

# Variety-seeking Behavior and Pricing Strategy in Tourism Industry

李堯賢, 陳惠君, TUSNG-CHIEH YANG

Finance

Management

hsien@chu.edu.tw

## Abstract

This study applies two-stage game to discuss how a firm prices its two different activities (H and L) under consumers' variety-seeking behavior in the tourism industry. There are two different kinds of consumers, H & L, whose preferences are diversified. Two different pricing strategies, the single price strategy and the different prices strategy, were analyzed and the results were discussed as well. The concept of the subgame-perfect Nash equilibrium is applied to solve the two-stage game. Finally, the comparative-static analysis is utilized to discuss the prices, the population of customers and the profits of the firm under two different strategies.

Keyword : Variety-seeking, Two-stage game, Tourism Industry,  
Subgame-perfect Nash Equilibrium