

Chapter 17 Outline

Pricing Techniques

Technique 1: Offering a Price Range

Technique 2: Selling Up

Technique 3: Selling Down

Technique 4: Focusing on Revenue and Profit per Unit

Technique 5: Using the Inflation Rate Plus Factor

Technique 6: Using Intuitive Judgment and Flexible Breakeven Analysis

Technique 7: Rate Pyramiding

Technique 8: Analyzing Market Segments

Competencies

1. Define “pricing,” and explain the importance of offering consumers price ranges and choices in hospitality products and services. (pp. 233–235)
2. Explain the concept of selling up and some general circumstances under which the technique may be applied. (pp. 235–236)
3. Describe the costplus theory and its application in selling down. (pp. 236–237)
4. Compare the technique of focusing on revenue and profit per unit to that of emphasizing average checks/rates/percentages. (p. 237)
5. Summarize the use of the inflation rateplus factor. (pp. 237–238)
6. Explain the importance of making intuitive judgments, and outline the concepts and steps for conducting a breakeven analysis. (pp. 238–239)
7. Describe the uses of rate pyramiding. (pp. 239–240)
8. Explain how analyzing market segments can help maximize revenue for a hospitality operation. (pp. 240–241)