



Article Title

Evaluating performance in the hotel industry: An empirical analysis of Piedmont

Citation

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Abstract

The hotel industry is a key sector in the tourism industry because it is essential for the supplying of all other tourism services and it is the first service demanded by tourists who reach the destination. To assess hotel's performance appears a hard task, because of the presence of many factors to consider, economic but also less tangible. The aim of the research is to verify the correlation between performance and its determinants in the context of the Piedmont hotel industry, through valuating a sample of 112 hotels of Piedmont. More in particular, the study estimates whether variables as stars rating, dimension and added services provided are correlated to performance, measured by Rev Par (revenue per available room), a performance metric typical of the hotel industry. To reach these goals, the research starts with a literature review, on hotel industry in general and on performance evaluation methods more used in hotel industry. Subsequently, it will be explained the methodology and the assumptions. Finally, it will be provided results discussed on a managerial perspective, useless for management to improve quality and performance.

Methods

The data used in the analysis are taken from the "World Economic Impact Report" by the World Travel and Tourism Council (WTTC, 2014) integrated with data collected on web platforms such as Booking, Expedia, etc. The research was conducted selecting 112 hotels of Piedmont, which have a star rating of three or more (on a rising scale of one to five). Several studies use RevPAR as indicator of the hotel performance due to the fact that it is not an economic variable and it catches the importance of competitive/strategic indicators. RevPAR or revenue per available room, indeed, is a performance metric in the hotel industry, which is calculated by dividing a hotel's total guestroom revenue by the room count and the number of days in the period being measured.

Results/Conclusion

In conclusion, results seem to confirm the fact that, within the current worldwide scenario, characterized by high competition and rapid erosion of market shares, competition between tourist destinations is affected by quality offered by the hotels in the area. From a managerial perspective, therefore, it appears necessary to provide quality services and pay particular attention to the needs and customer satisfaction. This adds value to the hotel and consequently to the territory.