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Factors affecting hostel pricing

Part 1

This study aims to investigate the impact of the variety of factors that may have an impact on the prices charged for the hostel rooms in Bangkok to get a better understanding on the pricing behavior of these hostels. This study will solely focus on the hostel sector using the basic idea from the previous study in which room prices were usually linked to the availability of hotel items or service that would influence the hotel quality and the quality that would influence a customer's willingness to pay but for this study will also explore the additional factors that may have influence on these hostels as well.

The data will be collected randomly from the booking.com in a total of 200 observations out of all 451 hostels available online from eight different locations of the most popular place to stay among tourists while 52 percent is dormitory type and 48 percent is private room and will be using the Hedonic Pricing model to explain the pricing behavior from these collected data. The study will be restricted to a single weekday in the month of October 2018 to avoid seasonality bias. The collected data will be analyzed using the Regression Analysis method. Multiple regression analysis is used to determine factors affecting hostel pricing. The regression model was, therefore, developed as follows:

$$\begin{aligned} \widehat{PRICE} = & \beta_0 + \gamma_1(TYPE) + \gamma_2(NEIGHBORHOOD) + \gamma_3(FACILITIES) \\ & + \beta_1(NBED) + \beta_2(NHOSTEL) + \beta_3(DISTANCE) + \beta_4(RATING) \\ & + \beta_5(SCORE) + \varepsilon \end{aligned}$$

According to the result, the two room types found that dormitories have substantially lower price than private rooms and it shows that location, restaurant and facilities are statistically significant with positive impact on the price of hostel. Looking at the report correlations among review scores, overall has high correlation with other score variables except location. Additionally, the low correlations between location and other scores may imply that hostels in less-prime location usually puts more effort on other types of services to stay competitive. What the study have found is the significant effect of number of nearby hostel and score for value for money is fairly new to the research field. Number of hostels is statistically significant at 99 percent confidence interval. The coefficient suggests that more hostels nearby, in this case 1 kilometer, decreases the price of the hostel. Which can be said that more competition pushes down the price. Value for money score has a negative effect on room rates. The higher the score means less expensive the hostel priced, so the coefficient implies value score is also a key element in price markups.

Part 2

From my opinion, I do find this research very interesting and helpful by providing new insight to the supply side of this upcoming hospitality industry. This research helps suppliers to gain a better understanding on the factors that may have the significant influence on the price charges regarding both internal and external factors. The data were collected at the appropriate sample size and used a suitable method of multiple regression to analyze and determine factors affecting hostel pricing which in conclusion, it gave the convincing result of the factors that have the most significant impact on the price changes.