price rises demand falls and when price falls demand rises (Nellis and Parker, 1992: 29-30). Two **different types of elasticities** can be calculated:

1) Arc elasticity of demand

It measures the responsiveness of demand between two points on the demand curves such as X and Y. Managers are usually concerned with estimating the effect of demand of, say, a 5% rise in price, the price change will cause a movement along a section of the demand curve. Thus this formula is often used for practical purposes. It can be calculated as:

$$\text{Arc } E_d = \frac{(Q_2 - Q_1) / \frac{1}{2}(Q_2 + Q_1)}{(P_2 - P_1) / \frac{1}{2}(P_2 + P_1)}$$

$$= \frac{(Q_1 - Q_2)}{(P_2 - P_1)} \times \frac{(P_2 + P_1)}{(Q_2 + Q_1)}$$

Arc elasticity is measured at midpoint between X and Y; i.e. at $\frac{1}{2}(Q_1 + Q_2)$ and $\frac{1}{2}(P_1 + P_2)$. This assures that the price elasticity is the same regardless of the movement of direction on the demand curve (Nellis and Parker, 1992: 30-31).

2) Point elasticity of demand

It is concerned with the elasticity at only one given point on the curve. Point elasticity has a role in demand forecasting. It can be calculated according to Nellis and Parker (1992: 31-32) as:

$$\text{Point } E_d = \frac{(Q_2 - Q_1)/Q_1}{(P_2 - P_1)/P_1}$$

$$= \frac{(Q_2 - Q_1)}{(P_2 - P_1)} \times \frac{P_1}{Q_1}$$

Different degrees of elasticity are described by the terms 'elastic' and 'inelastic'. In general (and ignoring the negative sign):

- Products with a price elasticity of demand of < 1 have a relatively inelastic demand with respect to price - they are **price inelastic**.
- Products with a price elasticity of demand of > 1 have a relatively elastic demand - they are **price elastic**.
- Products with a price elasticity of demand $= 1$ have a **unit elasticity** of demand (Nellis and Parker, 1992: 32).

Lumsdon (1997: 156) adds that another point with regard to the **price elasticity of demand**: "...while many tourism offerings are price sensitive (i.e. the level of demand is sensitive to price changes), mainly because of readily available substitutes, some are not. Those in the latter category tend to be at the luxury end of the market where the supply is limited, and associated status is high. In such cases, price elasticity of demand is said to be inelastic, so premium prices can be charged without a proportional fall in demand... The concept of price elasticity, or degree of responsiveness of customers to movements in prices, is crucial in determining price levels. Each tourism offering will have a different price elasticity of demand and the marketing manager needs to be aware of this".

- **Cross-price elasticity of demand**

It measures the responsiveness of quantity demanded to changes in prices of other goods or services (both complements and substitutes). For example, if the price of one brand of coffee rises, what happens to the other brands of coffee? Or if the price of petrol falls, what happens to the demand for cars? The value of the cross-price elasticity of demand for A with respect to B can be calculated as:

$$\text{Cross-price } E_d = \frac{\text{Percentage change in the quantity of A demanded}}{\text{Percentage change in the price of B}}$$

The concept is most relevant for obvious substitutes or complementary commodities, and is of key importance for businesses, which face major competition.

- **Income-elasticity of demand**

It measures the responsiveness of demand to a change in real income (i.e. nominal income adjusted for inflation) of consumers. For example, if real incomes are rising, on average by R100 per month, what will happen to the demand for housing? Nominal income is defined in terms of either household disposable income (i.e. household income after income tax, and other taxes, plus welfare state payments have been incorporated) or gross national income. Income elasticity can be defined as:

$$\text{Income } E_d = \frac{\text{Percentage change in quantity demanded}}{\text{Percentage change in real income}}$$

(Nellis and Parker, 1992: 24-36).

4.9 PRICE SENSITIVITY

Price sensitivity is defined as: "*the highest price that (what economists call the reservation price) that a consumer would pay to buy the desired quantity of that good*". The approach breaks down on a market level price. When we ask: "*How much will our customers pay?*" the question is: "*Which customers?*". A **more operationally useful definition of price sensitivity** to analyse price changes on a market or segment level is called **price elasticity**, and is defined as: "*the percentage change in a product's unit sales resulting from a given percentage in its price*" (see point 4.8.2 above where it was discussed in detail) (Nagle and Holden (1995: 100). Monroe (1990: 14) reckons that price elasticity of demand is a measure of the degree to which buyers are sensitive to price changes. There is thus a close relation between price sensitivity and price elasticity.

Huisman (1992: 24) is of the opinion that the management of a company must satisfy the needs of three groups: the providers of capital, the providers of labour and the customers. Marketing managers must pay careful attention to their customers and evaluate their decisions with regard to the marketing instruments from their customers' perspective. Product and promotion

campaigns are tested over and over again and the distribution strategy is evaluated from the target group's perspective. There is one exception ... **price** " ...[the managers] forget about the customer when pricing, focusing instead on the company's need to cover costs, to maintain cash flow, or to achieve a target rate of return." as cited by Nagle (1987). To neglect the customer when pricing, the firm will not realise its full profit potential or may even fail to sell, because ultimately it is the buyer who accepts or rejects an offer of a certain product at a certain price. For a transaction to be realised, *"the price of the product has to be less or equal to the product's value as perceived by the buyer"*.

As a consequence of accelerating technological developments, the development and restructuring of markets are becoming more and more technologically driven by:

- Shorter production time
- Changing cost structure
- Improved and highly differentiated products tailored to many market niches
- The introduction of ranges of new products
- Shortening product life-cycles.

In view of the above-mentioned description, the **strategic pricing question** should be: *"Which combination of products has to be offered when, where, and at what price range, in order to realize the full profit potential?"* (Huisman, 1992: 25).

4.9.1 Factors affecting price sensitivity

According to Nagle and Holden (1995: 77-100) ten factors influence price sensitivity in a purchase decision. They help to improve their judgements by indicating what factors to consider and how to evaluate them:

1) Perceived substitutes effect

- What are buyers (or segments of buyers) typically aware of when making a purchase?
- To what extent are buyers aware of prices of those substitutes?
- To what extent can buyers' price expectations be influenced by the positioning of one brand relative to particular alternatives, or by the alternatives offered to them?

2) Unique value effect

- Does the product have any unique (tangible or intangible) attributes that differentiate it from competing products?
- What attributes do customers believe are important when choosing a supplier?
- How much do buyers value unique, differentiating attributes? How can one increase the perceived importance of differentiating attributes and/or reduce the importance of those offered by the competition?

3) Switching cost effect

- To what extent have buyers already made investments (both monetary and psychological) in dealing with one supplier that they would need to incur again if they switched suppliers?
- For how long are buyers locked in by those expenditures?

4) Difficult comparison effect

- How difficult is it for buyers to compare the offers of different suppliers?
- Can the attributes of a product be determined by observation, or must the product be purchased and consumed to learn what it offers?
- Which portion of the market has positive past experience with the products? With the brands of the competition?
- Is the product highly complex, requiring costly specialists to evaluate its differentiating attributes?

5) Price-quality effect

- Is a prestige image an important attribute of the product?
- Is the product enhanced in value when its price excludes some consumers?
- Is the product of unknown quality and are there few reliable cues for ascertaining quality before purchase?

6) Expenditure effect

- How significant are buyers' expenditures for the product in absolute dollar terms (for business buyers) and as a portion of income (for end consumers)?

7) End-benefit effect

- What end-benefits do buyers seek from the product?
- How price sensitive are buyers to the cost of the end-benefit?

- What portion of the end-benefit does the price of the product account for?
- To what extent can the product be repositioned in customers' minds as related to an end-benefit for which the buyer is less cost sensitive or which has a larger total cost?

8) Shared-cost effect

- Does the buyer pay the full cost of the product?
- If not, what portion of the cost does the buyer pay?

9) Fairness effect

- How does the product's current price compare with prices people have paid in the past for products in this category?
- What do buyers expect to pay for similar products in similar purchase contexts?
- Is the product seen as necessary to maintain a previously enjoyed standard of living, or is it purchased to gain more out of life?

10) Inventory effect

- Do buyers hold inventories of the product?
- Do they expect the current price to be temporary?

4.9.2 Price sensitivity measurement

"Any study of price sensitivity should begin with the collection of buyers - who they are, why they buy, and how they make their purchase decisions - since those are the essential inputs in the formulation of the judgments".

Psychographical profiles of buyers indicate their psychological motivations for the purchase. The measurement of price sensitivity is not an end result, but a catalyst to learn more about the buyers. For survey research, managerial judgement is necessary for product prescriptions, ensuring that the included variables are relevant to buyers and that they describe them with the appropriate connotations. Results may not agree with expectations. Thus one can learn more about a product's buyers and the factors that determine their price sensitivity (Nagle and Holden, 1995: 350, 352 - 353).

"In view of the technological influence on new product development and on the development of markets, retrospective price sensitivity measurement has become less tenable. This is especially true because historic price sensitivity

data for one product cannot be automatically transposed to a comparable or new product. Regrettably, there are few systematic patterns with regard to the price sensitivity of products" (Huisman, 1992: 25).

A second method to measure price sensitivity is the **laboratory purchase test**. It can hardly be applied to products which are multi-attribute (have a number of features that can be adapted and may influence the perception of the product and its price) because of the high cost involved and the fact that only a limited number of product alternatives can be measured.

'**Preference studies**' is the third and most commonly used category of price sensitivity studies. Trade-off analysis or conjoint analysis is considered to be one of the most promising techniques that can be used among the various techniques (Huisman, 1992: 25-26).

4.9.3 Types of measurement procedures

The dependant variable measured for price sensitivity is actual purchases, or purchase preferences and intentions. In actual purchase studies behaviour is measured, whereas preference-intention studies measure the choices that people claim they would make in a hypothetical purchase situation. Because the ultimate goal of research is to estimate how people respond to price changes in actual purchase situations, research that measures actual behaviour is generally more desirable. It is also more costly, time-consuming, and sometimes impractical. Thus most research on price sensitivity infers behaviour from questions the potential customers answer about their preferences and intentions (Nagle and Holden, 1995: 325, 355).

There are **four types of research techniques for measuring price sensitivity** described by Nagle and Holden (1995: 325-356):

1) Uncontrolled studies of actual purchases.

To estimate price sensitivity a marketing researcher can use three types of past sale data:

- **Aggregate sales data.** It is the reports for a brand from a company's own records or from a sales-monitoring office.
- **Panel data.** It is the individual purchase reports from members of a consumer panel.
- **Store audit data.** It is the sales data for an individual outlet.

2) Experimentally controlled studies of actual purchases.

To estimate price sensitivity two types of experiments can be used:

- **In-store purchase experiments.** It relies on actual purchase data collected when buyers are unaware they are participating in an experiment. The financial and time cost is high.
- **Laboratory purchases experiments.** It attempts to duplicate the realism of inn-store experimentation without the high cost and exposure to competitors.

3) Uncontrolled studies of preferences and intentions.

This is the most common used research technique for directly estimating sensitivity. Various techniques to measure price sensitivity can be used:

- **Direct questioning.** It should never be accepted as a valid methodology because the results are at best useless and also potentially misleading.
- **Buy-response surveys.** It involves showing consumers a product at a preselected price and asking if they would purchase at that price. Such research is useful as a preliminary study to identify a range of acceptable prices for a new product, and to identify changes in price sensitivities at different points in time or place. It must be assumed that the biases, which affect these studies, remain the same and so do not affect the observed change.
- **Attribute positioning.** This method is used for evaluating price sensitivity when price is included as one of the attributes describing a product situation. Consumers rate the importance of each attribute on a scale, which is normally from 1 to 9 (see chapter 5, point 5.5.4.3). Price as an attribute on a nine-point rating scale was used (Huisman, 1992: 26).

4) Experimentally controlled studies of preferences and intentions.

Some control over the purchase situation presented to respondents can be exercised, to solve problems of bias and extraneous factors when measuring preferences and intentions. Thus the questions must be designed to make the survey respondents consider the questions in the same way they would consider an actual purchase decision. Two types of surveys can be used:

- **Simulated purchase survey.** The purchase environment must be simulated as closely as possible when asking respondents the survey questions. The consumers are shown pictures, descriptions, or actual

samples of brands along with prices - they are asked to choose among them given various prices.

- **Trade-off analysis (conjoint analysis).** It is very popular for measuring price sensitivity as well as sensitivity to other product attributes. The strength is its ability to desegregate a product's price into the values each consumer attaches to each attribute. Thus it can help a company to identify the differentiation value of unique product attributes, but more importantly to design new products that include only those attributes consumers are willing to pay for. From the consumers' questions to answers their purchase intentions are revealed, and also their preferences for a number of products or attribute pairs. The data is then manipulated to identify the value (utility) that each consumer attaches to each product attribute and the relative importance that each attribute plays in the consumer's purchase decision. In the development stage of a product it can identify the value of individual product attributes, and help decide which combination of attributes will help the firm to price the product most profitably. "In particular, *trade-off analysis is proving highly useful in predicting at least that portion of price sensitivity determined by the unique value effect*" (Nagle and Holden, 1995: 356).

4.9.4 Using measurement techniques appropriately

Numerical estimates can benefit or harm the effectiveness of a price strategy, and it must not become a substitute for managerial judgement. Managers who know their customers when they use that knowledge, can achieve substantially better estimates of price sensitivity:

- Select a sample of consumers that accurately represents the product's markets
- Using measurement techniques appropriately - identify and explain extraneous changes in sales that might camouflage an effect
- Provide information to sort out the effects of price from other variables that tend to change with it
- Identify an appropriate equation or experimental structure
- Properly describe the product for survey research.

The most appropriate technique for numerically measured price sensitivity depends on the product's stage of product development. Research or

measuring preferences or intentions is the only option when a product is still in the concept or prototype stage of development. Trade-off analysis is very useful because it can identify the value of the individual product attributes, thus helping to decide which combination of product attributes will enable the firm to price products most profitably. Inn-store or laboratory purchase experiments are more appropriate when a product is ready for the market, because they more realistically simulate the actual purchase environment. After a product has been on the market for a while, actual purchase data can be inexpensive sources of estimates (Nagle and Holden, 1995: 356).

4.10 CONJOINT ANALYSIS

Conjoint analysis (trade-off analysis) can be summarised as: *"by letting respondents trade off a series of products which have been constructed from a number of features it is possible to calculate for each individual the relative value to him/her of each specification of each feature involved"*. The relative value is called 'utility'. Estimation methods used are metric methods, non-metric methods and methods based on choice probability. From the utilities of the features as 'raw material' of the product specified it is possible to estimate a respondent's preference and to aggregate the results for all respondents, and will result in indicators of the preference for the product in the market (Huisman 1992: 26).

Four **models** are used to indicate the preference and simulate with:

- 1) **'First-choice model'**. It assumes that each respondent will choose the product with the highest utility. No allowance is made for uncertainty and error.
- 2) **'Share of preference model without correction for product similarity'**. It assumes that each respondent has some likelihood of choosing every product, and that likelihoods depend on utilities. The preference is divided up, or the probability of purchasing among all products included in accordance with their total utilities is split up.
- 3) **'Share of preference model with correction for product similarity'**. It attempts to correct for distortion that would occur if the same product was entered into a simulation many times (or double counting a product's share for the same product if included twice), or if several products differed only in minor ways.

- 4) **'Purchase likelihood model'**. It can be used when purchase likelihood questions have been asked for a number of products. It means that each respondent's likelihood of purchasing each product, rather than shares of preference. It is only appropriate if additional data has been collected to calibrate the utilities.

4.10.1 Measuring price sensitivity with the help of conjoint analysis

In the case of multi-attribute products conjoint analysis can be applied in various ways:

- **The price(s) of the products are specified as an attribute of the product:**
 - 1) **Using absolute prices** (for instance R1000; R500; R100; etc). In most trade-off studies price is an attribute of the product, specified in money terms. As the buyer of a product normally perceives and evaluates the product as a whole and weighs the product's price, it is often perceived to approach reality best. A typical trade-off question is shown in chapter 5, figure 5.3 (Huisman, 1992: 26-27).
 - 2) **Using respondent specific prices** (base price + R500; or + 5%; etc). In many transactions where price is not a fixed entity, but it depends on transport costs, quantity purchased, relative power of the buyer, etc. This is usually true in industrial markets. Thus a broad price range must be specified, and in this range the relative sub-range of prices must be isolated for each respondent.
- **The attributes are priced separately:**
 - 1) **Each attribute is priced separately at various levels, priced attributes are traded off.** In this situation with many attributes, an alternative may be to specify the price the buyer has to pay for each feature separately. To get an idea of the total price, the base price for a 'stripped version' of the product must be specified as well, and the respondent has to add the price for the extra features to the base price. By using the adaptive approach and trading off only combinations of a few 'priced' attributes at a time after the trade-off analysis, it can be learned how price sensitive each respondent is to price changes of each of the attributes.

This method has three limitations:

- People normally investigate within a price range, which is acceptable to them. These trade-offs include only a few priced attributes at a time. It may fit the budget, but in combination with other attributes they can exceed the budget restriction. It is thus possible that respondents accept higher prices for less important attributes sooner than they would if the consequences for the total budget should be displayed when answering these trade-offs.
 - By specifying various prices for an attribute may suggest a 'higher price/better quality' relation and as such have an influence on the utilities.
 - To be able to react and give a meaningful response, the respondent must be able to perceive the attribute as a separate item, which can be added on to the product, but can also be left out (Huisman, 1992: 29-30).
- 2) Each attribute is priced separately at various levels and the products traded off are priced as the sum of the attributes.** One of the limitations described above can be omitted by cumulating the prices of the attributes. The sum total must reflect the price of the product and be presented to the respondent. The big advantage of this method is that the respondent learns directly if the price fits the budget. In this way he is really able to trade off price with the attributes included within the restraints of the budget. The series of trade-off questions must include the same attributes. This method of measuring price sensitivity is in practice limited to products with a limited number of attributes, because the respondent is only able to take in a limited number of attributes at a time. Theoretically this way of measuring price sensitivity is better than the method described under point 1) above (Huisman, 1992: 30).

4.10.2 Price sensitivity measurement in a broader perspective

Conjoint analysis is very important in helping to estimate price sensitivity. The basis for further data is generated and it helps to understand the buyers.

Further analysis with the utilities will help even more in understanding the buyers and in anchoring the price strategy. The next step is clustering on the utilities measured or on the importance of attributes. This will generate groups

of respondents who are sensitive to the same attributes or to price changes caused by the same attributes. By clustering on utilities or on the importance of attributes generates groups of respondents, who are interested in the same benefits, and can be labelled as benefit segments (Huisman, 1992: 31).

CHAPTER 5

5. EXPERIMENTATION, EXPERIMENTAL DESIGN, CONJOINT ANALYSIS, AND RESEARCH METHODOLOGY

5.1 THE RESEARCH METHOD

One methodology to answer any research question is the **experimental research** where the extraneous variables and manipulation of at least one variable by the intervention of the investigator can be controlled (Green, Tull and Albaum, 1988: 43).

5.2 RESEARCH DESIGN

It is a series of advanced decisions that, taken together, form a specific master plan or model for the conduct of the investigation (Green et al, 1988: 96). There are three classes of designs: 1) exploratory, 2) descriptive and 3) causal.

5.2.1 Descriptive research is marked by the prior formulation of specific research questions. The investigator should be able to define clearly what it is to be measured and set up the appropriate and specific means for measuring it. It is characterised by a preplanned and structured design, and should be planned carefully with respect to the sources of information to be consulted and the procedures to be used in collecting information (Green et al, 1988: 102-103).

5.2.2 Simulation is a set of techniques for manipulating some real-world process for the purpose of finding numerical solutions that are useful in the real process that is being modelled. It is defined as: "*...a set of techniques for manipulating a model of some real-world processes for the purposes of finding some numerical solutions that are useful in processes that is being modelled*" (Green et al, 1988: 121).

5.3 EXPERIMENTATION

5.3.1 The nature of experimentation

Experimentation is defined by Tull and Hawkens (1993: 211): "*Experimentation involves the manipulation of one or more variables by the experimenter in such a way that its effect on one or more variables can be measured*". A variable that can be manipulated is called the **independent variable**, and one that will reflect the impact of the independent variable is called the **dependent variable**.

In a **natural experiment** the investigator intervenes only with respect to the measurement, and in a **controlled experiment** two kinds of intervention are needed: 1) manipulation of at least one assumed causal variable and 2) random assignment of subjects to experimental and control groups. All true experiments have common things: treatments (i.e. causal variables), an outcome measure, units of assignment, and some comparison from which change can be inferred with the hope of attributing to the treatment (Green **et al**, 1988: 199).

5.3.2 Ingredients of a marketing experiment

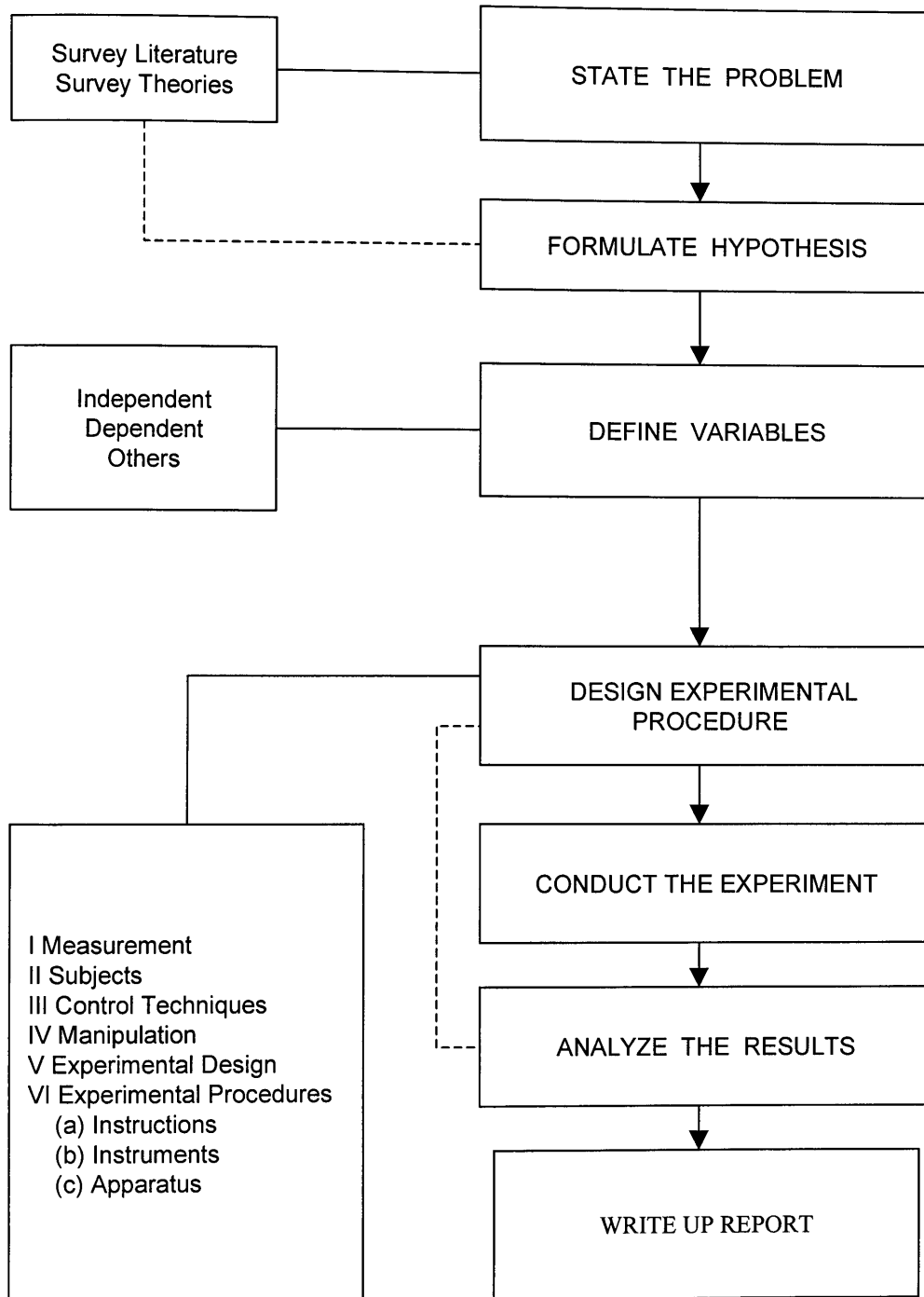
An experiment has interrelated steps (figure 5.1). All experiments have three types of variables:

- **Independent variable (IV)** - Because this variable is manipulated, it is known as the **treatment**. Sometimes there are also interaction effects.
- **Dependant variable (DV)** – It is the effect of interest or outcome.
- **Extraneous variable**. It could influence the observed effect, and unless controlled adequately they are sources of error(s) in an experiment.

5.3.3 Measurement, manipulation, and experimental procedures

In a marketing experiment the outcome (dependent variable) is measured. Through manipulating, an experimental treatment must be capable of variation.

Figure 5.1 Components of an experiment



Source: Green, P. E., Tull, S. and Albaum, G. 1988. Research for marketing decisions. Fifth edition. Englewood Cliffs, New Jersey: Prentice Hall: 202.

All phases of a marketing experiment should be planned in advance. In designing the experiment the effects of uncontrolled variables must not obscure and bias the nature of the response to the treatment variables that *are* being controlled (Green **et al**, 1988: 204-205).

Internal validity shows how good the experiment is, as an experiment. **External validity** is concerned with how good an experiment is in terms of the extent to which conclusions can be made to and across populations of persons, settings, times, and so on.

5.3.4 Sources of invalidity

The major types of **classical designs** are pre-experiment, quasi-experiment and true experiment, and the **statistical ones** are completely randomised, factorial, latin square, cross over and co-variance (Green **et al**, 1988: 214-233). Schreuder (1992: 172-227) describes the design of experiments in detail.

5.3.5 Models of experimental designs

All phases of a marketing experiment should be planned in advance. In designing the experiment the effects of uncontrolled variables must not obscure and bias the nature of the response to the treatment variables that *are* being controlled (Green **et al**, 1988: 204-205).

5.4 CONJOINT ANALYSIS

Conjoint analysis is one of the competitive research tools for quantifying the trade-offs consumers make among product attributes. A **working definition of conjoint analysis** is: "*Conjoint analysis refers to the measurement of multiattribute preferences using a full-profile experimental design approach. The design is framed in terms of a single product category with a common set of attributes. The respondent evaluates a series of product profiles by rating or ranking them in order of preference. The analysis is done at the individual respondent level*". A list of marketing issues would include new product

development, competitive context, price, brand and segmentation (Wyner, 1995: 32).

5.4.1 Issues addressed by conjoint analysis

Conjoint analysis can provide answers to several questions typically asked by persons responsible for the marketing and planning for consumer and industrial products and services.

5.4.1.1 Understanding market preferences

At the most basic level, conjoint analysis provides an understanding of the structure of a market with regard to the expressed preferences of its members for particular product attributes. The question is answered: "*Why do customers buy the products they do?*" The answer is approached in terms of the specific options or levels of the attributes that affect preferences among alternative products. It can tell us how important each product attribute is to the consumer, and how much the addition of particular product features or improvements are "worth" to the consumer. The extent to which consumers are willing to trade off among different attributes is quantified. The whole product is desegregated into its component parts and thus the value or utility of each element is revealed.

When a product, has for instance, five key attributes: price, quality, style, brand and package, these attributes and their associated levels represent the factors that materially affect consumer preferences. These attributes and their associated levels represent the factors that materially affect consumer preference. Thus conjoint analysis reveals their relative importance of price vs. quality, price vs. brand, and similar comparisons among all the other attributes. It does this in relation to the amount of impact each attribute has on the consumer's utility. The attributes and their associated levels represent the factors that materially affect consumer preferences. Thus it shows the relative importance of comparisons among all the attributes in relation to the amount of impact that each attribute has on the consumer's utility. The conjoint results provide quantitative measures of the relative appeal of the specific levels of the

attributes. By looking at one attribute at a time the change is indicated in value or utility for the products as the level of attribute change. Because all the attribute levels are on a common utility scale the differences between levels or options on one attribute on another can be equated. The comparative analysis highlights the trade-offs that the consumers are willing to make. One of the premises of a traditional conjoint analysis model is that the consumer's overall utility for a product is equal to the sum of the utilities of the component parts. Consumers might be willing to pay a higher price for improved quality (Wyner, 1992: 42-43).

5.4.1.2 Predicting market choices

It is logical to compare trade-offs between pairs of attributes. The additive model gives conjoint analysis a powerful predictive capability. A particular selection of attribute levels is defined as a product. For each product the overall utility value is derived, and the results are compared. With the "first choice model" an individual can be expected to select the product for which he or she has the highest utility value. Thus a prediction can be made for how this person would decide in this situation. Simulations can be made. The simulation capability of conjoint analysis enables the analyst to explore alternative market scenarios. The impact on market share of changes in the product can be assessed and the impact of competitive moves can then be anticipated (Wyner, 1992: 43).

5.4.1.3 Developing market strategies

The simulation capability can be used to isolate marketing strategies in achieving some measurable goal, such as maximum share or revenue. The first step is to look for product concepts that are extremely attractive from the consumer's perspective. Any concepts that are not technically or financially feasible can be eliminated. Then the best of the remaining products must be selected, and then the attributes of this product must be fine-tuned to achieve the stated objective. A series of simulation must be run to identify the point at which the product performs best (Wyner, 1992: 43).

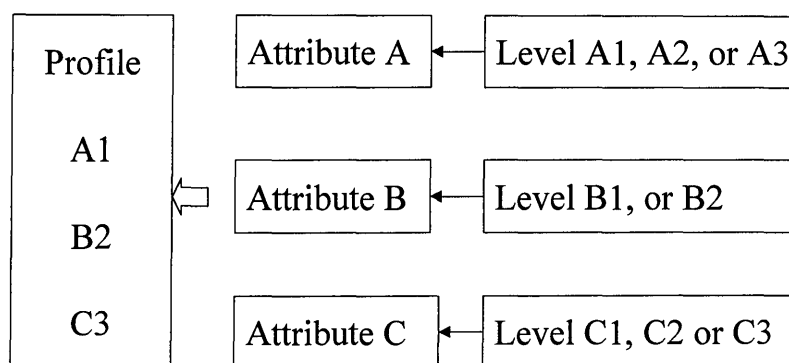
5.4.1.4 Segmenting the market

Conjoint results are very useful for segmentation purposes. Consumers may be segmented on the basis of utility values or attribute important scores. Thus simulations can be viewed as segmentation analysis that group people together according to their most preferred product amongst the ones available (Wyner, 1992: 43).

5.4.2 The basics of conjoint analysis

Hu (1996: 1-2) gives a good description of conjoint analysis, the researched products or services are described by "**profiles**". Each profile is a combination of one arbitrarily selected level for each of the attributes. The **attributes** are the key dimensions (features) of products or services, and the **levels** are those specific points along the key dimensions (figure 5.2). The object of the study is to identify the single profile that contains the most preferred level for each of the attributes.

Figure 5.2 The relationship among a profile, attributes and levels



Source: Hu, 1996: Conjoint analysis page. Internet, 29 January 1996 [WWW document], URL <http://www.nevada.edu/~huc/html/doca.html>: 1-2.

One of the major purposes of a conjoint analysis is **to measure consumer preferences among competitive products and services**. The technique is based on the assumption that consumers make complex decisions not on one

factor alone but on several factors "jointly". If products are composed of attributes, **conjoint analysis determines which combination of attribute levels are most preferred by consumers**. They indicate their preferences by ranking a number of different combinations of attribute levels. Conjoint analysis assumes that consumers make purchases by simultaneously considering several attributes of a product or service. The ability to analyse several attributes at once distinguishes conjoint analysis from traditional market research methods where each attribute is studied separately. Conjoint analysis helps one to discover how consumers make trade-offs between the various possible combinations available.

Conjoint has two **objectives**: 1) To determine the contribution of predictor variables (levels) and their respective values (utilities) to the determination of consumer preferences, and 2) to establish a valid model of consumer judgements useful in predicting the consumer acceptance of any combination of attributes. To achieve these objectives, coefficients called "**utilities**" ("**part worths**") among different levels of attributes are first estimated, and then "**relative importance**" among attributes and "**profile utilities**" are developed to quantitatively measure preferences in consumer decisions.

Level utility (part worth) is defined as "*A numerical expression of the value that consumers place on each level of each attribute*". All individual level utilities are estimated by a conjoint analysis model".

Attribute relative importance is defined as "*The computation of the relative importance for each attribute depends on the relative range between maximum and minimum level utilities within each attribute*". It is based on the assumption that the larger the difference between maximum and minimum level utilities within the attribute, the more determinative and salient the attribute is in the overall evaluation of profiles. The relative importance is described in percentage terms to reflect its weighted importance across all involved attributes.

Profile utility is defined as: "Overall utility of a profile calculated by summing all utilities of attribute levels defined in that profile". Thus preferences toward different profiles can be compared.

5.4.3 D-efficient experimental design

"The design of experiments is a fundamental part of marketing research. Experimental designs are required in widely used techniques, such as preference-based conjoint analysis and discrete choice studies.....Ideally, marketing researchers prefer **orthogonal designs**". They are usually quite good, and when they are not available **nonorthogonal designs** must be used. A third alternative are **optimal** (or nearly optimal) **designs**; they are efficient in the sense that the variances and co-variances of the parameter estimates are minimised. Thus computer-generated experimental designs can provide both better and more general designs for discrete choice and preference-based conjoint studies. "When the design is nonstandard and there are restrictions, a computer can generate a design, and it can be done quickly" (Kuhfeld, Tobias and Garret, 1994: 545, 555). The **benefits of computer-generated designs** are:

- The efficiency of an experimental design can be quantified as a function of the variances and co-variances of the parameter estimates.
- Orthogonality is a secondary goal in design creation, associated with the primary goal of minimising the variances of the parameter estimates.

5.4.3.1 Overview of the theory of efficient experimental design

In conjoint analysis, each subject rates all products, and separate **ordinary least squares analysis** (OLS) are run for each subject. The assumption is made that more efficient designs mean better estimates of the part-worth utilities, which lead to better estimates of product utility and market share. The OLS is a method of calculation and is used in most conjoint studies. It is relatively fast and can provide valuable diagnostic information about the quality of the calculated utilities.

5.4.3.2 Design of experiments

"An experimental design is a plan for running an experiment. The factors of an experimental design are variables that have two or more fixed values, or levels. Experiments are performed to study the effects of the factor levels on the dependant variable. In a conjoint or discrete-choice study, the factors are the attributes of the hypothetical products or services, and the response is preference or choice". A simple experimental design is the **full-factorial design**, which consists of all possible combinations of the levels of the factors. A special type of this design is the **orthogonal array**, in which all estimable effects are uncorrelated (Kuhfeld, Tobias and Garret, 1994: 546). The **design efficiency** will be discussed under point 5.5.2.2.

5.5 CONDUCTING THE CONJOINT ANALYSIS EXPERIMENT

The design of a conjoint experiment was done according to Hair, Anderson, Tatham and Black (1995: 564-581), and it was then conducted in the Kruger National Park during the last two weeks of November 1997.

5.5.1 Research problem

After the general election in 1994 the Kruger National Park lost its traditional component of accommodation of the local tourists, e.g., the man on the street who used to have a normal holiday in the Park. He always picnicked, did his shopping, and his children played on the grass in the evening. Five years ago there was an average supply of 130 percent of the existing accommodation in the rondavels above the availability (supply) thereof. During the December, April, July and October school holidays there was however a bigger demand for accommodation and everybody could not be accommodated; in July the demand was 5 times more than the supply. There was more accommodation available during the less busy periods (out-of-season times). **During the last five years there was a diminishing trend in the total demand against the supply.** It appears as if less and less local tourists visit the Park. The surplus was progressively less than the supply. The trend was clearly observable, but

only slightly financial perceptible for the Kruger National Park. The cost to take a holiday in the park is still high - but the Parks Board is of the opinion that it still remains value for money.

The main aim of this study is to determine the role of price sensitivity and pricing in the demand for accommodation of local visitors to the Kruger National Park, especially during the last few years. The aim is to give guidelines for the potential of a better occupancy rate of the available accommodation of local visitors. **Conjoint analysis** was specifically chosen as a as a multivariate technique to understand how tourists develop preferences for the Park's products or services. In conjoint analysis, the **experimental design in the analysis of consumer decisions has two objectives:**

- To determine the contributions of predictor variables and their respective values to the determination of consumer preferences.
- To establish a valid model of consumer judgements useful in predicting the consumer acceptance of any combination of attributes, even those not originally evaluated by consumers. The **elements of the utility for the product/ service/idea** that are considered can be described. The **key decision criteria** involved in the choice process for this type of product or service will be described under the attributes and levels. It is based on the assumption that consumers evaluate the value or utility of a product/ service/idea by combining the separate numbers of utilities provided by each attribute (Hair **et al**, 1995: 560, 566).

The Kruger Park was chosen as the study area because of its many camps and administration that are concentrated in one area.

5.5.2 Designing stimuli

The next step is to decide which attributes to include, and how many levels for the attributes. The attributes that were used to describe the product or service, and their various levels for the conjoint analysis, are shown in table 5.1.

Table 5.1 Attributes and levels

ATTRIBUTES	LEVELS
1) Brand	<ul style="list-style-type: none"> • Kruger National Park • Private Game Farm • Private Game Lodge
2) Type of accommodation	<ul style="list-style-type: none"> • Camping (Caravans and tents) (shared ablution) • Furnished tent (shared ablution) • Cottage/rondavel/hut (shared ablution) • Cottage/rondavel/hut (private ablution)
3) Meals	<ul style="list-style-type: none"> • Prepare own meals • Eat in restaurant
4) Season	<ul style="list-style-type: none"> • In season (peak) time • Out of season time
5) Price	<ul style="list-style-type: none"> • R75 • R125 • R175 • R225 • R275 • R325

5.5.2.1 Selection of attributes (factors) and levels

A number of issues were considered that relates type and character of variables and levels:

- The actionable measures mean that the attributes and levels are capable of being put into practice, and it means that the are distinct.

- The factors and levels can also be easily communicated for a realistic evaluation.
- The number of attributes included in the analysis directly affects the statistical efficiency and reliability of the results.
- The number of levels is balanced across the attributes.
- The attributes and levels have realistic ranges. There are 5 attributes and 17 levels (figure 5.1). The prices are the average per person per night.
- All the factors/levels are actionable, communicable, and have balanced levels and realistic ranges.

5.5.2.2 Design efficiency

Efficiencies are measures of design goodness. The common measures of the efficiency of a $N_d \times p$ design matrix X are based on the information matrix $X'X$. The variance-covariance matrix of the vector of parameter estimates β^{\wedge} in a squared analysis is proportional to $(X'X)^{-1}$. An efficient design will have a "small" variance matrix, and the eigenvalues of $(X'X)^{-1}$ provide measures of its "size".

Efficiency measures are least:

- 1) **A-efficiency** is a function of the arithmetic mean of the eigenvalues, which is given by $\text{trace}(X'X)^{-1}/p$.
- 2) **D-efficiency** is a function of the geometric mean of the eigenvalues, which is given by $|X'X|^{-1/p}$.
- 3) **G-efficiency** based on σ_M , the maximum standard error for prediction over the candidate set. All three of these criteria are convex functions of the eigenvalues of $(X'X)^{-1}$ and hence are usually highly correlated. Thus the more efficient a design is, the more it tends toward balance and orthogonality (Kuhfeld et al, 1994: 546).

The D-efficiency of the experimental design was done by the **Conjoint Value Analysis (CVA), Version 2.0** computer program (table 5.2). The values show that when a respondent exercises a choice, the type of accommodation will play the biggest part in the decision.

Table 5.2 D-efficiency design effectivity

EFFICIENCY COMPONENTS FOR ATTRIBUTES	
Attribute	Value
Brand	0.928
Type of accommodation	0.956
Season	0.949
Meals	0.921
Price	0.948

5.5.2.3 Specifying the basic model form

To explain a respondent's preference structure only from overall evaluations of a set of stimuli, the **composition rule** describes how the respondent combines the part-worths of the factors to obtain overall worth. An **additive model** is the most common, basic composition rule, because the respondent only "adds up" the values for each attribute (part-worths) to get the total value for a combination of attributes (product/service). In defining the type of relationship, the analyst focuses on how the *levels* of a *factor* are related, The **part-worth form** was chosen as the most general, because it allows for each level to have its own part-worth estimate (Hair **et al**, 1995: 570-571).

5.5.3 Data collection

The type of presentation of the stimuli, type of response variable, and method of data collection follows. The objective is to convey to the respondent the attribute combinations (stimuli) in the most realistic and efficient manner possible.

5.5.3.1 Choosing a presentation model

The three methods of stimulus presentation most widely associated with conjoint analysis are the **trade-off**, **full-profile** and **pairwise comparison methods**. The **trade-off method** compares attributes two at a time by ranking all combinations or levels. The limitation is that it can only use two factors at a time and its inability to use fractional factorial stimuli designs to reduce the number of comparisons to be made. The **pairwise comparisons** have displaced the trade-off methods for second place in commercial applications. At present the most

popular method is the **full-profile presentation** because of its ability to reduce the number of comparisons through the use of fractional factorial designs. Each stimulus is described separately on a profile card. It elicits fewer judgements, but each is more complex and the judgements can either be ranked or rated. The **pairwise combination** combines the two methods mentioned above. It is a comparison of two profiles with the respondent most often using a rating scale to indicate strength of preference for one profile versus the other. Only a few attributes are selected at a time in constructing profiles. In the pairwise comparison method the pairs are profiles with multiple attributes (figure 5.3).

5.5.3.2 Creating the stimuli

Because all the combinations of stimuli cannot be used in a full-profile method and pairwise comparison (**factorial design**), it must be decomposed to a subset of stimuli by a **fractional factorial design**. It selects a sample of possible stimuli in a **full-profile method** to ensure realism and allow for the use of ratings, with the number of stimuli depending on the type of composition rule assumed to be used by the respondents. The simplest and most popular composition rule is the **additive model**, which assumes only main effects for each factor with no interactions. The 17 stimuli must be carefully constructed for **orthogonality** to ensure the correct estimation of the main effects. For the **pairwise comparisons** a computer generated program was used to select the optimal sets of pairs for the paper-and-pencil questionnaire (Hair, et al, 1995: 574-576). The **Conjoint Value Analysis (CVA), Version 2.0** system provided the tools to design **the thirty pairwise comparisons of two profiles** (figure 5.3). The **d-efficiency** (Kuhfeld et al, 1994: 545-548) was used to measure the goodness of design relative to the hypothetical orthogonal designs.

5.5.3.3 Selecting a measure of consumer preference

The pairwise comparison was chosen because it can evaluate the preference either by obtaining a rating of preference of one stimulus over the other or just a binary measure of which is preferred (figure 5.3).

Figure 5.3 Example of a conjoint trade-off question

WHICH WOULD YOU PREFER?

A	B
<ul style="list-style-type: none"> - Kruger National Park - Cottage/rondavel/hut (shared ablution) - Out-of-season time - Eat in restaurant - R175 per person per night 	<ul style="list-style-type: none"> - Private Game Lodge - Cottage/rondavel/hut (private ablution) - In-season (peak) time - Prepare own meals - R225 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

Price as an attribute on a nine-point rating scale was used (Huisman, 1992: 26).

5.5.3.4 Survey administration

The **available accommodation** in the rest camps of the **Kruger National Park (KNP)** as on the 1st October 1987 were tabulated (table 5.3). Initially each camp was subdivided into big, medium and small ones with >400, 100-399 and <300 available beds per night respectively, and they were also further subdivided into **luxurious accommodation** (cottage/rondavel/hut with shared or private ablution) and **camping** (furnished tents with shared ablution, caravans and tents). The **luxurious accommodation** in the **rest camps** consists of big guest houses, family cottages, huts, rondavels, chalets and furnished tents, while beds and fully-equipped kitchen utensils are provided. Additional convenience range from electricity/lanterns, wardrobes en showers. Most camps have a restaurant. In total 3629 persons can be accommodated per night. **Campsites** in the **rest camps** can have caravans and camping facilities, which are available in a few camps only - a maximum of 6 persons per site, are allowed per night. The sites are not equipped with electric outlets and visitors may use generators from one hour after sunrise to one hour before sunset only. Most camps have a restaurant, while communal kitchen and ablution facilities are always available.

Table 5.3 Available accommodation in the rest camps of the Kruger National Park

- 1 OCTOBER 1997 -

NUMBER OF PERSONS THAT CAN BE ACCOMMODATED PER NIGHT

	A Large >400	B	C Medium 100-399	D	E Small <100	F
PUNDA MARIA				300	48	
SHINGWIDZI			270	300		
MOPANI	506					
LETABA			360	180		
OLIFANTS			264			
BALULE					18	90
SATARA	439			360		
TAMBOTI					90	
MAROELA				120		
ORPEN					44	
SKUKUZA	621	480				
PRETORIUSKOP			317	240		
BERG-EN-DAL		420	356			
LOWER SABIE			225	168		
CROCODILE BRIDGE					58	72
BOULDERS					12	
ROODEWAL					19	
NWANEDZI					16	
JOCK OF THE BUSHVELD					12	
MALELANE					19	
SIRHENI					80	
BATELEUR					34	
SHIMUWINI					71	
TALAMATI					80	
JAKKALSBESSIE					32	
BIYAMITI					70	
TOTAL	1566	900	1792	1668	703	162

Cooking utensils, crockery and cutlery are not provided. In total 2814 persons can be accommodated per night. In total 2814 persons can be accommodated per night. In total the luxurious accommodation and camp sites = 6443 available beds per night.

The **Kruger Park's rest camps** were divided into three areas: **Northern** (Punda Maria, Shingwidzi and Mopani), **Central** (Letaba, Olifants, Balule, Satara, Tamboti, Maroela, and Orpen) and **Southern** (Skukuza, Pretoriuskop, Berg-en-Dal, Lower Sabie, Crocodile Bridge and Malelane). The **Private** and **Bushveld camps** are sporadically distributed in these areas and are not representative of the rest camps because they consist only of luxurious accommodation. If they were included the sample will be too large because it must be enlarged by 25%. For the **number of questionnaires per representative camp** they were **subdivided only in large and small ones** only with **>300** and **< 300** available beds per night (table 5.3). The weights were calculated from table 5.3 as follows:

- 1) $506 \div 6443 = 0,0785348$ (Mopani camp, northern area, luxury accommodation).
- 2) Where there are, for instance, more than two large camps in an area, only one representative camp was chosen for the distribution of the questionnaires, e.g. $(300 + 300) \div 6443 = 0,0931243$ (Punda Maria and Shingwidzi, Northern area) to facilitate the administration.
- 3) The weights were then multiplied by the sum of the northern, middle and southern camps for columns A, B, C and D for a sample of 357 to determine the questionnaires per camp for each category. Per category the smallest number of respondents was 16 (Lower Sabie, Crocodile Bridge and Malelane). Because of the disproportionate relationship between the large and small camps, the minimum sample was enlarged by 20% from 357 to 428. The sample was proportionally enlarged by 20% from 357 to 428. The sample is proportionally allocated for the total of 6443 available number of beds that can be accommodated per night by visitors in 1) **the luxurious accommodation** and 2) **the camping sites**. Orpen (only luxurious accommodation) and Maroela/Tamboti (camping and caravans/furnished

tents) will be treated as one camp. Only one representative camp will be chosen per area for a proportional stratified sampling of 428 (table 5.4).

Table 5.4 Number of questionnaires per representative camp

Camp	A	B	C	D
	Large camp (>300)		Small camp (<300)	
Punda Maria		40	21	
Mopani	34			
Satara	53	24		
Orpen			27	
Maroela/Tamboti				26
Skukuza	86	60		
Lower Sabie			20	37
TOTAL	173	124	68	63

A + C = Luxurious accommodation

B + D = Camping (Furnished tents, caravans and tents)

The aim of the stratification is to determine if a profile can be determined for each separate category of accommodation - large and small, as well as luxury accommodation and campsites.

The **methodology** that was used is:

- **A detailed literature research** (qualitative research).
 - All secondary data about tourism marketing and **price sensitivity** and measurement thereof were checked in detail in existing research articles, tourism handbooks and magazine articles.
- **A Survey** (quantitative research):
 - A structured questionnaire (Afrikaans or English), including a **pairwise trade-off conjoint analysis** to simulate a real purchase situation, and **additional questions** was used for the survey over two weeks.

- Before the commencement of the real survey, the questionnaire was tested in a pilot survey to determine whether the respondents understood the questions correctly, were able and prepared to answer them, and if the information that would be collected, was really the information that was needed.
- Local tourists in the selected camps were asked if they would be interested to co-operate in a survey that would test the **price sensitivity and pricing in the demand for accommodation of local tourists in the Kruger National Park**.
- Subsequently the questionnaires with the **30 trade-off questions** (Section A) and **additional questions** (Section B) were presented to the respondents. The **trade-off technique was explained**, and then they were asked to read the instructions to fill in the questionnaire (in which the difference between a **Private Game Farm (PGF)** and a **Private Game Lodge (PGL)** were also given). They could use the language of their choice. After the completion of the questionnaires every-one was checked to see whether every question was filled in. Thus in reality it almost resembled a 'personal interview'.

5.5.4 Assumptions

Conjoint analysis has the least restrictive set of assumptions involving of the conjoint model. The structured experiment design and generalised nature of the model make most of the tests performed in other dependence methods unnecessary.

5.5.4.1 The appropriateness of model form

The decompositional model is a multivariate model that 'decomposes' the respondent's preference. The pairwise method was used where the respondent was presented with a set of independent variables and has then been asked for his/her preference of the product/service. Then the preference was 'decomposed' by relating the known attributes of the product/service (independent variables) to the evaluation (dependant variable) (Hair **et al**, 1995:

558, 577) (See point 5.5.4.1 and figure 5.3). The research design was done accordingly.

5.5.4.2 Representative of sample

The formula that is used when the population for a **stratified random sampling** is bigger than 1000:

$$no = \frac{t^2 * p * q}{d^2}$$

no = rough estimate

n = sample size

t = confidence level

p = probability = $3629 \div 6443 = 0,5632$

q = $1 - p = 1 - (3629 \div 6443) = 0,4368$

d = accuracy

The confidence interval is 95%, thus is the p = 1,96. The probability is 50% * ratio of the luxurious accommodation ÷ total accommodation (luxurious accommodation + camping sites) per night. The accuracy is 95%, thus d is = 5% = 0,05.

$$no = \frac{(1,96)^2 * (0,5632) * (0,4368)}{(0,05)^2}$$

$$= 378,022 = 378 \text{ (rough estimate)}$$

$$n = \frac{no}{1 + \frac{no}{N}}$$

$$= \frac{378}{1 + \frac{378}{6443}}$$

$$= \frac{356,491}{1,059}$$

= 357 = sample size

Because a minimum of 20 respondents was needed in a category to perform a conjoint analysis, the sample size was enlarged by 20% to 428 to accommodate the smallest amount of respondents, i.e. 16 to 20 in Lower Sabie, for instance.

5.5.5 Selecting an estimation technique

"In metric conjoint, the solution technique involves a type of analysis of variance in which the respondent's overall preferences serve as a criterion variable and the predictor variables are represented by the various factor levels making up each stimulus" (Green et al, 1988: 616). The Conjoint Value Analysis (Version 2.0) computer program did the statistical relationships and evaluations. The results will be discussed in chapter 6.

5.5.6 Evaluating the results

The conjoint results must be examined to assess the accuracy of the estimated models at both the individual and aggregate levels. The ability of the conjoint model to predict consumer preferences accurately will be assessed for the metric responses.

5.5.6.1 Assessing reliability

The various **part-worths** were estimated. The objective of assessing reliability is to ascertain how consistently the model predicts across the set of preference evaluations given by each person. The actual and predicted preferences are to be correlated for each person, and these values can then be tested for statistical significance (e.g., Pearson correlation) (Hair, et al, 1995: 578).

5.5.6.2 The relative importance of attributes

Stated as percentage, it represents the **maximum** amount of variation in the rankings or ratings of the pairwise comparisons which can be explained by **changes in the levels or values for that attribute**, i.e. the degree of influence changes in attribute levels have on pairwise rankings. The more important an **attribute** is, the more frequently a pairwise comparison with the most preferred **level** of that attribute will be shown (Conjoint analysis In Analytical techniques: 1997: 1). It was calculated.

5.5.6.3 The relative sensitivity to changes in the individual levels for each attribute as expressed by 'utility' scores

It provides a clear means of revealing the sensitivities of the attributes and their values. The following analysis can be done:

- Determine the level at which significant changes in importance or value occur.
- Allow comparisons of total utility scores for products or of individual attribute levels.
- Allow utility scores for **untested** products, or untested attribute level values, to be predicted and compared through interpolation.

In summary one can say: *"Conjoint's relative importance and utility scores allows us to model 'What If' scenarios and clearly see the likely marketplace results of features/features level trade-offs for conceptualized products"*
(Conjoint analysis In Analytical techniques: 1997: 1).

CHAPTER 6

6. CONJOINT AND PRICE ELASTICITY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

6.1 ANALYSING THE DATA OF THE CONJOINT EXPERIMENT

6.1.1 Base-case specifications or the real situation

The base case is a number of products (that is accompanied by the introduction of changes) which is defined by the researcher. To get satisfying results different product concepts must be examined. Different situations could also be examined, that will entail that certain changes to the base case should be introduced. The base case is thus the starting point from where comparisons can be made. In the base case six products, each with five attributes was identified. A correlation is a criterion that addresses the internal consistency of the respondent's responses against the specific profile. A correlation normally ranges between 1.0 and 0.0 with a value closest to 1.0 as the better (Van Heerden, 1997: 33-34). A correlation cut-off of 0.4000 was used in the research design. From the 385 respondents, the data of 377 respondents was used.

From the four **market simulation choice models** in the Conjoint Value Analysis (Version 2.0) computer program, the **Share of Preference with Correction for Product Similarity model** was chosen because it *"corrects for the often undesirable counting a product's share for the same product if included twice, or for similar although not identical products"* (Huisman, 1992: 26). This option attempts to correct distortion that might occur if the same product were entered into a simulation many times, or if several products differed only in minor ways. The 'share of preference' is an option, which does not assume that the respondent necessarily will choose the product with the highest 'utility value'. It rather determines the probability that the respondent will choose the product, which was simulated or changed, by indicating the so-called 'share of preference' for the distinct product.

The **base-case specifications, product specifications, average utility values, simulation results and attribute importance** are shown in tables 6.1, 6.2, 6.3, 6.4 and 6.5 respectively. **KNP** = Kruger National Park, **PGF** = Private Game Farm, **PGF** = Private Game Lodge, and **sh ab** = shared ablution, **pr ab** = private ablution.

Table 6.1 Real situation or base-case specifications

Base-case	
Number of Products	6
Number of Attributes	5
Correlation Cutoff	0.400
Simulation Mode	SIMULATION
Respondent Weighting	NONE
Respondent Segment	NONE
Model	SHARE OF PREFERENCE
Adjustment for Product Similarity	YES
Exponent	1.00

Table 6.2 Product specifications

Product	Product specifications				
	Attributes				
	1	2	3	4	5
1) KNP - Camping (Caravans & tents) (sh ab)	1.000	1.000	1.000	2.000	75.00
2) KNP - Furnished tent (sh ab)	1.000	2.000	1.000	2.000	125.00
3) KNP - Cottage/rondavel/hut (sh ab)	1.000	3.000	1.000	2.000	225.00
4) KNP - Cottage/rondavel/hut (pr ab)	1.000	4.000	2.000	2.000	275.00
5) PGF - Cottage/rondavel/hut (pr ab)	2.000	4.000	1.000	2.000	125.00
6) PGL - Cottage/rondavel/hut (pr ab)	3.000	4.000	2.000	2.000	325.00

Products with a utility value in one level of an attribute cannot be compared with a utility value in another level. It is therefore not correct to compare a single value in one attribute with a single value in another product. It is better to compare the differences in the specific values. It will be demonstrated with regard to the information about the **average utility values** in table 6.3. It is not correct to refer to the **Kruger National Park** (utility value = 34) and show that it carries the same degree of desirability as a **price of R225 per person per night** (utility value = 34). It is indeed correct to show that the difference in values between the two types of accommodation e.g. **KNP - Furnished tent (shared ablution) and KNP - Camping (Caravans and tents)** (utility value of 19 -14 = 5) is the same as the difference between **Prepare own meals** and **Eat in**

restaurant the two types of KNP accommodation and the two types of meals (utility value of $13 - 8 = 5$). The respondent will thus choose 'indifferent' between the two types of KNP accommodation and the two types of meals.

Table 6.3 Average utility values

AVERAGE UTILITY VALUES		
Attribute	Level	Average utility
Brand	Kruger National Park	34
	Private Game Farm	11
	Private Game Lodge	17
Type of Accommodation	Camping (Caravans and tents) (shared ablution)	14
	Furnished tent (shared ablution)	19
	Cottage/rondavel/hut (shared ablution)	32
	Cottage/rondavel/hut (private ablution)	43
Meals	Prepare own meals	13
	Eat in restaurant	8
Season	In-season (peak time)	4
	Out-of-season time	18
Price	R75 per person per night	98
	R125 per person per night	76
	R175 per person per night	59
	R225 per person per night	34
	R275 per person per night	19
	R325 per person per night	0

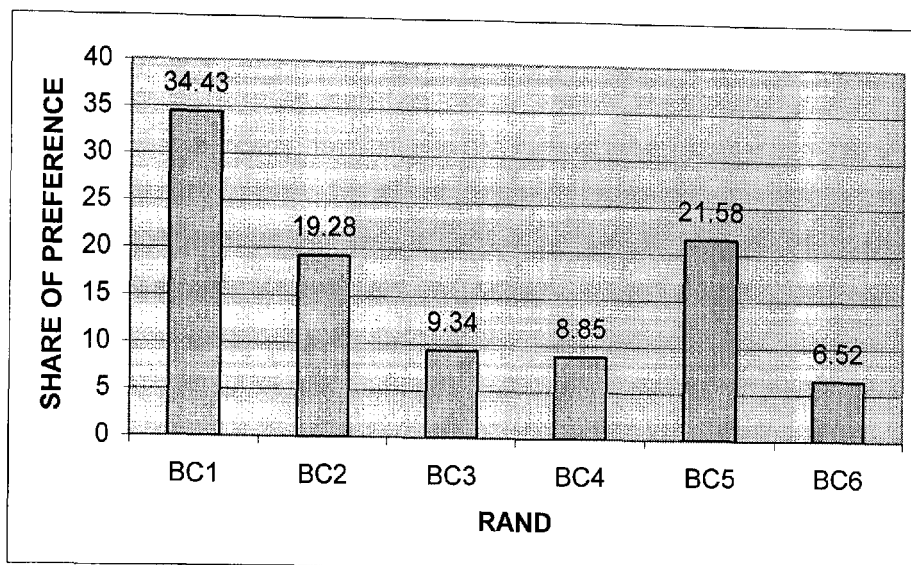
Table 6.4 Simulation results

SIMULATION RESULTS		
(Respondents included = 377)		
Product	Share of preference	Standard error
1) KNP - Camping (Caravans and tents) (sh ab)	34.43	1.16
2) KNP - Furnished tent (shared ablution)	19.28	0.65
3) KNP - Cottage/rondavel/hut (shared ablution)	9.34	0.46
4) KNP - Cottage/rondavel/hut (private ablution)	8.85	0.54
5) PGF - Cottage/rondavel/hut (private ablution)	21.58	0.85
6) PGL - Cottage/rondavel/hut (private ablution)	6.52	0.59

Table 6.5 Attribute importance

Attribute	Average	Standard error
Brand	17.463	0.720
Type of accommodation	22.310	0.784
Meals	7.952	0.460
Season	8.620	0.460
Price	43.655	1.106
Total	100.000	

Figure 6.1 Base-case - share of preference values



From the simulation results of table 6.4 the **base-case - share of preference values** for the type of accommodation can be shown (figure 6.1). The attribute with the highest value of 34.43 is the KNP - Camping (Caravans and tents) (shared ablution), and it is followed by the Private Game Farm - Cottage/rondavel/hut (private ablution) with a value of 21.58. The attribute with the lowest value of 6.52 is the Private Game Lodge - Cottage/rondavel/hut (private ablution).

The **attribute importance** was calculated with the Conjoint Value Analysis (CVA) (Version 2.0) computer program (table 6.5). The **relative importance of attributes** is: "Stated as percentage, it presents the **maximum** amount of variation in the rankings or ratings of the cards which can be explained by changes in the levels or values for that attribute, i.e. the degree of influence changes in attribute levels have on a card rankings. The more important an attribute is, the more frequently cards with the most preferred level of that attribute will appear toward the top of the sorted deck (or show the highest ratings " (Conjoint analysis In: Analytical techniques, 1997: 1). The averages of the attributes must in total be 100. These figures show the importance of the various attributes when choosing between them. It is undeniably apparent that

price with an average of 43.655 is the strongest attribute in this study, while meals the lowest with an average of 7.952.

6.1.2 Scenarios for price sensitivity

After the base case has been simulated, several **simulations and sensitivity analysis can be done** with the **product specifications for the six scenarios** (table 6.6). The next part focuses on the price sensitivity simulations for the six products (scenarios) (adapted to Van Heerden (1997: 39-40)).

The first scenario will be described in detail to show how the demand curves for each of the products are obtained. The demand curves will be illustrated separately, and then a combined graph for the six products. This will facilitate the comparison between the various demand curves. The various steps are:

- Specify the conditions for the sensitivity simulation. It is the same as the **real situation or base-case specifications** (table 6.1).
- **Simulation analysis is** then done for each of the price levels of the six products from table 6.6 (**product specifications for the six scenarios**), i.e. the first product (KNP - Camping (Caravans and tents) (shared ablution) will begin with a value of 75 for the 5th attribute, and will be increased with a value of 50 up to last value = 325 - this is **scenario 1**. The same procedure was done for every product that followed.
- After the price sensitivity simulation has been done, the **average utility values** are shown. It is the same as for the base case and remains the same for every scenario - it will be shown only once (table 6.3).
- After the price sensitivity simulation the **simulation results of the scenarios for all the products - at all six price levels** are given (table 6.7).
- Table 6.8 was derived from table 6.7 and shows the **share of preference values of the scenarios – in decreasing order – for the six price levels**.
- The **scenarios 1-6** showing the types of accommodation in the Kruger National Park, Private Game Farm and Private Game Lodge, were plotted

separately as **demand curves** to show the share of preference all six price levels (figures 6.2 - 6.7).

Table 6.6 - Product specifications for the six scenarios

PRODUCT SPECIFICATIONS FOR THE SIX SCENARIOS					
Product	Attributes				
	1	2	3	4	5
Scenario 1					
1) KNP - Camping (Caravans & tents) (sh ab)	1.000	1.000	1.000	2.000	75.00
2) KNP - Furnished tent (sh ab)	1.000	2.000	1.000	2.000	125.00
3) KNP - Cottage/rondavel/hut (sh ab)	1.000	3.000	1.000	2.000	225.00
4) KNP - Cottage/rondavel/hut (pr ab)	1.000	4.000	2.000	2.000	275.00
5) PGF - Cottage/rondavel/hut (pr ab)	2.000	4.000	1.000	2.000	125.00
6) PGL - Cottage/rondavel/hut (pr ab)	3.000	4.000	2.000	2.000	325.00
Scenario 2					
1) KNP - Camping (Caravans & tents) (sh ab)	1.000	1.000	1.000	2.000	75.00
2) KNP - Furnished tent (sh ab)	1.000	2.000	1.000	2.000	75.00
3) KNP - Cottage/rondavel/hut (sh ab)	1.000	3.000	1.000	2.000	225.00
4) KNP - Cottage/rondavel/hut (pr ab)	1.000	4.000	2.000	2.000	275.00
5) PGF - Cottage/rondavel/hut (pr ab)	2.000	4.000	1.000	2.000	125.00
6) PGL - Cottage/rondavel/hut (pr ab)	3.000	4.000	2.000	2.000	325.00
Scenario 3					
1) KNP - Camping (Caravans & tents) (sh ab)	1.000	1.000	1.000	2.000	75.00
2) KNP - Furnished tent (sh ab)	1.000	2.000	1.000	2.000	125.00
3) KNP - Cottage/rondavel/hut (sh ab)	1.000	3.000	1.000	2.000	75.00
4) KNP - Cottage/rondavel/hut (pr ab)	1.000	4.000	2.000	2.000	275.00
5) PGF - Cottage/rondavel/hut (pr ab)	2.000	4.000	1.000	2.000	125.00
6) PGL - Cottage/rondavel/hut (pr ab)	3.000	4.000	2.000	2.000	325.00
Scenario 4					
1) KNP - Camping (Caravans & tents) (sh ab)	1.000	1.000	1.000	2.000	75.00
2) KNP - Furnished tent (sh ab)	1.000	2.000	1.000	2.000	125.00
3) KNP - Cottage/rondavel/hut (sh ab)	1.000	3.000	1.000	2.000	225.00
4) KNP - Cottage/rondavel/hut (pr ab)	1.000	4.000	2.000	2.000	75.00
5) PGF - Cottage/rondavel/hut (pr ab)	2.000	4.000	1.000	2.000	125.00
6) PGL - Cottage/rondavel/hut (pr ab)	3.000	4.000	2.000	2.000	325.00
Scenario 5					
1) KNP - Camping (Caravans & tents) (sh ab)	1.000	1.000	1.000	2.000	75.00
2) KNP - Furnished tent (sh ab)	1.000	2.000	1.000	2.000	125.00
3) KNP - Cottage/rondavel/hut (sh ab)	1.000	3.000	1.000	2.000	225.00
4) KNP - Cottage/rondavel/hut (pr ab)	1.000	4.000	2.000	2.000	275.00
5) PGF - Cottage/rondavel/hut (pr ab)	2.000	4.000	1.000	2.000	75.00
6) PGL - Cottage/rondavel/hut (pr ab)	3.000	4.000	2.000	2.000	325.00
Scenario 6					
1) KNP - Camping (Caravans & tents) (sh ab)	1.000	1.000	1.000	2.000	75.00
2) KNP - Furnished tent (sh ab)	1.000	2.000	1.000	2.000	125.00
3) KNP - Cottage/rondavel/hut (sh ab)	1.000	3.000	1.000	2.000	225.00
4) KNP - Cottage/rondavel/hut (pr ab)	1.000	4.000	2.000	2.000	275.00
5) PGF - Cottage/rondavel/hut (pr ab)	2.000	4.000	1.000	2.000	125.00
6) PGL - Cottage/rondavel/hut (pr ab)	3.000	4.000	2.000	2.000	75.00

Table 6.7 - Simulation results of the scenarios for all the products - at all six price levels

SIMULATION RESULTS						
(Respondents included = 377)						
PRICE	SHARE OF PREFERENCE					
	Product					
	1	2	3	4	5	6
75	34.43	29.76	32.05	34.15	32.14	31.82
125	21.18	19.28	19.71	22.15	21.58	20.99
175	15.82	13.91	15.68	17.73	15.99	16.84
225	8.45	7.22	9.34	10.43	9.30	10.32
275	6.16	5.17	6.81	8.85	7.62	7.95
325	4.23	3.52	4.74	5.74	5.36	6.52

LEGEND

- Product 1** = KNP - Camping (Caravans and tents) (shared ablution)
Product 2 = KNP - Furnished tent (shared ablution)
Product 3 = KNP - Cottage/rondavel/hut (shared ablution)
Product 4 = KNP - Cottage/rondavel/hut (private ablution)
Product 5 = Private Game Farm - Cottage/rondavel/hut (private ablution)
Product 6 = Private Game Lodge - Cottage/rondavel/hut (private ablution)

Table 6.8 Share of preference values of the scenarios - in decreasing order - for the six price levels

VALUES IN DECREASING ORDER						
(Respondents included = 377)						
PRICE	SHARE OF PREFERENCE					
	Product					
	1	2	3	4	5	6
75	1	6	4	2	3	5
125	3	6	5	1	2	4
175	4	6	5	1	3	2
225	5	6	3	1	4	2
275	5	6	4	1	3	2
325	5	6	4	2	3	1

LEGEND

- Product 1** = KNP - Camping (Caravans and tents) (shared ablution)
Product 2 = KNP - Furnished tent (shared ablution)
Product 3 = KNP - Cottage/rondavel/hut (shared ablution)
Product 4 = KNP - Cottage/rondavel/hut (private ablution)
Product 5 = Private Game Farm - Cottage/rondavel/hut (private ablution)
Product 6 = Private Game Lodge - Cottage/rondavel/hut (private ablution)

NOTE: The highest value of table 6.6 is shown as 1, and the lowest by 6.

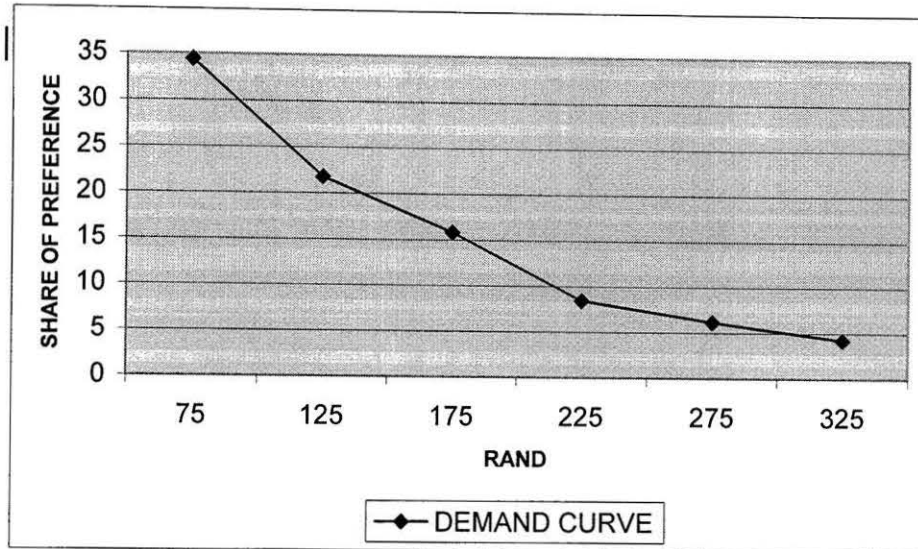
The **share of preference of the scenarios for all the products - at all six price levels** (figure 6.8) was enlarged to show more detail (figure 6.8(a)). From figure 6.8 it can clearly be seen that all the demand curves are very close to each other and almost parallel to each other. They all slope from left to right, and the dip decreases toward the highest value of R375. From table 6.8 at a **price level** of R75 the KNP - Camping (Caravans and tents) (shared ablution) {product 1} has the highest share of preference of 34.43, followed closely by the KNP - Cottage/rondavel/hut (private ablution) {product 4} with a value of 34.15. The products 5, 3 and 6 whose values are close to each other follow them. They are Private Game Farm - Cottage/rondavel/hut (private ablution), KNP - Cottage/rondavel (private ablution) and KNP - Cottage/rondavel/hut (private ablution) and Private Game Lodge - Cottage/rondavel (private ablution), whose values of 32.14, 32.05 and 31.14 are close to each other. The lowest share of preference is the KNP - Furnished tent (shared ablution) with 29.76. The same can be done for the price levels of R125 - R325 (table 6.7). It is also good to compare the price levels with the data in table 6.8.

The **share of preference values of the scenarios - in decreasing order - for all the products** are shown in table 6.8. The highest value is = 1 (the equivalent of 34.43 in table 6.7) and the lowest = 6 (the equivalent of 29.76 in table 6.7). The **share of preference for a single product** will be illustrated in the data of fig. 6.8(a), and tables 6.7 and 6.8. It can be seen that at R75 the KNP - Camping (Caravans and tents) (shared ablution) {product 1} has the highest share of preference. At R125 and R175 it has the third and fourth highest share of preference respectively, while at R225, R275 and R325 it has the fifth highest share of preference. All the other products can be compared in the same manner (figure 6.8(a), tables 6.7 and 6.8). Only the KNP - Furnished tent (shared ablution) {product 5} has the lowest share of preference for all the price levels. Another way of comparison is to look at the **highest share of preference at all six price levels**, because at R75 it is the KNP - Camping (Caravans and tents) {product 1}. From R125 - R275 it is the KNP - Cottage/rondavel/hut (private ablution) {product 4} and at R325 it is the Private Game Lodge (private ablution) {product 6}. The same can be done for the

second highest to lowest share of preference at the other price levels (figure 6.8(a), tables 6.7 and 6.8).

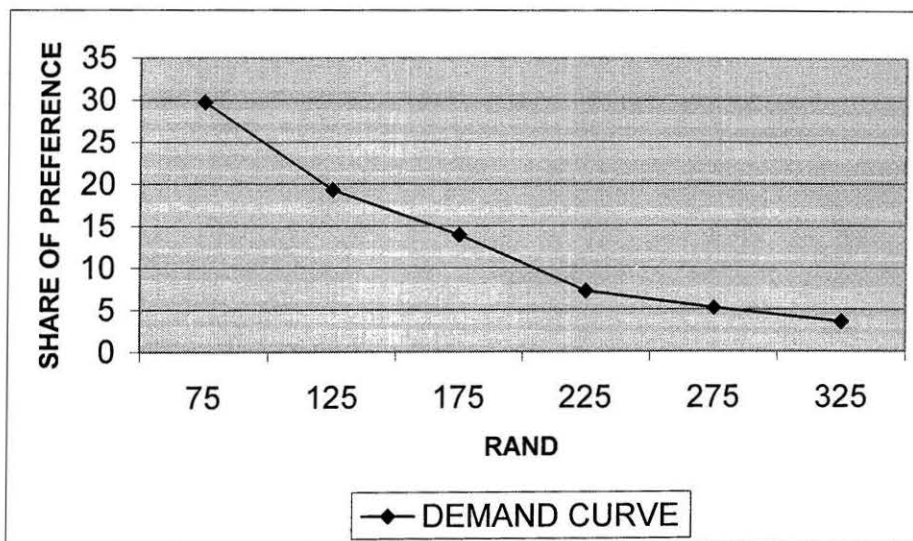
6.1.3 Scenario 1 KNP - Camping (Caravans and tents) (shared ablution)

Figure 6.2 Share of preference at all six price levels



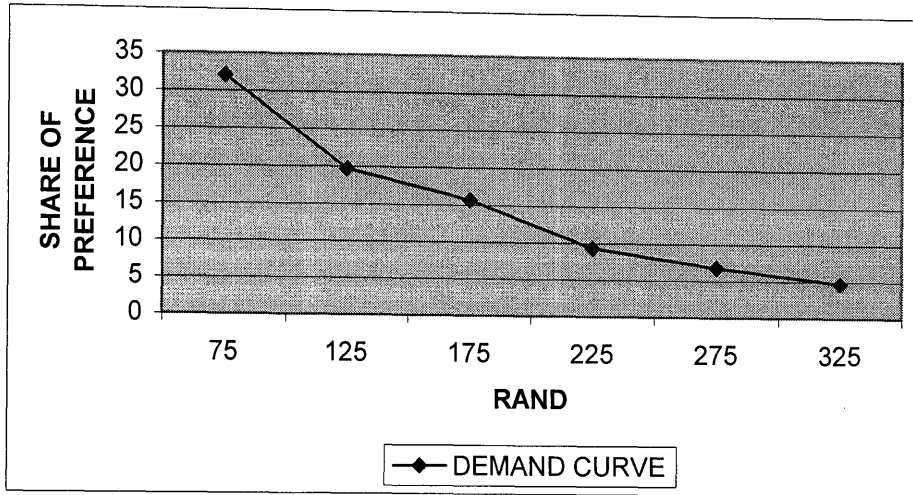
6.1.4 Scenario 2 KNP - Furnished tent (shared ablution)

Figure 6.3 Share of preference at all six price levels



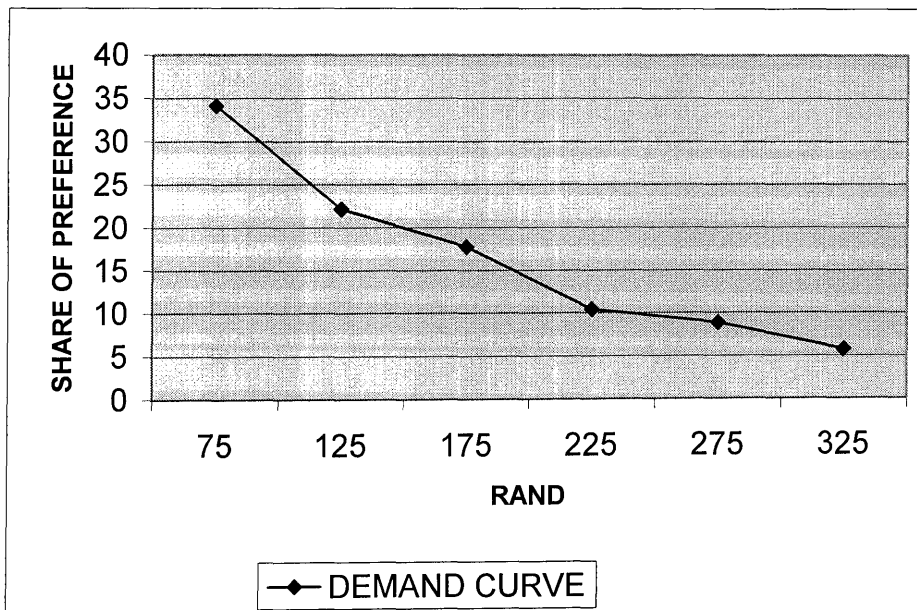
6.1.5 Scenario 3 KNP - Cottage/rondavel/hut (shared ablution)

Figure 6.4 Share of preference at all six price levels



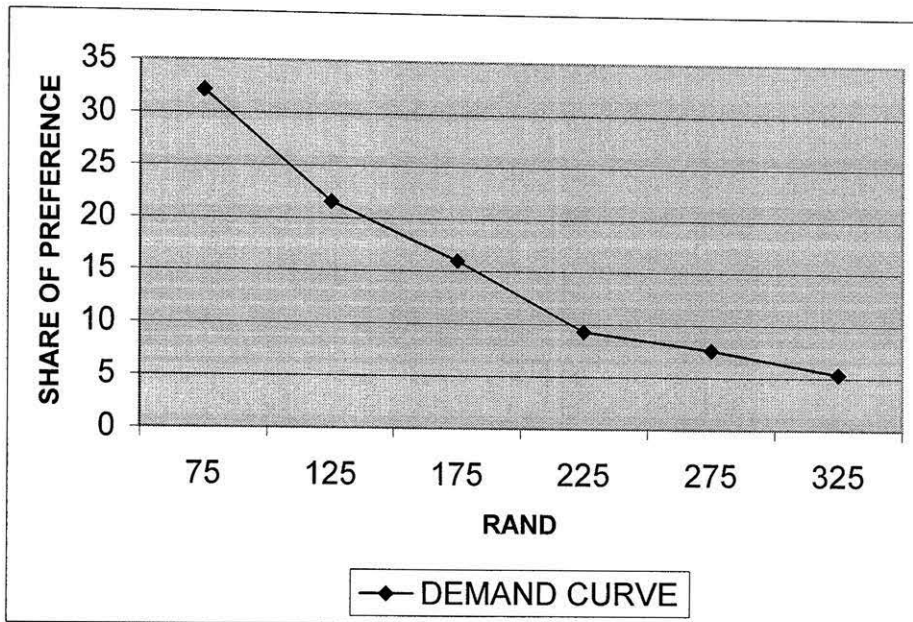
6.1.6 Scenario 4 KNP - Cottage/rondavel/hut (private ablution)

Figure 6.5 Share of preference at all six price levels



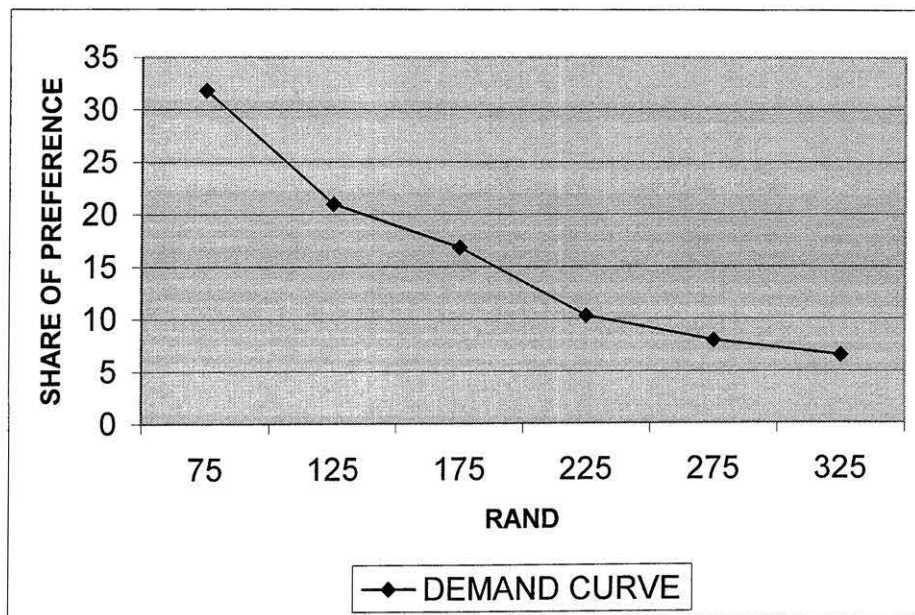
6.1.7 Scenario 5 PGF - Cottage/rondavel/hut (private ablution)

Figure 6.6 Share of preference at all six price levels



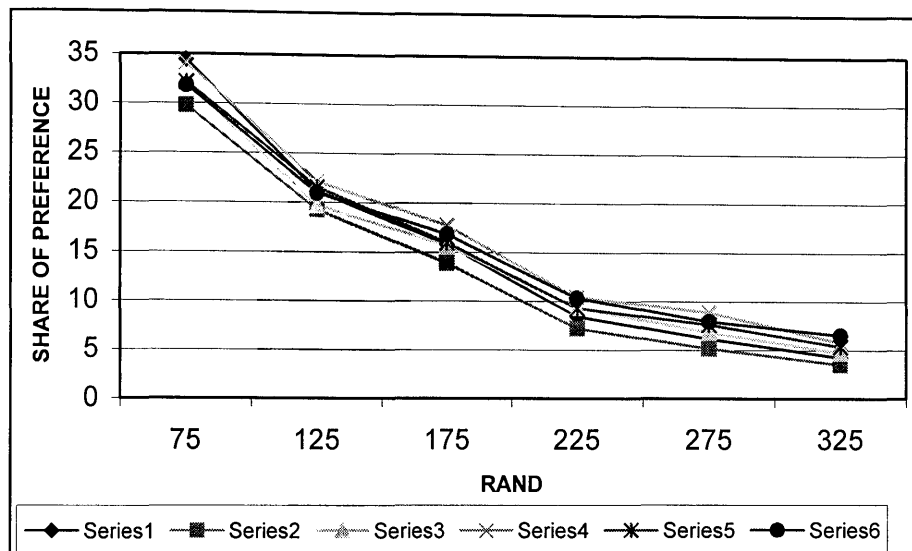
6.1.8 Scenario 6 PGL - Cottage/rondavel/hut (private ablution)

Figure 6.7 Share of preference at all six price levels



6.1.9 Summary: Share of preference of the scenarios for all the products - at all price levels

Figure 6.8 Share of preference of the scenarios for all the products - at all six price levels

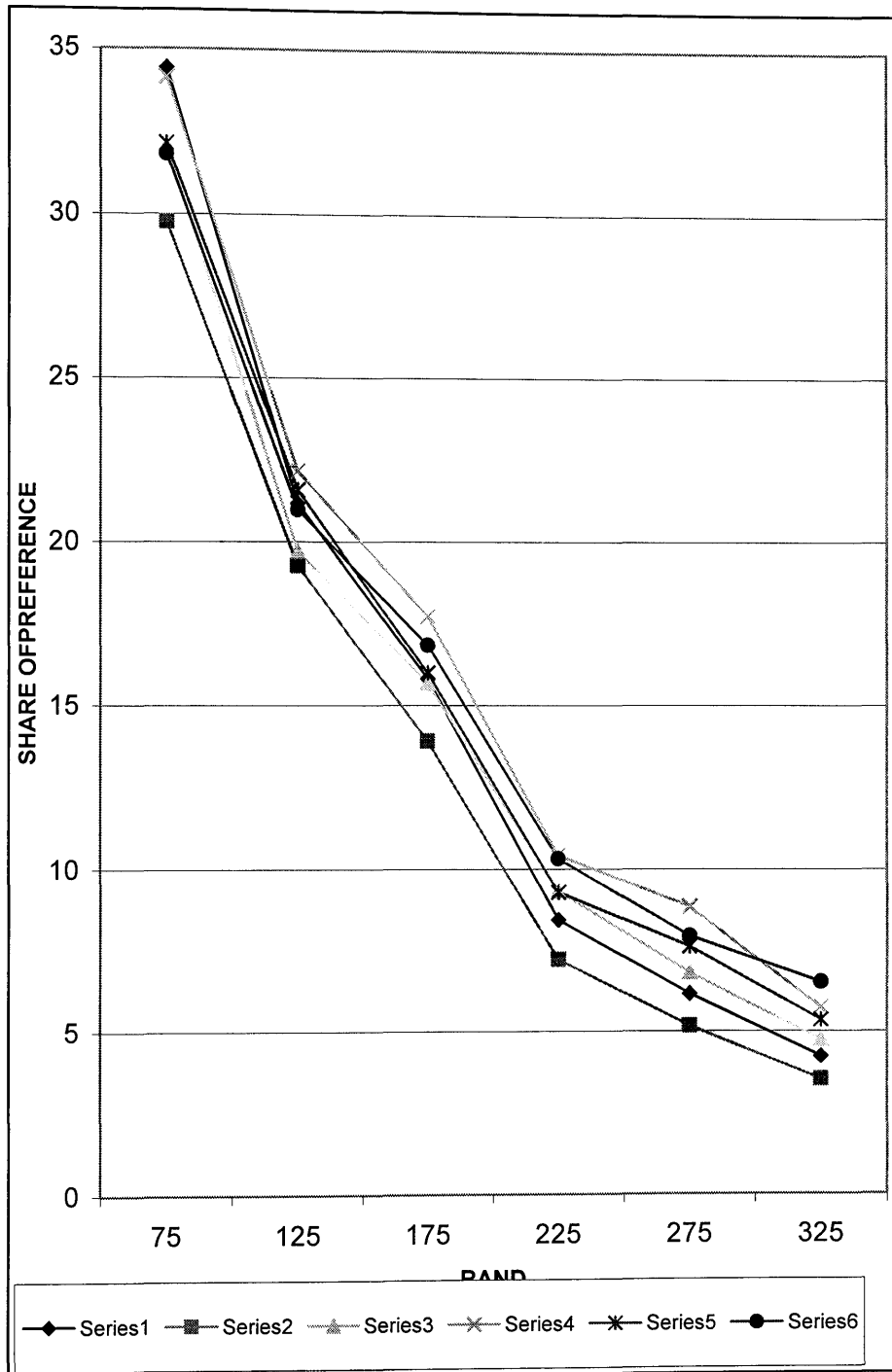


LEGEND

- Series 1** = KNP - Camping (Caravans and tents) (shared ablution)
- Series 2** = KNP - Furnished tent (shared ablution)
- Series 3** = KNP - Cottage/rondavel/hut (shared ablution)
- Series 4** = KNP - Cottage/rondavel/hut (private ablution)
- Series 5** = Private Game Farm - Cottage/rondavel/hut (private ablution)
- Series 6** = Private Game Lodge - Cottage/rondavel/hut (private ablution)

Because the share of preference of the products (1, 2, 3, 4 and 6) varies, the demand curves intersect in a few places between the various price levels (figure 6.8(a)). An example where two demand curves, i.e. the KNP - Cottage/ rondavel/hut (private ablution) {product 4} and the Private Game Lodge (private ablution) {product 6} intersect is between the price levels of R275 and R325 (figure 6.8(a)). All the indifference curves have a negative slope. Because every commodity is defined so that more of it is preferred to less, it also follows that the indifference curves that are higher in figure 4.1 represent greater levels of consumer satisfaction than indifference curves that are lower. Indifference curves cannot intersect. If the consumer's tastes are transitive, as were assumed in the model, there cannot be an intersection of indifference curves (chapter 4, point 4.3.3.3). This is only partly in agreement with Mansfield (1994: 57-58) because the demand curves intercept in places in figure 6.8(a).

Figure 6.8(a) Share of preference of the scenarios for all the products - at all six price levels



LEGEND

- Series 1** = KNP - Camping (Caravans and tents) (shared ablution)
- Series 2** = KNP - Furnished tent (shared ablution)
- Series 3** = KNP - Cottage/rondavel/hut (shared ablution)
- Series 4** = KNP - Cottage/rondavel/hut (private ablution)
- Series 5** = Private Game Farm - Cottage/rondavel/hut (private ablution)
- Series 6** = Private Game Lodge - Cottage/rondavel/hut (private ablution)

The local visitors' preferences (tastes) are not always transitive, but are shown by their share of preference for the various price levels and the six types of accommodation {products} (figure 6.8(a), tables 6.7 and 6.8).

6.2 PRICE ELASTICITY FINDINGS

From table 6.7 the **price elasticity** was calculated and is shown as 1) **Point elasticity of demand** (table 6.9), and 2) **Arc elasticity of demand** (table 6.10). The elasticity of demand refers to proportional quantity changes in comparison with prices. **Point elasticity** is concerned with the elasticity at only one given point on a demand curve. It was calculated according to Nellis and Parker (1992: 31-32) as:

$$\text{Point } E_d = \frac{(x_2 - x_1)}{(x_1)} \times \frac{(y_2 - y_1)}{(y_1)}$$

It can be seen that the elasticities change when moving from one price level to a higher one.

Arc elasticity measures the responsiveness of demand between two points on the demand curves such as X and Y. It is measured at midpoint between X and Y; i.e. at $\frac{1}{2}(Q_1 + Q_2)$ and $\frac{1}{2}(P_1 + P_2)$. This assures that the price elasticity is the same regardless of the movement of direction on the demand curve.

It was calculated according to Nellis and Parker (1992: 30-31) as:

$$\text{Arc } E_d = \frac{(x_2 - x_1)}{(y_2 + y_1)} \times \frac{(y_2 + y_1)}{(x_2 - x_1)}$$

It is important to note that traditional texts place price on the vertical axis and quantity on the horizontal axis. However, assuming that quantity demanded depends on price, then the correct procedure is to place price on the horizontal axis and quantity on the vertical axis. In this case of price sensitivity analysis price was placed on the horizontal axis and utility on the vertical axis. Thus $x =$ price and $y =$ utility.

**Table 6.9 - Point elasticity of demand- for all the products -
- with change in price (Rand)**

POINT ELASTICITY VALUES						
(Respondents included = 377)						
PRICE CHANGE	VALUE					
	Product					
	1	2	3	4	5	6
75 - 125	1.732327	1.893130	1.713496	1.897222	2.029040	1.9587568
125 - 175	1.580597	1.436127	1.965328	2.004525	1.544186	2.0231325
175 - 225	0.613297	0.594064	0.706624	0.693933	0.682896	0.7379489
225 - 275	0.819990	0.782656	0.820378	1.466948	1.230159	0.9676513
275 - 325	0.580311	0.569697	0.598155	0.517392	0.613033	1.010870

LEGEND

- Product 1** = KNP - Camping (caravan and tents) (shared ablution)
Product 2 = KNP - Furnished tent (shared ablution)
Product 3 = KNP - Cottage/rondavel/hut (shared ablution)
Product 4 = KNP - Cottage/rondavel/hut (private ablution)
Product 5 = Private Game Farm - Cottage/rondavel/hut (private ablution)
Product 6 = Private Game Lodge - Cottage/rondavel/hut (private ablution)

**Table 6.10 Arc elasticity of demand - for all the products
- with change in price (Rand)**

ARC ELASTICITY VALUES						
(Respondents included = 377)						
PRICE CHANGE	VALUE					
	Product					
	1	2	3	4	5	6
75 - 125	1.049245	1.169847	1.048622	1.172917	1.271780	1.2190674
125 - 175	1.150498	1.031055	1.463606	1.503771	1.120155	1.5192771
175 - 225	0.411635	0.394806	0.493297	0.482182	0.472534	0.5207055
225 - 275	0.637991	0.604390	0.638340	1.220253	1.007143	0.770886
275 - 325	0.448618	0.438889	0.464976	0.390943	0.478614	0.843240

LEGEND

- Product 1** = KNP - Camping (Caravans and tents) (shared ablution)
Product 2 = KNP - Furnished tent (shared ablution)
Product 3 = KNP - Cottage/rondavel/hut (shared ablution)
Product 4 = KNP - Cottage/rondavel/hut (private ablution)
Product 5 = Private Game Farm - Cottage/rondavel/hut (private ablution)
Product 6 = Private Game Lodge - Cottage/rondavel/hut (private ablution)

- From a specific graph the price elasticity can be calculated. Price elasticity measures the sensitivity of the amount that is asked if prices should change.

Price elasticity of demand is a measure of the degree to which buyers are sensitive to price changes.

- The price sensitivity for each of the products is illustrated by the dip of the demand curve, which determines to which degree the demand is elastic.
- The steeper the dip, the more price elastic is the demand and the more price sensitive is the product, while the flatter curve is inelastic and indicate less price sensitivity (Nellis and Parker, 1992: 28-36).
- There are three possibilities for price elasticity:
 - $E < 1$ - the demand for the product profile is **inelastic** when the given percentage change in price (increase) leads to a relative small change (decrease) in the percentage market share.
 - $E > 1$ - the demand for the product is **elastic** when the given percentage change in price (increase) leads to a relative big change (decrease) in the percentage market share.
 - $E = 1$ - the demand for the product is **unit elastic** when a given percentage change in price leads to a similar percentage change (decrease) in market share (Van Heerden, 1997: 40).

In general figure 6.8(a) shows that at the start of the curves of products 1 and 2 preference is highly elastic. This means that local visitors are highly price elastic at lower prices and lead to high demand. Thus they will act strongly negative. The products 3 - 5 are less price elastic as the demand is small. These visitors are mostly high income people where price does not play a major role. If price elasticity > 1 then price increases, which leads to the fact that total expenditure decreases. If price elasticity is < 1 then price increases, which leads to the fact that the total expenditure will increase. They are thus price elastic.

Price elasticity measures the sensitivity of demand if prices should change. Price elasticity of demand is a measure of the degree to which local visitors are sensitive to price changes. From tables 6.9 and 6.10 some interesting observations were made. The **point elasticity of demand (Point E_D)** of product 1 will be illustrated as an example. A price change from R75 to R125 gives a value of 1.732327. This means that a 1% increase in price will cause an

decrease in quantity demanded = 1.732327%. A price change from R275 to R325 only gives a value of 0.580311. This means that a 1% increase in price will cause a decrease in quantity demanded = 0.580311%. Consumers are thus more sensitive to price changes at lower than higher prices. The values indicate the price sensitivity for the product.

For the products 1, 2 and 3 the point elasticity of demand (E_D) > 1 for price changes of R75 - R125 and R125 - R175. They are **price elastic**. But for price changes of R175 - R225, R225 - R275 and R275 - R325 they are **price inelastic** because $E_D < 1$. For the products 4 and 5 the $E_D > 1$ for price changes of R175 - R225, R225 - R275 and R 225 - R275. They are **price elastic**. But for price changes of R175 - R225 and R275 - R325 they are **price inelastic** because $E_D < 1$. For the product 6 the $E_D > 1$ for price changes of R175 - R225, R225 - R275 and R 275 - R325. They are **price elastic**. But for price changes of R175 - R225 and R225 - R275 they are **price inelastic** because $E_D < 1$. Consumers are thus more sensitive to price changes at the lower than higher prices. The lower price changes are R75 - R125 and R125 - R175, while the higher price are R175 - R225, R225 - R275 and R275 - R325. There are three exceptions: the products 4 and 5 with a price change from R R225 - R275, and product 6 with a price change from R275 - R325, where they are more sensitive to price changes at the higher prices.

The same observation is made with respect to the **arc elasticity of demand** (**Arc E_D**) as in the discussion above. All the values are lower than that of point elasticity. Consumers are just as price sensitive to all the price changes. There is only one exception: the product 6 with a price change from R275 - R325, where they are less sensitive to price changes at this higher price.

6.3 CONCLUSIONS

Hypothesis 1: Local tourists are equally price sensitive for the **various types of accommodation** in the Kruger National Park.

From the data of table 6,3 the **highest average utility value** at a price R75/person/night = 98 and decreases at R325/person/night to a **lowest value** = 0. This is shown by every scenario (figures 6.2 - 6.7) because the curves slope all from left to right. Thus hypothesis 1 is accepted.

Hypothesis 2: Local tourists are **not satisfied with the present prices for accommodation** in the Kruger National Park.

From the results of question 39 (Section B) the people are not satisfied with the present prices for accommodation in the Kruger National Park. The percentage results show values of 28,9% in the **not satisfied** block, and 20,4% in the block between **not satisfied** and **unsure** respectively. Thus hypothesis 2 is accepted. See also Appendix A, question 39.

Hypothesis 3: Local tourists are **not satisfied with the present prices of goods in the shops** of the Kruger National Park.

From the results of question 39 (Section B) the people are not satisfied with the present prices of goods in shops of the Kruger National Park. The percentage results show values of 33.5% in the **not satisfied** block, and 24,2% in the block between **not satisfied** and **unsure** respectively. Thus hypothesis 3 accepted. See also Appendix A, question 39.

Hypothesis 4: Local tourists are **not satisfied with the price of meals in the restaurants** of the Kruger National Park.

From the results of question 39 (Section B) the people are not satisfied with the present prices of meals in restaurants of the Kruger National Park. The percentage results show values of 25,5% in the **not satisfied** block, and 24,4% in the block between **not satisfied** and **unsure** respectively. Thus hypothesis 4 is accepted. See also Appendix A, question 39.

Hypothesis 5: Local tourists are satisfied with the **quality of accommodation** in the Kruger National Park.

From the results of question 40 (Section B) the people are satisfied with regard to all four **aspects: consistency, reliability of information before**

reservation, product/service knowledge and value for money (values in the **satisfied** block are 23%, 35,1%, 25,8% and 20,1% respectively). In the block between **unsure** and **satisfied** the values were 30,0%, 32,05%, 35,3% and 32,25% respectively. Thus hypothesis 5 is accepted. See also Appendix A, question 40.

Hypothesis 6: Local tourists **prefer the most luxurious type of accommodation** more than the less luxurious types of accommodation provided by the Kruger National Park.

From the data of table 6.3 the **highest average utility value** for a 'Cottage/rondavel/hut (private ablution)' = 43 - it is the most luxurious type of accommodation. It is followed by a 'Cottage/rondavel/hut (shared ablution)' (value = 32), then a 'Furnished tent (shared ablution)' (value = 19), and the **lowest value** = 14 for 'Camping (Caravans and tents)'. Thus hypothesis 6 is accepted.

Hypothesis 7: Under the same conditions, local tourists prefer the accommodation at the **Kruger National Park** above that of **Private Game Farms** and **Private Game Lodges**.

From the data of table 6.3 the **highest average utility value** = 34 for the 'Kruger National Park', followed by 17 for a 'Private Game Lodge', while the **lowest value** = 11 for a 'Private Game Farm'. Thus hypothesis 7 is accepted.

Hypothesis 8: Local tourists prefer to visit the Kruger National Park **out of season**.

From the data of table 6.3 the **highest average utility value** = 18 for 'Out of season', and the **lowest value** = 4 for 'In season (peak time)'. Thus hypothesis 8 is accepted.

Hypothesis 9: Local tourists' **booking for accommodation** in the Kruger National Park is very obvious for the first three months.

From the results of question 32 (Section B) the percentage values for the <1, 1, 2 and 3 **booking in advance months** blocks are 29,3%, 13,2%, 14,5%

and 16,4%. Thus hypothesis 9 is accepted. See also Appendix A, question 32.

Hypothesis 10: Local tourists prefer to **make their own meals** independent of their income.

From the data of table 6.3 the **highest average utility value** = 13 for 'Prepare own meals', and the **lowest value** = 8 for 'Eat in restaurant'. Thus hypothesis 10 is accepted.

6.4 RECOMENDATIONS

Some of the recommendations and discussions have been described in chapter 3 under points 3.6 (Marketing of the Kruger National Park), 3.6.1 (Economic, financial and ecotourism aspects) and 3.6.2 (Marketing aspects of the Kruger National Park). It should be seen and implemented together with the following recommendations:

Ecotourism

- During the planning stage look intensively at the accessibility, carrying capacity and visitor-friendly service
- Make some unknown areas more accessible for nature lovers.

Service

- The service given to sister organisations, government departments, schools, universities, other tertiary organisations and the local general public must be of the highest standard possible - therefore try to make the Kruger National Park a service-driven organisation
- Improve the efficient conservation communication with emphasis on:
 - Give as much interesting and stimulating information as possible through the media
 - Give environmental interpretation and education
 - Put special emphasis on public relations
 - Make TV-programs, talks and write articles for the media

- Emphasise Africa's fascination and uniqueness as a continent with its breathtaking nature life phenomena
- More participation of local communities' through the marketing and selling of their handicraft.

Pricing

- Lower the prices of accommodation for local tourists
- Lower the prices of goods in the shops for local tourists
- Lower the prices of meals in the restaurants for local tourists
- Lower the entrance fees for scholars, students and pensioners
- Give special discounts during the out-of-season times for photographers and nature lovers
- Educate the local tourists more about the environment
- Strive to be more financially independent from funds of local tourists if possible
- Use the income generated by the Kruger National Park for the Park only
- Do research on the possibility of a **two-tier price system for local and foreign tourists** - i.e. local visitors must pay less for a visit to the Kruger National Park as in Botswana for instance.

Marketing

- Research the divergent tastes of local tourists
- Improve the marketing efforts of the National Parks Board for the Kruger National Park
- Improve the image of the Kruger National Park.

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APPENDIX A

SECTION B (31-45) - ADDITIONAL QUESTIONS

(Original respondents included = 388)

NOTE: All the answers from **SECTION B (ADDITIONAL QUESTIONS)** are given in percentages. The horizontal column totals add up to 100%. Only vertical column totals of questions 38, 44 and 45 add up to 100%!

31. Have you visited the Kruger National Park previously?

Yes	No
94,6	5,4

32. If yes, how many months did you book in advance for this visit to the Kruger National Park?

<1	1	2	3	4	5	6	7	8	9	10	11	12	>12
29,3	13,2	14,5	16,4	5,8	3,8	7,9	1,9	0,8	0,3	0,3	0,8	1,9	3,0

Frequency missing = 23

33. Have you visited a Private Game Farm previously?

Yes	No
57,5	42,2

34. If yes, how many months did you book in advance for a visit to a Private Game Farm?

<1	1	2	3	4	5	6	7	8	9	10	11	12	>12
36,3	15,7	13,5	14,8	3,6	2,7	7,2	0,9	0,4	1,3	1,3	0,9	0,9	0,4

Frequency missing = 165

35. Have you visited a Private Game Lodge previously?

Yes	No
46,3	53,2

Frequency missing = 1

36. If yes, how many months did you book in advance for a visit to a Private Game Lodge?

<1	1	2	3	4	5	6	7	8	9	10	11	12	>12
28,9	12,2	12,2	17,2	9,4	3,9	8,9	2,2	1,1	-	1,7	1,1	1,1	-

Frequency missing = 208

37. During which months do you prefer to visit the Kruger National Park?
 (More than one answer is possible - what is your first, second and third choice?
 - indicate your choices with 1, 2, and 3 in the spaces below)

	Jan	Feb	Mch	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
A	3,6	3,1	5,4	12,1	13,7	12,9	8,8	8,8	10,3	5,9	11,6	3,9
B	1,8	5,7	4,1	9,1	8,3	13,0	17,6	8,8	7,8	8,8	11,1	3,9
C	3,4	2,6	6,8	8,3	7,0	6,0	14,3	13,5	8,8	9,9	12,7	6,8

A = First choice

B = Second choice

C = Third choice

Frequency missing = 2

Frequency missing = 3

38. Which type of accommodation do you prefer in the Kruger National Park?
 (More than one answer is possible - rank your priorities {1, 2, 3 and 4} in the spaces below)

	A	B	C	D	E
Camping (Caravan and tents)(shared ablution)	28,4	14,5	8,8	56,2	26,7
Furnished tent (shared ablution)	14,2	23,3	45,2	20,0	20,0
Cottage/rondavel/hut (shared ablution)	12,2	42,7	34,1	14,8	11,7
Cottage/rondavel/hut (private ablution)	44,9	19,5	11,9	9,0	36,7
Other – specify	0,3	-	-	-	5,0

A = First priority

Frequency missing = 92

B = Second priority

Frequency missing = 44

C = Third priority

Frequency missing = 36

D = Fourth priority

Frequency missing = 23

E = Other

Frequency missing = 328

NOTE: The vertical column totals will add up to 100%!

39. Indicate your satisfaction with the prices of the following suppliers in the Kruger National Park?

(Make a cross where applicable by using the following scale):

	Not satisfied		Unsure		Satisfied
The price of accommodation	28,9	20,4	17,3	19,4	14,2
The price of goods in shops	33,5	24,2	15,2	17,0	10,1
The price of meals in restaurants	25,5	24,4	23,3	22,9	11,9
The price of take away food	16,5	19,1	19,8	28,9	15,7

40. Indicate your satisfaction with the quality of accommodation in the Kruger National Park with regard to the following aspects?

(Make a cross where applicable by using the following scale):

	Not satisfied		Unsure		Satisfied
Consistency	5,7	12,4	17,0	33,0	32,0
Reliability of information supplied before reservation	7,7	9,8	15,5	32,0	35,1
Product/service knowledge	5,9	11,9	21,1	35,3	25,8
Value for money	8,5	16,0	23,3	32,2	20,1

41. Do you have children at school/university/college?

Yes	No
22,7	77,3

42. How old are you?

18-24 year	25-34 year	35-44 year	45-54 year	55-64 year	>65 year
14,7	27,1	15,7	16,2	15,2	11,1

43. In which income group is you? (R per year)

<R20 000	R20 001- R50 000	R50 001- R100 000	R100 001- R200 000	R200 0001- R3000	>R300 000
19,4	17,8	28,9	19,6	15,2	11,1

Frequency missing = 1

44. Where do you live?

Northern Province	6,7
Mpumalanga	21,1
Gauteng	59,5
Kwazulu-Natal	5,2
Free State	1,0
North West	2,1
Northern Cape	-
Western Cape	4,4
Eastern Cape	-

NOTE: The vertical column totals will add up to 100%!

Frequency missing = 1

45. What is your profession?

Student	7,2
Pensioner	11,1
Tourism related	4,7
Self employed/Professional business/Management	7,8
Employee	38,2
Education/Local and Provincial Government/Labourer	21,7
House wife	9,3

NOTE: The vertical column totals will add up to 100%!

Frequency missing = 1

AFDELING B (31-45) - ADDISIONELE VRAE

(Oorspronklike respondente ingesluit = 388)

NOTA: Al die vrae van **AFDELING B (ADDISIONELE VRAE)** word in persentasies gegee. Die horisontale kolomme se totaal is 100%. Slegs vertikale kolommtotale van vrae 38, 44 en 45 tel op na 100%!

AFDELING B (35-45) - ADDISIONELE VRAE

31. Het u voorheen reeds die Krugerwildtuin besoek?

Ja	Nee
94,6	5,4

32. Indien ja, hoeveel maande vooruit het u vir hierdie besoek aan die Krugerwildtuin bespreek?

<1	1	2	3	4	5	6	7	8	9	10	11	12	>12
29,3	13,2	14,5	16,4	5,8	3,8	7,9	1,9	0,8	0,3	0,3	0,8	1,9	3,0

Ontbrekende frekwensie = 32

33. Het u voorheen reeds 'n private wildplaas besoek?

Ja	Nee
57,5	42,4

34. Indien ja, hoeveel maande vooruit het u vir 'n besoek aan 'n private wildplaas bespreek?

<1	1	2	3	4	5	6	7	8	9	10	11	12	>12
36,3	15,7	13,5	14,8	3,6	2,7	7,2	0,9	0,4	1,3	1,3	0,9	0,9	0,4

Ontbrekende frekwensie = 165

35. Het u voorheen reeds 'n private wild "lodge" besoek?

Ja	Nee
46,3	53,2

Ontbrekende frekwensie = 1

36. Indien ja, hoeveel maande vooruit het u vir 'n besoek aan 'n private wild "lodge" bespreek?

<1	1	2	3	4	5	6	7	8	9	10	11	12	>12
28,9	12,2	12,2	17,2	9,4	3,9	8,9	2,2	1,1	-	1,7	1,1	1,1	-

Ontbrekende frekwensie = 208

37. Gedurende watter maande verkies u om die Krugerwildtuin te besoek?
 (Meer as een antwoord is moontlik - wat is u eerste, tweede en derde keuse?
 - dui u keuse met 1, 2, en 3 in die onderstaande blokkies aan)

	Jan	Feb	Mrt	Apr	Mei	Jun	Jul	Aug	Sept	Okt	Nov	Des
A	3,6	3,1	5,4	12,1	13,7	12,9	8,8	8,8	10,3	5,9	11,6	3,9
B	1,8	5,7	4,1	9,1	8,3	13,0	17,6	8,8	7,8	8,8	11,1	3,9
C	3,4	2,6	6,8	8,3	7,0	6,0	14,3	13,5	8,8	9,9	12,7	6,8

A = Eerste keuse

B = Tweede keuse

C = Derde keuse

Ontbrekende frekwensie = 2

Ontbrekende frekwensie = 3

38. Watter tipe akkomodasie verkies u in die Krugerwildtuin?
 (Meer as een antwoord is moontlik - dui u rangorde {1, 2, 3, en 4} in die onderstaande blokkies aan)

	A	B	C	D	E
Kampering (Woonwa en tente)(gedeelde ablusie)	28,4	14,5	8,8	56,2	26,7
Gemeubileerde tent (gedeelde ablusie)	14,2	23,3	45,2	20,0	20,0
Gesinshuis/rondawel/hut (gedeelde ablusie)	12,2	42,7	34,1	14,8	11,7
Gesinshuis/rondawel/hut (private ablusie)	44,9	19,5	11,9	9,0	36,7
Ander - spesifiseer	0,3	-	-	-	5,0

A = Eerste prioriteit

Ontbrekende frekwensie = 92

B = Tweede prioriteit

Ontbrekende frekwensie = 44

C = Derde prioriteit

Ontbrekende frekwensie = 36

D = Vierde prioriteit

Ontbrekende frekwensie = 23

E = Ander

Ontbrekende frekwensie = 328

NOTA: Die vertikale kolomtotale sal na 100% optel!

39. Was U tevrede met die pryse van onderstaande verskaffers in die Krugerwildtuin?
 (Maak 'n kruisie waar van toepassing deur van die volgende skaal gebruik te maak):

	Glad nie tevrede nie		Onseker		Baie tevrede
Die prys van akkommodasie	28,9	20,4	17,3	19,4	14,2
Die prys van goedere in winkels	33,5	24,2	15,2	17,0	10,1
Die prys van maaltye in restaurante	25,5	24,4	23,3	22,9	11,9
Die prys van wegneemvoedsel	16,5	19,1	19,8	28,9	15,7

40. Wys U tevredenheid met die gehalte van akkommodasie in die Krugerwildtuin
 m.b.t. die volgende aspekte: (Maak 'n kruisie waar van toepassing deur van
 die volgende skaal gebruik te maak):

	Glad nie tevrede nie		Onseker		Baie tevrede
Konstantheid	5,7	12,4	17,0	33,0	32,0
Betroubaarheid van inligting verskaf voor bespreking	7,7	9,8	15,5	32,0	35,1
Produk/diens kennis	5,9	11,9	21,1	35,3	25,8
Waarde vir geld	8,5	16,0	23,3	32,2	20,1

41. Het u kinders op skool/universiteit/kollege?

Ja	Nee
22,7	77,3

42. In watter ouderdomskategorie val u?

18-24 jaar	25-34 jaar	35-44 jaar	45-54 jaar	55-64 jaar	>65 jaar
14,7	27,1	15,7	16,2	15,2	11,1

43. In watter inkomstekategorie val u (R per jaar)

<R20 000	R20 001- R50 000	R50 001- R100 000	R100 001- R200 000	R200 001- R300 000	>R300 000
19,4	17,8	28,9	19,6	15,2	11,1

Ontbrekende frekwensie = 1

44. Waar woon U?

Noordlike Provinsie	6,7
Mpumalanga	21,1
Gauteng	59,5
Kwazulu-Natal	5,2
Oranje Vrystaat	1,0
Noord Wes	2,1
Noord Kaap	-
Wes Kaap	4,4
Oos Kaap	-

NOTA: Die vertikale kolomtotale sal na 100% optel!

Ontbrekende frekwensie = 1

45. Wat is U beroep?

Student	7,2
Pensionaris	11,1
Tourisme verwant	4,7
Werk self/Professionele besigheid/Bestuur	7,8
Werknemer	38,2
Opvoeding/Lokale en Provinsiale Regering/Arbeider	21,7
Huisvrou	9,3

NOTA: Die vertikale kolomtotale sal na 100% optel!

APPENDIX B

Nasionale Parkeraad

National Parks Board



Hoofkantoor

Direkteur: Navorsing & Ontwikkeling
Leydsstraat 643, Muckleneuk, Pretoria
Posbus 787, Pretoria 0001
Tel: Admin (012) 343-9770 Faks (012) 343-2832

Head Office

Director: Research & Development
643 Leyds Street, Muckleneuk, Pretoria
PO Box 787, Pretoria 0001
Tel: Admin (012) 343-9770 Fax (012) 343-2832

To whom it may concern

Mr. I.C. Schutte is conducting a survey as part of a study for a M.Com Degree on **“the role of price sensitivity and pricing in the demand for accommodation of local visitors in the National Parks of South Africa (with special reference to the KNP)”**. The method that will be applied is a conjoint analysis to measure preferences of people, specifically to understand **how consumers develop preferences for products and services**.

I will appreciate it if you could assist him in this regard to fill in the questionnaire.

Thank you for your time.

PROF. A.N. SCHREUDER
DEPT. OF MARKETING AND
COMMUNICATION MANAGEMENT
UNIVERSITY OF PRETORIA

MR. P. FEARNHEAD
RESOURCE ECONOMIST
NATIONAL PARKS BOARD

Aan wie dit mag aangaan

Mnr. I.C. Schutte is besig met 'n opname as deel van 'n studie oor **“die rol van pryssensitiwiteit en prysering in die vraag na akkommodasie van lokale besoekers in die Nasionale Parke van Suid-Afrika (met spesiale verwysing na Kruger Nasionale Wildtuin)”**. Die metode wat toegepas sal word is 'n gesamentlike analise (“conjoint analysis”) om die voorkeure van mense te meet, spesifiek om te verstaan **hoe verbruikers voorkeure vir produkte en dienste ontwikkel**.

Dit sal waardeer word indien u hom in hierdie verband kan help om die vraelys in te vul.

Byvoorbaat dankie.

PROF. A.N. SCHREUDER
DEPT. BEMARKING EN KOMMUNIKASIE
BESTUUR
UNIVERSITEIT VAN PRETORIA

MNR. P. FEARNHEAD
HULPBRON EKONOOM
NASIONALE PARKERAAD

INSTRUCTIONS TO FILL IN THE QUESTIONNAIRE

- If you prefer the option on the right, circle the number 9 in the appropriate column.
- If you prefer the option on the left, circle the number 1 in the appropriate column.
- If you are indifferent and your requirements are less extreme, circle an appropriate number in between.
- There are no right or wrong answers - we are only interested in YOUR HONEST OPINION.

Note:

- Two hypothetical options were created for a visit to the Kruger National Park - no two questions will be the same
- Read every question with care - say every time whether you choose option A or B.
- The difference between a private game farm and a private game lodge is:
 - 1) A private game farm is a fenced-in area on which game is managed. It is normally not so luxurious, and is sometimes used for hunting.
 - 2) A private game lodge is a fenced-in area on which game is managed for ecotourism, and has higher accommodation standards for instance Londolozi, Mala Mala, Sabie Sabie and Mabula Lodge.

INSTRUKSIES OM DIE VRAELYS IN TE VUL

- As u die opsie aan die regterkant verkies, omkring die syfer 9 in die toepaslike kolom.
- Indien u egter die opsie aan die linkerkant verkies, omkring die syfer 1 in die toepaslike kolom.
- Indien u voorkeur nie so hoog of laag is nie, merk 'n toepaslike syfer tussenin.
- Daar is geen regte of verkeerde antwoorde nie - ons stel slegs belang in U EERLIKE OPINIE.

Nota:

- Twee hipotetiese opsies is vir 'n wildduinbesoek geskep - nie een enkele vraag is dieselde nie.
- Lees elke vraag sorgvuldig deur - sê telkens of u opsie A of opsie B verkies
- Die onderskeid tussen 'n private wildplaas en private wild "lodge" is:
 - 1) 'n Private wildplaas is 'n omheinde gebied waarop wild bestuur word - Dit is gewoonlik nie so luuks nie, en word partykeer vir jag gebruik.
 - 2) 'n Private wild "lodge" is 'n omheinde gebied waarop wild bestuur word vir ekotoerisme en bevat hoër standaarde van akkommodasie vir toeriste, bv. Londolozi, Mala Mala, Sabie Sabie en Mabula "Lodge".

QUESTIONNAIRE

SECTION A (1-30) - CONJOINT TRADE-OFF QUESTIONS

1. **WHICH WOULD YOU PREFER?**

A	B
<ul style="list-style-type: none"> - Kruger National Park - Cottage/rondavel/hut (shared ablution) - Out-of-season time - Eat in restaurant - R175 per person per night 	<ul style="list-style-type: none"> - Private Game Lodge - Cottage/rondavel/hut (private ablution) - In-season (peak) time - Prepare own meals - R225 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

2. **WHICH WOULD YOU PREFER?**

A	B
<ul style="list-style-type: none"> - Private Game Lodge - Furnished tent (shared ablution) - In-season (peak) time - Eat in restaurant - R225 per person per night 	<ul style="list-style-type: none"> - Private Game Farm - Cottage/rondavel/hut (private ablution) - Out-of-season time - Prepare own meals - R175 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

3. **WHICH WOULD YOU PREFER?**

A	B
<ul style="list-style-type: none"> - Kruger National Park - Cottage/rondavel/hut (private ablution) - In-season (peak) time - Prepare own meals - R75 per person per night 	<ul style="list-style-type: none"> - Private Game Lodge - Cottage/rondavel/hut (shared ablution) - Out-of-season time - Eat in restaurant - R325 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

4. **WHICH WOULD YOU PREFER?**

- A**
- Private Game Lodge
 - Cottage/rondavel/hut
(private ablution)
 - Out-of-season time
 - Eat in restaurant
 - R175 per person per night

- B**
- Private Game Farm
 - Camping
(Caravans and tents)
 - In-season (peak) time
 - Prepare own meals
 - R125 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

5. **WHICH WOULD YOU PREFER?**

- A**
- Private Game Farm
 - Cottage/rondavel/hut
(private ablution)
 - In-season (peak) time
 - Eat in restaurant
 - R325 per person per night

- B**
- Kruger National Park
 - Camping
(Caravans and tents)
 - Out-of-season time
 - Prepare own meals
 - R275 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

6. **WHICH WOULD YOU PREFER?**

- A**
- Private Game Lodge
 - Furnished tent
(shared ablution)
 - In-season (peak) time
 - Prepare own meals
 - R125 per person per night

- B**
- Kruger National Park
 - Cottage/rondavel/hut
(private ablution)
 - Out-of-season time
 - Eat in restaurant
 - R225 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

7. **WHICH WOULD YOU PREFER?**

- A**
- Kruger National Park
 - Furnished tent
(shared ablution)
 - Out-of-season time
 - Prepare own meals
 - R325 per person per night

- B**
- Private Game Farm
 - Camping
(Caravans and tents)
 - In-season (peak) time
 - Eat in restaurant
 - R75 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

8. **WHICH WOULD YOU PREFER?**

- A**
- Private Game Lodge
 - Camping
(Caravans and tents)
 - In-season (peak) time
 - Eat in restaurant
 - R175 per person per night

- B**
- Kruger National Park
 - Furnished tent
(shared ablution)
 - Out-of-season time
 - Prepare own meals
 - R75 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

9. **WHICH WOULD YOU PREFER?**

- A**
- Private Game Lodge
 - Cottage/rondavel/hut
(private ablution)
 - In-season (peak) time
 - Eat in restaurant
 - R275 per person per night

- B**
- Private Game Farm
 - Camping
(Caravans and tents)
 - Out-of-season time
 - Prepare own meals
 - R175 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

10. **WHICH WOULD YOU PREFER?**

A	B
<ul style="list-style-type: none"> - Private Game Lodge - Camping (Caravans and tents) - Out-of-season time - Prepare own meals - R275 per person per night 	<ul style="list-style-type: none"> - Kruger National Park - Cottage/rondavel/hut (shared ablution) - In-season (peak) time - Eat in restaurant - R225 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left	Indifferent	Strongly prefer right						
1	2	3	4	5	6	7	8	9

11. **WHICH WOULD YOU PREFER?**

A	B
<ul style="list-style-type: none"> - Private Game Farm - Furnished tent (shared ablution) - In-season (peak) time - Prepare own meals - R175 per person per night 	<ul style="list-style-type: none"> - Private Game Lodge - Cottage/rondavel/hut (shared ablution) - Out-of-season time - Eat in restaurant - R75 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left	Indifferent	Strongly prefer right						
1	2	3	4	5	6	7	8	9

12. **WHICH WOULD YOU PREFER?**

A	B
<ul style="list-style-type: none"> - Kruger National Park - Cottage/rondavel/hut (shared ablution) - In-season (peak) time - Prepare own meals - R125 per person per night 	<ul style="list-style-type: none"> - Private Game Farm - Furnished tent (shared ablution) - Out-of-season time - Eat in restaurant - R75 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left	Indifferent	Strongly prefer right						
1	2	3	4	5	6	7	8	9

13. WHICH WOULD YOU PREFER?

- A**
- Private Game Lodge
 - Camping
(Caravans and tents)
 - Out-of-season time
 - Eat in restaurant
 - R225 per person per night

- B**
- Kruger National Park
 - Cottage/rondavel/hut
(private ablution)
 - In-season (peak) time
 - Prepare own meals
 - R275 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

14. WHICH WOULD YOU PREFER?

- A**
- Kruger National Park
 - Furnished tent
(shared ablution)
 - Out-of-season time
 - Eat in restaurant
 - R125 per person per night

- B**
- Private Game Lodge
 - Camping
(Caravans and tents)
 - In-season (peak) time
 - Prepare own meals
 - R225 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

15. WHICH WOULD YOU PREFER?

- A**
- Private Game Farm
 - Cottage/rondavel/hut
(shared ablution)
 - Out-of-season time
 - Prepare own meals
 - R75 per person per night

- B**
- Kruger National Park
 - Camping
(Caravans and tents)
 - In-season (peak) time
 - Eat in restaurant
 - R125 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

16. WHICH WOULD YOU PREFER?

- A**
- Kruger National Park
 - Camping
(Caravans and tents)
 - Out-of-season time
 - Prepare own meals
 - R125 per person per night

- B**
- Private Game Lodge
 - Cottage/rondavel/hut
(shared ablution)
 - In-season (peak) time
 - Eat in restaurant
 - R175 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

17. WHICH WOULD YOU PREFER?

- A**
- Private Game Farm
 - Cottage/rondavel/hut
(private ablution)
 - In-season (peak) time
 - Prepare own meals
 - R75 per person per night

- B**
- Kruger National Park
 - Camping
(Caravans and tents)
 - Out-of-season time
 - Eat in restaurant
 - R275 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

18. WHICH WOULD YOU PREFER?

- A**
- Private Game Lodge
 - Cottage/rondavel/hut
(shared ablution)
 - Out-of-season time
 - Eat in restaurant
 - R125 per person per night

- B**
- Kruger National Park
 - Furnished tent
(shared ablution)
 - In-season (peak) time
 - Prepare own meals
 - R225 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

19. WHICH WOULD YOU PREFER?

- A**
- Private Game Lodge
 - Furnished tent
(shared ablution)
 - In-season (peak) time
 - Prepare own meals
 - R275 per person per night

- B**
- Private Game Farm
 - Cottage/rondavel/hut
(private ablution)
 - Out-of-season time
 - Eat in restaurant
 - R325 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left	Indifferent					Strongly prefer right		
1	2	3	4	5	6	7	8	9

20. WHICH WOULD YOU PREFER?

- A**
- Kruger National Park
 - Cottage/rondavel/hut
(shared ablution)
 - In-season (peak) time
 - Prepare own meals
 - R325 per person per night

- B**
- Private Game Lodge
 - Furnished tent
(shared ablution)
 - Out-of-season time
 - Eat in restaurant
 - R175 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left	Indifferent					Strongly prefer right		
1	2	3	4	5	6	7	8	9

21. WHICH WOULD YOU PREFER?

- A**
- Kruger National Park
 - Cottage/rondavel/hut
(shared ablution)
 - In-season (peak) time
 - Prepare own meals
 - R175 per person per night

- B**
- Private Game Farm
 - Furnished tent
(shared ablution)
 - Out-of-season time
 - Eat in restaurant
 - R125 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left	Indifferent					Strongly prefer right		
1	2	3	4	5	6	7	8	9

22. WHICH WOULD YOU PREFER?

- A**
- Private Game Farm
 - Camping
(Caravans and tents)
 - In-season (peak) time
 - Eat in restaurant
 - R325 per person per night

- B**
- Private Game Lodge
 - Cottage/rondavel/hut
(shared ablution)
 - Out-of-season time
 - Prepare own meals
 - R125 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

23. WHICH WOULD YOU PREFER?

- A**
- Private Game Farm
 - Cottage/rondavel/hut
(shared ablution)
 - Out-of-season time
 - Prepare own meals
 - R275 per person per night

- B**
- Private Game Lodge
 - Cottage/rondavel/hut
(private ablution)
 - In-season (peak) time
 - Eat in restaurant
 - R125 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

24. WHICH WOULD YOU PREFER?

- A**
- Kruger National Park
 - Camping
(Caravans and tents)
 - Out-of-season time
 - Prepare own meals
 - R325 per person per night

- B**
- Private Game Farm
 - Furnished tent
(shared ablution)
 - In-season (peak) time
 - Eat in restaurant
 - R175 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

25. WHICH WOULD YOU PREFER?

A	B
<ul style="list-style-type: none"> - Private Game Farm - Furnished tent (shared ablution) - Out-of-season time - Eat in restaurant - R275 per person per night 	<ul style="list-style-type: none"> - Private Game Lodge - Cottage/rondavel/hut (shared ablution) - In-season (peak) time - Prepare own meals - R175 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

26. WHICH WOULD YOU PREFER?

A	B
<ul style="list-style-type: none"> - Kruger National Park - Cottage/rondavel/hut (private ablution) - Out-of-season time - Eat in restaurant - R225 per person per night 	<ul style="list-style-type: none"> - Private Game Farm - Camping (Caravans and tents) - In-season (peak) time - Prepare own meals - R325 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

27. WHICH WOULD YOU PREFER?

A	B
<ul style="list-style-type: none"> - Kruger National Park - Camping (Caravans and tents) - In-season (peak) time - Eat in restaurant - R75 per person per night 	<ul style="list-style-type: none"> - Private Game Farm - Cottage/rondavel/hut (shared ablution) - Out-of-season time - Prepare own meals - R225 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

28. **WHICH WOULD YOU PREFER?**

A	B
<ul style="list-style-type: none"> - Private Game Farm - Cottage/rondavel/hut (private ablution) - In-season (peak) time - Eat in restaurant - R275 per person per night 	<ul style="list-style-type: none"> - Private Game Lodge - Furnished tent (shared ablution) - Out-of-season time - Prepare own meals - R75 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

29. **WHICH WOULD YOU PREFER?**

A	B
<ul style="list-style-type: none"> - Private Game Farm - Cottage/rondavel/hut (private ablution) - Out-of-season time - Prepare own meals - R225 per person per night 	<ul style="list-style-type: none"> - Kruger National Park - Furnished tent (shared ablution) - In-season (peak) time - Eat in restaurant - R325 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

30. **WHICH WOULD YOU PREFER?**

A	B
<ul style="list-style-type: none"> - Private Game Farm - Cottage/rondavel/hut (shared ablution) - In-season (peak) time - Eat in restaurant - R75 per person per night 	<ul style="list-style-type: none"> - Private Game Lodge - Cottage rondavel/hut (private ablution) - Out-of-season time - Prepare own meals - R325 per person per night

CHOOSE A NUMBER TO SHOW YOUR PREFERENCE

Strongly prefer left			Indifferent			Strongly prefer right		
1	2	3	4	5	6	7	8	9

38. Which type of accomodation do you prefer in the Kruger National Park?
 (More than one answer is possible - rank your priorities {1, 2, 3 and 4} in the spaces below)

Camping (caravan and tents) (shared ablution)	
Furnished tent (shared ablution)	
Cottage/rondavel/hut (shared ablution)	
Cottage/rondavel/hut (private ablution)	
Other - specify:	

39. Indicate your satisfaction with the prices of the following suppliers in the Kruger National Park?

(Make a cross where applicable by using the following scale):

	Not satisfied		Unsure		Satisfied
	1	2	3	4	5
The price of accommodation					
The price of goods in shops					
The price of meals in restaurants					
The price of take away food					

40. Indicate your satisfaction with the quality of accommodation in the Kruger National Park with regard to the following aspects?

(Make a cross where applicable by using the following scale):

	Not satisfied		Unsure		Satisfied
	1	2	3	4	5
Consistency					
Reliability of information supplied before reservation					
Product/service knowledge					
Value for money					

41. Do have children at school/university/college?

Yes	No
1	2

42. How old are you?

18-24 year	25-34 year	35-44 year	45-54 year	55-64 year	>65 year
1	2	3	4	5	6

43. In which income group are you? (R per year)

<R20 000	R20 001- R50 000	R50 001- R100 000	R100 001- R200 000	R200 001- R300 000	>R300 000
1	2	3	4	5	6

44. Where do you live?

45 What is your profession?

VRAELYS

AFDELING A (5-34) - "CONJOINT TRADE-OFF" VRAE

1. WAT SOU U VERKIES?

A	B
<ul style="list-style-type: none"> - Krugerwildtuin - Gesinshuis/rondawel/hut (gedeelde ablusiegeriewe) - Buite seisoen tyd - Eet in restourant - R175 per persoon per nag 	<ul style="list-style-type: none"> - Private Wild "Lodge" - Gesinshuis/rondawel/hut (private ablusiegeriewe) - Binne seisoen (spits) tyd - Maak eie kos - R225 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

2. WAT SOU U VERKIES?

A	B
<ul style="list-style-type: none"> - Private Wild "Lodge" - Gemeubileerde tent (gedeelde ablusiegeriewe) - Binne seisoen (spits) tyd - Eet in restourant - R225 per persoon per nag 	<ul style="list-style-type: none"> - Private Wildplaas - Gesinshuis/rondawel/hut (private ablusiegeriewe) - Buite seisoen tyd - Maak eie kos - R175 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

3. WAT SOU U VERKIES?

A	B
<ul style="list-style-type: none"> - Krugerwildtuin - Gesinshuis/rondawel/hut (private ablusiegeriewe) - Binne seisoen (spits) tyd - Maak eie kos - R75 per persoon per nag 	<ul style="list-style-type: none"> - Private Wild "Lodge" - Gesinshuis/rondawel/hut (gedeelde ablusiegeriewe) - Buite seisoen tyd - Eet in restourant - R325 per persoon per nag

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

4. **WAT SOU U VERKIES?**

A

- Private Wild "Lodge"
- Gesinshuis/rondawel/hut (private ablusiegeriewe)
- Buite seisoen tyd
- Eet in restaurant
- R175 per persoon per nag

B

- Private Wildplaas
- Kampering (Woonwaens en tente)
- Binne seisoen (spits) tyd
- Maak eie kos
- R125 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

5. **WAT SOU U VERKIES?**

A

- Private Wildplaas
- Gesinshuis/rondawel/hut (private ablusiegeriewe)
- Binne seisoen (spits) tyd
- Eet in restaurant
- R325 per persoon per nag

B

- Krugerwildtuin
- Kampering (Woonwaens en tente)
- Buite seisoen tyd
- Maak eie kos
- R275 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

6. **WAT SOU U VERKIES?**

A

- Private Wild "Lodge"
- Gemeubileerde tent (gedeelde ablusiegeriewe)
- Binne seisoen (spits) tyd
- Maak eie kos
- R125 per persoon per nag

B

- Krugerwildtuin
- Gesinshuis/rondawel/hut (private ablusiegeriewe)
- Buite seisoen tyd
- Eet in restaurant
- R225 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

7. **WAT SOU U VERKIES?**

A	B
<ul style="list-style-type: none"> - Krugerwildtuin - Gemeubileerde tent (gedeelde ablusiegeriewe) - Buite seisoen tyd - Maak eie kos - R325 per person per nag 	<ul style="list-style-type: none"> - Private Wildplaas - Kampering (Woonwaens en tente) - Binne seisoen (spits) tyd - Eet in restourant - R75 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

8. **WAT SOU U VERKIES?**

A	B
<ul style="list-style-type: none"> - Private Wild "Lodge" - Kampering (Woonwaens en tente) - Binne seisoen (spits) tyd - Eet in restourant - R175 per persoon per nag 	<ul style="list-style-type: none"> - Krugerwildtuin - Gemeubileerde tent (gedeelde ablusiegeriewe) - Buite seisoen tyd - Maak eie kos - R75 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

9. **WAT SOU U VERKIES?**

A	B
<ul style="list-style-type: none"> - Private Wild "Lodge" - Gesinshuis/rondawel/hut (private ablusiegeriewe) - Binne seisoen (spits) tyd - Eet in restourant - R275 per persoon per nag 	<ul style="list-style-type: none"> - Private Wildplaas - Kampering (Woonwaens en tente) - Buite seisoen tyd - Maak eie kos - R175 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

10. WAT SOU U VERKIES?

A

- Private Wild "Lodge"
- Kampering
(Woonwaens en tente)
- Buite seisoen tyd
- Maak eie kos
- R275 per persoon per nag

B

- Krugerwildtuin
- Gesinshuis/rondawel/hut
(gedeelde ablusiegeriewe)
- Binne seisoen (spits) tyd
- Eet in restaurant
- R225 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links

Onseker

Sterk voorkeur vir regs

1	2	3	4	5	6	7	8	9
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11. WAT SOU U VERKIES?

A

- Private Wildplaas
- Gemeubileerde tent
(gedeelde ablusiegeriewe)
- Binne seisoen (spits) tyd
- Maak eie kos
- R175 per persoon per nag

B

- Private Wild "Lodge"
- Gesinshuis/rondawel/hut
(gedeelde ablusiegeriewe)
- Buite seisoen tyd
- Eet in restaurant
- R75 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links

Onseker

Sterk voorkeur vir regs

1	2	3	4	5	6	7	8	9
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12. WAT SOU U VERKIES?

A

- Krugerwildtuin
- Gesinshuis/rondawel/hut
(gedeelde ablusiegeriewe)
- Binne seisoen (spits) tyd
- Maak eie kos
- R125 per persoon per nag

B

- Private Wildplaas
- Gemeubileerde tent
(gedeelde ablusiegeriewe)
- Buite seisoen tyd
- Eet in restaurant
- R75 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links

Onseker

Sterk voorkeur vir regs

1	2	3	4	5	6	7	8	9
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13. WAT SOU U VERKIES?
A

- Private Wild "Lodge"
- Kampering
(Woonwaens en tente)
- Buite seisoen tyd
- Eet in restaurant
- R225 per persoon per nag

B

- Krugerwildtuin
- Gesinshuis/rondawel/hut
(private ablusiegeriewe)
- Binne seisoen (spits) tyd
- Maak eie kos
- R275 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links

Onseker

Sterk voorkeur vir regs

1	2	3	4	5	6	7	8	9
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14. WAT SOU U VERKIES?
A

- Krugerwildtuin
- Gemeubileerde tent
(gedeelde ablusiegeriewe)
- Buite seisoen tyd
- Eet in restaurant
- R125 per persoon per nag

B

- Private Wild "Lodge"
- Kampering
(Woonwaens en tente)
- Binne seisoen (spits) tyd
- Maak eie kos
- R225 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links

Onseker

Sterk voorkeur vir regs

1	2	3	4	5	6	7	8	9
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15. WAT SOU U VERKIES?
A

- Private Wildplaas
- Gesinshuis/rondawel/hut
(gedeelde ablusiegeriewe)
- Buite seisoen tyd
- Maak eie kos
- R75 per persoon per nag

B

- Krugerwildtuin
- Kampering
(Woonwaens en tente)
- Binne seisoen (spits) tyd
- Eet in restaurant
- R125 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links

Onseker

Sterk voorkeur vir regs

1	2	3	4	5	6	7	8	9
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16. WAT SOU U VERKIES?

A

- Krugerwildtuin
- Kampering
(Woonwaens en tente)
- Buite seisoen tyd
- Maak eie kos
- R125 per persoon per nag

B

- Private Wild "Lodge"
- Gesinshuis/rondawel/hut
(gedeelde ablusiegeriewe)
- Binne seisoen (spits) tyd
- Eet in restaurant
- R175 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

17. WAT SOU U VERKIES?

A

- Private Wildplaas
- Gesinshuis/rondawel/hut
(private ablusiegeriewe)
- Binne seisoen (spits) tyd
- Maak eie kos
- R75 per persoon per nag

B

- Krugerwildtuin
- Kampering
(Woonwaens en tente)
- Buite seisoen tyd
- Eet in restaurant
- R275 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

18. WAT SOU U VERKIES?

A

- Private Wild "Lodge"
- Gesinshuis/rondawel/hut
(gedeelde ablusiegeriewe)
- Buite seisoen tyd
- Eet in restaurant
- R125 per persoon per nag

B

- Krugerwildtuin
- Gemeubileerde tent
(gedeelde ablusiegeriewe)
- Binne seisoen (spits) tyd
- Maak eie kos
- R225 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

22. WAT SOU U VERKIES?

A

- Private Wildplaas
- Kampering
(Woonwaens en tente)
- Binne seisoen (spits) tyd
- Eet in restaurant
- R325 per persoon per nag

B

- Private Wild "Lodge"
- Gesinshuis/rondawel/hut
(gedeelde ablusiegeriewe)
- Buite seisoen tyd
- Maak eie kos
- R125 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links

Onseker

Sterk voorkeur vir regs

1	2	3	4	5	6	7	8	9
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23. WAT SOU U VERKIES?

A

- Private Wildplaas
- Gesinshuis/rondawel/hut
(gedeelde ablusiegeriewe)
- Buite seisoen tyd
- Maak eie kos
- R275 per persoon per nag

B

- Private Wild "Lodge"
- Gesinshuis/rondawel/hut
(private ablusiegeriewe)
- Binne seisoen (spits) tyd
- Eet in restaurant
- R125 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links

Onseker

Sterk voorkeur vir regs

1	2	3	4	5	6	7	8	9
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24. WAT SOU U VERKIES?

A

- Krugerwildtuin
- Kampering
(Woonwaens en tente)
- Buite seisoen tyd
- Maak eie kos
- R325 per persoon per nag

B

- Private Wildplaas
- Gemeubileerde tent
(gedeelde ablusiegeriewe)
- Binne seisoen (spits) tyd
- Eet in restaurant
- R175 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links

Onseker

Sterk voorkeur vir regs

1	2	3	4	5	6	7	8	9
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25. WAT SOU U VERKIES?

A

- Private Wildplaas
- Gemeubileerde tent
(gedeelde ablusiegeriewe)
- Buite seisoen tyd
- Eet in restaurant
- R275 per persoon per nag

B

- Private Wild "Lodge"
- Gesinshuis/rondawel/hut
(gedeelde ablusiegeriewe)
- Binne seisoen (spits) tyd
- Maak eie kos
- R175 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

26. WAT SOU U VERKIES?

A

- Krugerwildtuin
- Gesinshuis/rondawel/hut
(private ablusiegeriewe)
- Buite seisoen tyd
- Eet in restaurant
- R225 per persoon per nag

B

- Private Wildplaas
- Kampering
(Woonwaens en tente)
- Binne seisoen (spits) tyd
- Maak eie kos
- R325 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

27. WAT SOU U VERKIES?

A

- Krugerwildtuin
- Kampering
(Woonwaens en tente)
- Binne seisoen (spits) tyd
- Eet in restaurant
- R75 per persoon per nag

B

- Private Wildplaas
- Gesinshuis/rondawel/hut
(gedeelde ablusiegeriewe)
- Buite seisoen tyd
- Maak eie kos
- R225 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

28. WAT SOU U VERKIES?

A

- Private Wildplaas
- Gesinshuis/rondawel/hut (private ablusiegeriewe)
- Binne seisoen (spits) tyd
- Eet in restaurant
- R275 per persoon per nag

B

- Private Wild "Lodge"
- Gemeubileerde tent (gedeelde ablusiegeriewe)
- Buite seisoen tyd
- Maak eie kos
- R75 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

29. WAT SOU U VERKIES?

A

- Private Wildplaas
- Gesinshuis/rondawel/hut (private ablusiegeriewe)
- Buite seisoen tyd
- Maak eie kos
- R225 per persoon per nag

B

- Krugerwildtuin
- Gemeubileerde tent (gedeelde ablusiegeriewe)
- Binne seisoen (spits) tyd
- Eet in restaurant
- R325 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

30. WAT SOU U VERKIES?

A

- Private Wildplaas
- Gesinshuis/rondawel/hut (gedeelde ablusiegeriewe)
- Binne seisoen (spits) tyd
- Eet in restaurant
- R75 per persoon per nag

B

- Private Wild "Lodge"
- Gesinshuis/rondawel/hut (private ablusiegeriewe)
- Buite seisoen tyd
- Maak eie kos
- R325 per persoon per nag

KIES 'N NOMMER OM U VOORKEUR TE TOON

Sterk voorkeur vir links			Onseker			Sterk voorkeur vir regs		
1	2	3	4	5	6	7	8	9

38. Watter tipe akkomodasie verkies u in die Krugerwildtuin?
 (Meer as een antwoord is moontlik - dui u rangorde {1, 2, 3, en 4} in die onderstaande blokkies aan)

Kampering (woonwa en tente)	
Gemeubileerde tent (gedeelde ablusiegeriewe)	
Gesinshuis/rondawel/hut (gedeelde ablusiegeriewe)	
Gesinshuis/rondawel/hut (private ablusiegeriewe)	
Ander - spesifiseer:	

39. Was U tevrede met die pryse van onderstaande verskaffers in die Krugerwildtuin?
 (Maak 'n kruisie waar van toepassing deur van die volgende skaal gebruik te maak):

	Glad nie tevrede nie		Onseker	Baie tevrede	
	1	2	3	4	5
Die prys van akkomodasie	1	2	3	4	5
Die prys van goedere in winkels	1	2	3	4	5
Die prys van maaltye in restaurante	1	2	3	4	5
Die prys van wegneemvoedsel	1	2	3	4	5

40. Wys U tevredenheid met die gehalte van akkomodasie in die Krugerwildtuin m.b.t. die volgende aspekte:
 (Maak 'n kruisie waar van toepassing deur van die volgende skaal gebruik te maak):

	Glad nie tevrede nie		Onseker	Baie tevrede	
	1	2	3	4	5
Konstantheid	1	2	3	4	5
Betroubaarheid van inligting verskaf voor bespreking	1	2	3	4	5
Produk/diens kennis	1	2	3	4	5
Waarde vir geld	1	2	3	4	5

41. Het u kinders op skool/universiteit/kollege?

Ja	Nee
1	2

42. In watter ouderdomskategorie val u?

18-24 jaar	25-34 jaar	35-44 jaar	45-54 jaar	55-64 jaar	>65 jaar
1	2	3	4	5	6

43. In watter inkomstekategorie val u (R per jaar)

<R20 000	R20 001- R50 000	R50 001- R100 000	R100 001- R200 000	R200 001- R300 000	>R300 000
1	2	3	4	5	6

44. Waar woon U?

45. Wat is U beroep?
