

May 18, 2023

# Price with Confidence:

## Navigating the Landscape of Tour Pricing

**CHENMARK**

FAREHARBOR  
**webinars**





# Trish Higgins

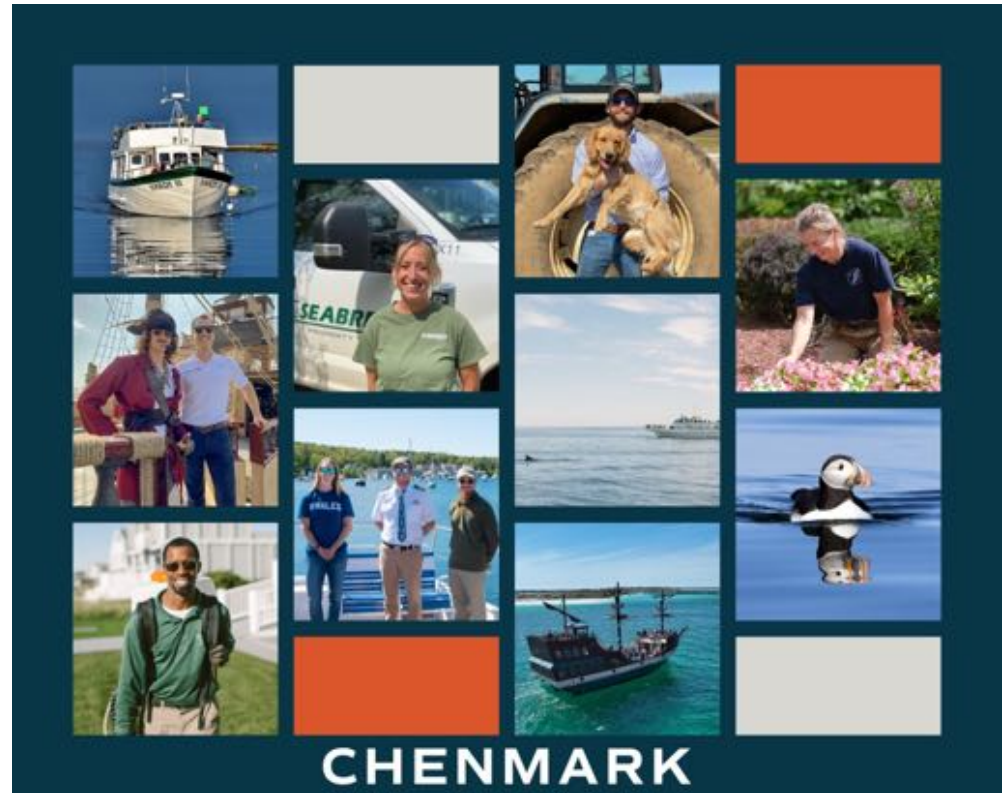
Partner at Chenmark  
Portland, Maine



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# Who is Chenmark?

Chenmark is a team of small businesses committed to each other and to the constant pursuit of better.



## FareHarbor Community Pricing Survey

### When was the last time you changed your prices?

79% This year

17% 1 Year Ago (2023)

3% 1-2 Years Ago (2021-2020)

1% 4+ years ago (Before 2020)



# Poll

## When was the last time you changed your prices?

- This year
- Last year (2022)
- 2-3 years ago (2021-2020)
- 4+ years ago (Before 2020)



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# What's the point of rising prices?

## Increasing Costs without Increasing Revenues = Lower Profits

- Inability to pay attractive wages to employees
- Inability to keep up with maintenance costs
- Inability to invest in opportunities
- Inability to pay yourself and your family







## Unit Economics



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# Item Evaluation Framework

	Low Profit	High Profit
High Popularity	<b>“Plow horses”</b> Evaluate pricing options	<b>“Stars”</b> Keep doing what you’re doing!
Low Popularity	<b>“Dogs”</b> Get rid of these	<b>“Puzzles”</b> Train people to sell these items





# Unit Economics



	Trip A	Trip B	Trip C
Captain + Crew Wages	\$1,000	\$1,000	\$1,000
Fuel	\$250	\$250	\$250
Trip Cost	\$1,250	\$1,250	\$1,250
Price	\$20	\$25	\$30
Pax Count	50	50	50
Trip Revenue (Price & Pax)	\$1,000	\$1,250	\$1,500
Trip Profit	-\$250	\$0	\$250



# Pricing Philosophy



# Pricing Philosophy: Three Approaches

## Cost-Based Pricing

[Cost + Company Desired Margin = Price]



## Value-Based Pricing

[Cost + Consumer Perception of Value = Price]



## Competition-Based Pricing

[ +/- Competitors Price = Price]



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# Which pricing philosophy are you?

Cost-Based



Value-Based



Competition-Based



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# Competition Based Pricing Tactics

# Competition Based Pricing Tactics

What do I do if I'm in a competitive market?

- List out all of your competitors pricing.
  - Where are you?

Boat Tour Example:

Company A	
\$28	Adults

Company B	
\$24	Adults

[17% MORE EXPENSIVE]





# Competition Based Pricing Tactics

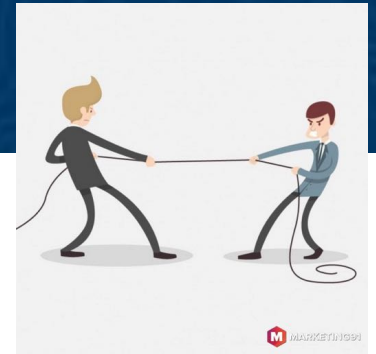
List out all of your competitors pricing. Where are you?

## Boat Tour Example (Individual List Price):

Company A	
\$28	Adults
\$10	Children
\$0	Infants

Company B	
\$24	Adults
\$15	Children
\$10	Infants

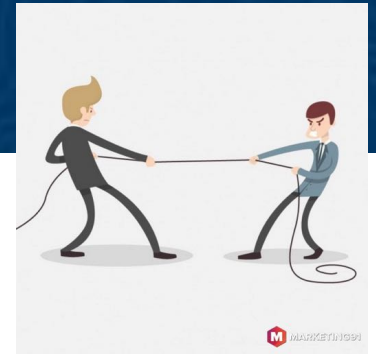
- Family of Four:
  - Company A: \$66  
[10% CHEAPER]
  - Company B: \$73



# Competition Based Pricing Tactics

## Surcharges

- Do you have Trip Protection?
- Do you have a Fuel Surcharge?
- Do you charge extra for pre-boarding or specific seats?

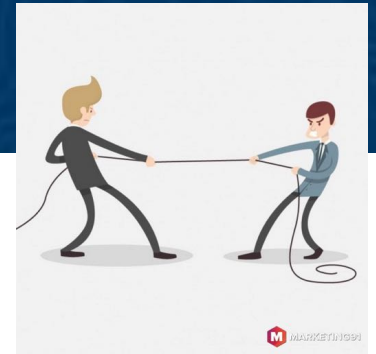


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# Competition Based Pricing Tactics

## Surcharges

- Do you have Trip Protection?
- Do you have a Fuel Surcharge?
- Do you charge extra for pre-boarding or specific seats?



**Does your competition?**



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# Competition Based Pricing Tactics



## Surcharges

- Do you have Trip Protection?
- Do you have a Fuel Surcharge?
- Do you charge extra for pre-boarding or specific seats?

	List Price	Trip Protection (%)	Fuel Surcharge (%)	Additional Fees (\$)	Total Cost
Company A	\$28	0.0%	0.0%	\$0	\$28
Company B	\$24	15.0%	7.5%	\$5	\$29
% Difference	17%				-5%

# Competition Based Pricing: Variable Pricing

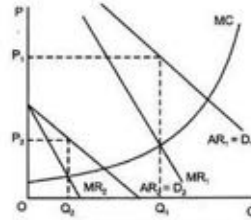


Fig. 9.13 : Peak-load Pricing

## Off-Peak Season

	Load Factor	Passengers	Price	Revenue
Company A	60%	89	\$22	\$1,967
Company B	50%	75	\$24	\$1,788
% Difference	20%	20%	-8%	10%

## Peak Season

	Load Factor	Passengers	Price	Revenue
Company A	85%	127	\$30	\$3,800
Company B	95%	142	\$24	\$3,397
% Difference	-11%	-11%	25%	12%

	Total Revenue
Company A	\$5,766
Company B	\$5,185
% Difference	11%



# Competition Based Pricing: Variable Pricing

Can apply concept:

- seasonally
- specific times of day
- specific days
- specific trips

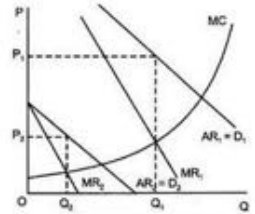


Fig. 9.13 : Peak-load Pricing







# Pricing Tips & Tricks

# Quick Pricing Tips & Tricks: No Dollar Signs

**No Dollar Signs**  
*The power of the \$*



OR

Dishes with number-only prices are perceived as less expensive by customers.



## Quick Pricing Tips & Tricks: Smaller Fonts

**Size Matters**  
But not how you might think...

**HUGE SALE** ~~\$349~~ **\$400**

~~\$150~~ **NOW ONLY \$99**

~~\$50~~ **\$43**

Write your prices using small fonts.  
When you make an offer, write the discounted price smaller than the initial price.



# Quick Pricing Tips & Tricks: Anchoring



Morning Routine \$40

Kick off better mornings with coffee to think \$1/day.

QUICK BUY



## 30-day Free Trial on All Accounts

Pick a plan & sign up in 60 seconds. Upgrade, downgrade, cancel at any time.

Premium	Plus	Basic
\$99/month FOR POWER USERS	\$49/month MOST POPULAR PLAN	\$24/month FOR SMALL GROUPS
Up to 40 users 30 GB storage Unlimited deals 30,000 contacts Enhanced security	Up to 15 users 15 GB storage Unlimited deals 20,000 contacts Enhanced security	Up to 8 users 5 GB storage 10 deals 1,000 contacts Enhanced security
<span style="background-color: green; color: white; padding: 5px;">Choose Plan</span>	<span style="background-color: green; color: white; padding: 5px;">Choose Plan</span>	<span style="background-color: green; color: white; padding: 5px;">Choose Plan</span>

We also offer a 200,000 (1 user, no trial, 2nd contacts) plan at \$99,000 (1 user, 5 GB file storage, unlimited deals, 200 contacts, \$99/month).

Position higher price products near lower-priced products that you actually want to sell.



## Quick Pricing Tips & Tricks: Other Stuff

**Scarcity** (Only 10 tickets left!)

**Halo Effect** (A celebrity went on our trip!)

**Reciprocity** (I got a free ticket, I should buy another)

**Loss Aversion** (We will miss out on a free drink if we don't go)



# Competition Based Pricing: Differentiate with Value



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## Pricing: Biggest Challenge



**Questions?**

**trish@chenmark.com**



**Scan above to be taken to  
Chenmark's site**



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Thank you!



**Next in the series:**

**Price with Confidence:**

**Updating Prices in the Dashboard**





**Have you checked out Compass recently?**

**Login to Compass** for guides on PPC, Google, SEO, content writing, industry insights and more!

**To get you started, here are a few to follow up this webinar:**

- [Are Tour Add-Ons Right For My Business?](#)
- [Ways to Implement Pricing & Upsell Strategies](#)
- [Price with Confidence: Updating Prices in the Dashboard](#)



## FareHarbor Support

Please contact our **24/7 Support** if you have any questions pertaining to your dashboard!

**Email:** [support@fareharbor.com](mailto:support@fareharbor.com)

**Phone:** (855)495-5551

## Help Docs

Fareharbor **help docs** can be found on your dashboard in the dropdown menu!



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# community

Check out **FareHarbor's Official Community** page on Facebook!

Join us at [Fareharbor.com/community](https://www.fareharbor.com/community)

Here you'll get to interact with our **FareHarbor experts** and with your fellow **tour/activity/attraction business owners** of all experience levels.



Our goal is to help each other grow our businesses by **making more money**, **saving money** and **saving time**.



# Q & A

