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ENVIRONMENTAL SUSTAINABILITY MEASURES AND THEIR IMPACTS ON HOTEL ROOM PRICING IN ANDALUSIA (SOUTHERN SPAIN)

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Abstract

The purpose of this paper is to analyze the impact on rooms pricing of environmental management practices in the hotels of Andalusia (Southern Spain). Empirical evidence is obtained using a database that was created as part of the project Quality, Productivity and Competitiveness in the Hospitality Industry for Andalusia (PO7/SEJ-02889). From this database, we use a sample statistically representative of hotels in the region and applied a hedonic pricing model. The main reason for using this model is based on that Hotel accommodation is characterized as having multiple attributes and values and therefore hedonic pricing analysis provides better results than any other techniques. The results from the regression analysis show that room prices increase when the quality of hotel services is improved by implementing environmental sustainability measures. This means that consumers positively value the implementation of environmentally sustainable measures because, by increasing its utility, they are willing to pay a premium price for the service provided. Our results may have important implications at the corporate level. In this sense, the positive response of consumers towards improving environmental measures may be an incentive to invest in those measures.

Key words: hospitality, pricing, revenue per room, sustainability

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