

## **Hotel Prices and Customer Perception of Rate Fairness: ANALYTICAL STUDY APPLIED TO FIVE STAR HOTELS IN CAIRO**

### **Abstract**

Recent studies have shown that online travel purchasers tend to be price driven, it is claimed that among ten travelers, more than half of them seeking the lowest prices of services and most buyers are pulled by online discounts to buy travel services.

Furthermore the model of price discrimination or differential pricing provides an important analytical insight into discriminatory pricing practices. According to that model, prices charged by hotels are not usually proportional to the marginal costs incurred in producing the service. The hotels adjust their prices according to customer, location or product, and purchase volume....etc.

Many hotels are reluctant to implement differential pricing because of potential customer backlash. If customers believe that increased prices are not based on cost increases or changes in market conditions, they may view it as unfair practices. Therefore, this study focuses on answering the question of how a hotel can charge different prices without risking customer perceptions of unfairness. The study uses a questionnaire form to collect research data from the customers of the five star hotels in Cairo. A total number of 120 usable responses were collected. Linear regression was used to test the causal relationships between variables.

**Keywords:** Rate fairness, rate consistency, rate transparency, rate reference, hotels