

## Article Title

The impact of tourist destination on hotel efficiency: A data envelopment analysis approach

## Citation

The impact of tourist destination on hotel efficiency: A data envelopment analysis approach. (2019). European Journal of Operational Research, 272(2), 674–686. <https://doi.org/10.1016/j.ejor.2018.06.043>

## Abstract

This paper evaluates the impact of location on hotel efficiency using a sample of 400 Spanish hotels, the novel aspect being that location is considered at the tourist destination level. Moreover, for the first time, the location variables are based on the main theoretical models concerning location in the hotel sector, namely geographical positioning models, agglomeration and urbanization economic models and competitive environment models. The methodology consists of a four-stage data envelopment analysis (DEA) model that decomposes super-efficiency in the portion attributable to the tourist destination and the portion attributable to hotel management. Then, managerial efficiency is regressed against hotel characteristics, while tourist destination efficiency is explained by the characteristic of each location. The findings highlight the importance of tourist destinations, providing novel empirical support for the propositions of the main location models. Indeed, the tourist destination is the main cause of differences in the level of efficiency among hotels. The occupancy level, degree of seasonality and market concentration are the variables with the greater impact on efficiency.

## Conclusion

Few findings from the study can be implied to management activities of policy-makers and hoteliers in the destination. To figure out tourist destination characteristics that boost hotel efficiency is the common interest for them. Politically, it could be suggested to implement policies in order to increase local demands, accessibility, and agglomeration since they affect positively hotel efficiency. Therefore, public-private cooperation is needed in order to promote destination images, to improve transportation networks, or developing supportive economic activities in the destination.

For hotels, to pursue property efficiency would lead to preferring concentration which could harm the competitiveness of the destination in the medium term. So it is suggested in the article to combine policies that foster concentration with getting rid of entry barriers so that market contestability would prevent the increase in prices.

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