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The contribution of view to the price of touristic accommodation: a hedonic price model

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Résumé / Summary

The view from the hotel rooms is a characteristic that affects their price, because visitors are willing to pay a premium for this specific "good", attributing it, thus, an economic value. This value is directly linked to the aesthetic value of the natural environment, which is one of the key components of the cultural services that a touristic ecosystem offers (MEA, 2005). In this context, the current study attempts to specify the economic value of the sea view, and of the view in general, as it is reflected in the price of tourist accommodation. To do so the research uses the methodology of hedonic price modelling.

Hedonic price models enables us to identify the implicit prices of utility generated by the various specific qualities of hotel rooms. These models assume that hotel visitors appreciate the multiple characteristics of their prospective accommodation and weigh various combinations of these characteristics in reaching their decisions. Indeed, the presence or absence of desirable elements, such as central location, availability of internet services and hotel star rating, are usually expected to influence hotel room rates. But since room rates are commonly presented as a package price, and not broken down to prices of specific characteristics, customers cannot specify how much they pay for each one of these elements and on that basis are unable to compare specific room attributes among hotels and as such to make better informed decisions.

For the requirements of the current study, the application of the hedonic price method was carried out in the coastal area of Thessaly region, both continental and island, during the September-October tourist season of 2016. For this reason, we collected data on prices and characteristics of 626 rooms, including the sea and

mountain views, which were available online from the site Booking.com. The research concludes that the sea view in particular and the view in general, determine the price of tourist accommodation, giving a competitive advantage to the tourist industry in the area. Apart from the view, other characteristics that found to significantly affect tourist accommodation prices is the class of the premise (hotel star rating) and the rating/review given by the visitors.

Keywords: room view, tourist accommodation, Thessaly, hedonic price modelling

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