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Article Title

A demand-driven analysis of tourist accommodation price: A quantile regression of room bookings

Citation

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Abstract

Tourist accommodation expenditure is a widely investigated topic as it represents a major contribution to the total tourist expenditure. The identification of the determinant factors is commonly based on supply-driven applications while little research has been made on important travel characteristics. This paper proposes a demand-driven analysis of tourist accommodation price by focusing on data generated from room bookings. The investigation focuses on modeling the relationship between key travel characteristics and the price paid to book the accommodation.

Methods

The data include a set of bookings for accommodations in Ascona-Locarno, Ticino, Switzerland, which were generated from different sales channels. In particular, the local Destination Marketing Organization (DMO) plays an important role in the promotion and sales of tourist accommodations in the area. The DMO provides two booking platforms, which comprise one online and one offline. This set of bookings is considered in this analysis for the entire 2011.

Results

The findings implied that the difference between direct and indirect channels was biggest in high-priced establishments. On the contrary, the low-priced hotels did not show any significant difference (none of the 10th quantile parameters of hotel intermediaries were significant). Finally, the study found a significant and negative parameter for the “number of people in the group” and a significant and positive impact of the square of this variable, leading to a curvilinear effect. An increase in the number of people results in the lowering of the price per night per person, but this behavior only happens up to a point, after which, prices start augmenting.

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Conclusion

The results confirm the statistic relevance of the variables used as explanatory factors of the accommodation expenditure. In particular, an increase of one night in the length of stay would decrease the average daily accommodation expenditure by 2.5%. Similarly, a 1% decrease in the price should, on average, be expected if the booking is made 10 days prior to the actual stay. Reflecting the seasonal nature of the destination analyzed, accommodation expenditure is expected to increase by 9.7% during the summer season (from May to September).