EE489 : Nattanicha Eiamwattanasin 6004641442

Critical journal: The estimation of hotel room rate and railroad proximity: case of BTS and MRT and it talk about does the room rate that near iBTS or MRT will have to increase room rate or not

From Patson Arayaluck 5604641042

Research Questions

- Does the proximity of the BTS affect the hotel room rate?
- How hotels in different business zone price the room rate?
- How the room rate is volatile between different area?

The reason of this research is they want to know extra amount that they need to pay for the convenience of public transit(BTS and MRT) while staying particular hotel is worth it or not.

In my opinion, In Bangkok, BTS or MRT is not the only choice of transportation. In other word, Taxi, pier or bus may be more convenience and save cost more than takes BTS. So, I need to change the concentrate that given only on BTS or MRT to be all Convenience transit, including taxi pier bus bts and mrt affect the hotel room rate?

Methodology

They collected the data as Cross sectional data, different firm in different time. They observe from 400 hotels which counted from one to five star in a single day on 12 April 2017 to exclude seasonal effect. And The all price informations come from Agoda website.

Recommendation, The price from Agoda is quite fluctuate and unpredictable because Agoda also charge around 20-30% from hotel and sometime they launch promotion by themselves which depends on condition agreement. So, it is better to collect data directly from Hotel website to prevent “measurement error problem”(collect the bias or wrong data). The day that they collect the data also be high season and peak holiday. So, it is difficult to conclude.

They use Hedonic room price specification as a theoretical in this research, It’s like identify the pricing factor according to the fact that price is determined different character. The dependent variable (room price) given that independent variable (Distance to BTS and MRT ,Distance to other public transportation, Star rating, Facilities, chain hotel, area)are fixed. I love the source that explain why they choose this variable to be considered. But the 5 zones that they uses intercept with CBD too much, it’s hard to clarify the variable obviously. 2 variables that they separate, CBD and the 5zones, being over intercept and lead to be bias. Thus I want to spread the zone to out of the center like Lat-prow or Pinklao also.

Using only OLS regression method, but add on by Log linear regression to intrinsic value of pricing factor to the change in percentage change of hotel room rate. The data collect as Cross sectional data which define as Heteroscedasticity. Then I'm not sure that it violates the OLS assumption or not, I suggest to test first as double check or use the two stage OLS or FGLS method to be more confirm.

The estimated result shown that the value R-square for this model is 0.771 which mean that this model is the good fit .For distance to BTS and MRT the estimated result implies that with every 1 km away from BTS or MRT the rate would decrease by 5.39 percent and 4.64 percent, for other variables such as the facility mostly are significant to the room rate since those variables are the internal factor of the hotel.

The result, their explanation is not quite reasonable. Pier variable shows the most significant among the transportation choice instead of BTS or MRT. They claim that it may because of hotel with river view, But it may be the most convenience transit. CEN(central business district) represents very low significant since it overlaps with 5 zones that they are separate. This may lead to the not good fit model.