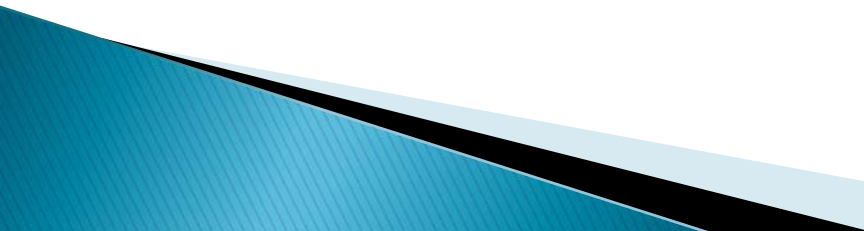


FACTORS INFLUENCING HOTELS' ROOM CHARGES: A CASE OF RAWALPINDI-ISLAMABAD IN PAKISTAN

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Introduction

- ▶ Customers consider various characteristics while booking a hotel.
 - ▶ Islamabad – the capital, where there are number of hotels for national and international customers.
 - ▶ Facilities varies across hotels.
 - ▶ Room rates of hotels
 - ▶ The customers are charged differently even in same territory.
 - ▶ Hedonic price technique and hotel characteristics.
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Cont....

WHY IMPACT of various influencing factors on hotels room rates

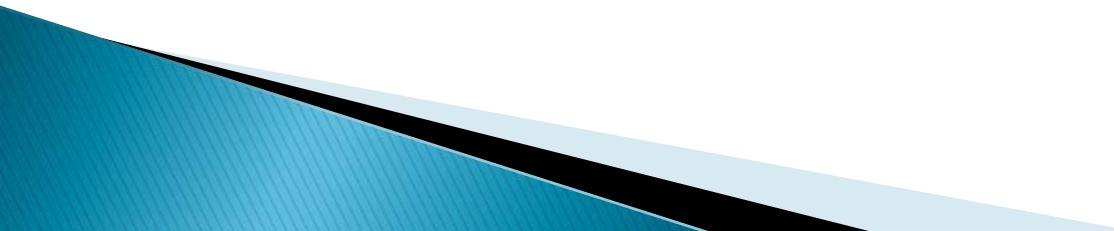
- Hotel Owners
- PTDC
- Making this sector more income generating

WHY RAWALPINDI-ISLAMABAD

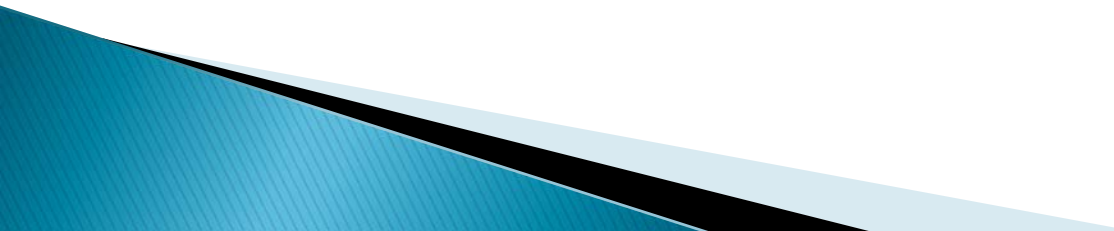
- People visit for business, visas and treatment in hospitals and further to visit other site

THIS STUDY ?

To estimate the impact of a variety of hotel characteristics, security and environmental variables on the hotel charges in Islamabad and Rawalpindi.



DATA AND METHODOLOGY

- ▶ The study used the primary panel data, collected from hotels through questionnaires.
 - ▶ Cross sections 20 (3/4 star assigned hotels) in Islamabad and Rawalpindi and time period 2010–2015.
 - ▶ This study applied the established Hedonic price model which has widely been used in the literature.
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Econometric Model

▶

▶ $RR_{it} = \beta_0 + \beta_1 str_{it} + \beta_2 chn_{it} + \beta_3 hot_{it} + \beta_4 gdn_{it} + \beta_5 rsv_{it} + \beta_6 cnt_{it} + \beta_7 grd_{it} + \beta_8 cnf_{it} + \beta_9 dst_{it} + \beta_{10} sht_{it} + \beta_{11} out_{it} + \beta_{12} gym_{it} + \beta_{13} avg_{it} + \beta_{14} caf_{it} + \beta_{15} cam_{it} + \beta_{16} pol_{it} + \beta_{17} in_{it} + \beta_{18} bra_{it} + \epsilon_{it}$

VARIABLE	DESCRIPTION	CONSTRUCTION OF VARIABLE
RR	Room rate	Room rate per night for double Bed room in Rawalpindi–Islamabad in rupees (Dependent Variable)
Str	Hotel star	Dummy variable taking value 1 if Hotel has a three/four–star rating and 0 otherwise
Chn	Chain affiliation	Dummy variable taking value 1 if Hotel is associated with a chain and 0 otherwise
Bar	Mini bar	Dummy variable taking value 1 if Hotel has Mini–bar and 0 otherwise
Pol	Swimming pool	Dummy variable taking value 1 if Hotel has Swimming pool and 0 otherwise
Gdn	Garden/terrace	Dummy variable taking value 1 if Hotel has Garden/terrace and 0 othrewise
Rsv	Reservation	Dummy variable taking value 1 if Hotel has online reservation of hotel room and 0 otherwise
Cnt	Location	Dummy variable taking value 1 if Hotel is located within city center 0 otherwise

Grd	No of guards	number of security Guards in hotel
Cnf	Number of conference rooms	number of conference rooms in hotel
Avg	Average number conferences	Average number of conferences held per month in hotel
Caf	Number of cafe	Number of cafés in the hotel
Dst	Distance	Distance to airport (in km)
Egy	Alarm system	Dummy variable taking value 1 if Hotel has alarm system 0 otherwise
Sht	Shuttle bus	Dummy variable taking value 1 if Hotel has shuttle bus service 0 otherwise
Out	Shuttle out of city	Dummy variable taking value 1 if Hotel has shuttle bus service out of city and 0 otherwise
Gym	Fitness room	Dummy variable taking value 1 if Hotel has fitness room and 0 otherwise

Descriptive Statistics of Variables

Variable	Frequency					
	2010	2011	2012	2013	2014	2015
Hotels 4 star	9	9	9	9	9	9
Chain affiliation	9	9	8	8	8	8
Availability of hot tub	17	17	17	17	17	17
Availability of Pool	7	7	6	6	6	6
Garden\terrace	15	15	15	15	16	16
Online Reservation	13	15	17	17	17	17
Location of the hotel	14	14	14	14	14	14
Indian breakfast	7	7	7	7	7	7
Shuttle service(hotel to airport)	14	14	14	14	15	15
Shuttle service (out of city)	6	6	6	7	7	7
Fitness Room	10	10	10	10	10	10
breakfast	15	15	15	15	15	15

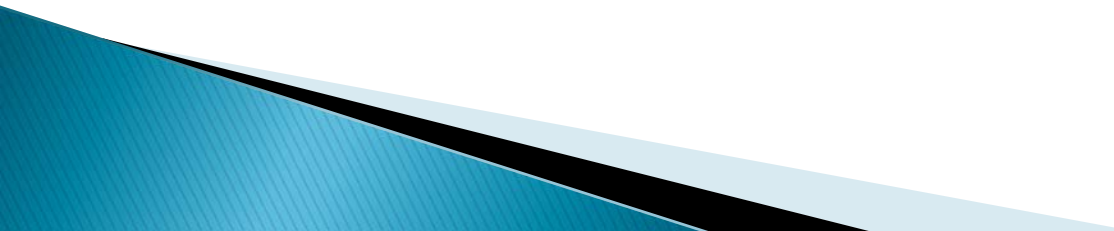
Descriptive Statistics

Name of variables	Unit	Mean	Median	Max	Min
Room rate	Rs per night	13048.9	12543.0	23200	3500
Number of guard	Numbers	44.092	14.00	250.00	3.00
Number of café	Numbers	1.784	2.00	4.00	0.00
conferences held per month	Avg. No.	57.909	25.00	225.00	2.00
Distance from airport	Km	14.690	15.150	21.600	7.300
Number of conference rooms	Numbers	3.650	2.500	13.00	0.00
Number of security cameras	Numbers	32.642	20.00	160.00	0.00
Size of room	Sq. feet	160.00	174.00	300.00	100.00

Estimated regression results of the hedonic pricing model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-5658.842	2459.371	-2.300930	0.0234
Star (STR)	1872.611	653.2548	2.866585	0.0050
CHN (Chain Affiliation)	537.8868	710.5034	0.757050	0.4507
Mini bar(BAR)	352.4869	989.3078	0.356296	0.7223
Garden/terrace (GDN)	2586.903	419.3372	6.169027	0.0000
Online Reservation (RSV)	-803.8354	335.0763	-2.398962	0.0182
Location (CNT)	-3461.882	687.7824	-5.033397	0.0000
Number of guards (GRD)	284.2522	53.46961	5.316146	0.0000
Number of conference rooms (CNF)	9.150945	6.785315	1.348640	0.1804
Distance to airport (DST)	-0.267375	0.483078	-0.553482	0.5811
Shuttle bus (SHT)	4063.451	441.4191	9.205425	0.0000
Shuttle out of city (OUT)	1921.729	431.4378	4.454245	0.0000
Fitness room (GYM)	2581.865	492.6728	5.240527	0.0000
Average number conferences (AVG)	12.77135	5.332526	2.394990	0.0184
Number of café (CAF)	30.87566	11.22027	2.751776	0.0070
Alarm system (EGY)	821.9965	634.1782	1.296160	0.1978
Swimming pool (POL)	2.803704	283.3494	0.009895	0.9921
R-squared	0.657895			
Adjusted R-square	0.642908			

Conclusion

- ▶ Star, garden, café, fitness room, average number of conferences and shuttle bus services have positive statistically significant impact on room rates of hotels.
 - ▶ Online reservation and location of the hotel (within city center) have negative and statistically significant impact on room rates.
 - ▶ Security guards and alarm system have positive relationship with room rates, whereas, security guard is statistically significant.
 - ▶ Distance of the hotel from airport negatively relate to the room rates of the hotels.
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What needs to be done

Providing security would further increase the number tourists.

While constructing the new hotels, the location should be specially focused on which may vary the prices of the room rates.

In designing the hotels, the availability of gardens should be ensured in order to earn more revenue and customer's attraction.



THANK YOU