

Discussion management questions

[Business](#), [Management](#)



The use of breakeven analysis can help determine how many sales are needed to cover fixed costs. Based on the target profit of the enterprise the manager can determine the prices he needs to charge to achieve the financial goals of the company. A qualitative technique that the company can use is a focus group of customers.

The price sensitivity in the hotel industry is more evident in the lower end of the market. Bargain hotels compete with other hotel chains in a manner that price wars often occur. Price wars are an undesirable business occurrence that hurts the profitability of all companies involved. During the recession, people were more sensitive to prices more than ever before due to rising unemployment and lower incomes.

Unbundling products in the restaurant industry is a technique that is used to lower the overall prices. Sometimes some of the value-added in the bundling for the customers included food items that the customers did not desire. Unbundling enables restaurants the ability to offer lower unitary prices per food items at prices that bring higher profits.

Price discrimination occurs when companies charge different prices to different customers (Wisegeek). A socially responsible price discrimination strategy is charging a lower price to senior citizens. Another example of price discrimination is charging higher prices to tourists.

A hotel or restaurant can obtain great results from its first revenue management program, but profits are not optimized until the company goes through a process of collecting sales numbers trying different offers and price points in its menu. In the fast-food industry, the participants are

constantly changing their prices. Sometimes companies utilize menu offers that become popular such as McDonald's \$1 Menu.