How room rates drive occupancy: A case study from The Laguna, a Luxury Collection Resort & Spa, Nusa Dua

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ABSTRACT

The occupancy rate is a critical indicator of success for hotels, serving as a gauge of the proportion of rooms sold relative to the total available inventory, and is typically assessed on a daily, monthly, and annual basis. For hotels striving to optimize both room occupancy and revenue, the execution of a strategically designed marketing mix is paramount, with pricing as a central component. Establishing an optimal price point is a significant challenge for hotel management; the price must be calibrated to avoid perceptions of being excessively low or high by consumers, while simultaneously ensuring profitability and competitive positioning. Recognizing this, errors in pricing strategy can have a profound impact on a hotel's occupancy rate. This study aims to investigate the relationship between room rates and occupancy at The Laguna, a Luxury Collection Resort & Spa. The research employs secondary data encompassing room prices and occupancy rates and utilizes a comprehensive suite of analytical techniques—including classic assumption tests, simple linear regression, correlation coefficient analysis, determination coefficient analysis, and t-tests—facilitated by SPSS version 25 software. The findings reveal a statistically significant relationship between room pricing and occupancy rates. Notably, the determination analysis suggests that room rates exert a substantial 64.60% influence on room occupancy, while the remaining 35.40% is attributed to other factors not examined in this study, such as product and service quality, and promotional strategies.

Keywords:
Occupancy Rate
Hotel Performance
Pricing Strategy
Marketing Mix

1. INTRODUCTION

Nowadays the hospitality industry finds itself in a competitive landscape to sell their products and services. Among the accommodation services, villas have become an increasingly popular choice for accommodation, supporting the flourishing tourism activities. This is markedly evident in Bali, where rapid development has led to intensifying business competition (Pitanatri et al., 2022). Yet, the past three years have been dominated by the

unprecedented challenges of the Covid-19 pandemic, which has significantly hampered business growth due to government-imposed restrictions on social activities.

In late 2022, the government officially lifted these restrictions, marking a significant transition period for businesses (Wijaya et al., 2023). Hotels, in particular, saw this as an opportunity to recuperate and improve their performance. One such establishment is The Laguna, a Luxury Collection Resort & Spa, a five-star hotel located in the ITDC Nusa Dua area. During this transitional phase, The Laguna began to rejuvenate and enhance its performance. To succeed in the competitive hotel industry, the resort needed to implement strategic measures, with a particular focus on room pricing.

Effective pricing strategy is essential for survival amidst intense competition, and it plays a vital role in maximizing profits, sales, and achieving desired returns on investment. Therefore, any missteps in pricing could significantly impact a hotel's occupancy rate (Annishia & Prastiyo, 2019; Nalle et al., 2022) Pricing strategy involves setting prices that align with consumers' expectations while considering product quality and consumer purchasing power (Astuti & Muhajirin, 2022). Service providers need to understand the perceived luxury value of their premium products to increase sales levels and provide high-quality service (Becerra et al., 2013; Nair, 2019).

Premium pricing, a deliberate alteration of a product or service's price to shape consumers' perception based purely on price, is a critical tool. It can help hotels withstand competitors without compromising quality. Premium pricing creates a psychological association with luxury, with consumers willing to pay more for offerings that meet their desires and current conditions (Beerli-Palacio et al., 2020) When demand is high, hotel management should strive to maximize sales at high prices by restricting the sale of lower-priced rooms and accommodating fewer short-term stays. Conversely, during periods of low demand, room sales should be maximized by offering promotional prices (Juhari, 2016). This approach, called dynamic pricing, is an effective way for hotels to optimize room occupancy and revenue simultaneously (Cahyani et al., 2020).

Looking into many approach in pricing, The Laguna, a Luxury Collection Resort & Spa in Nusa Dua, confronts the critical task of devising an optimal room pricing strategy to sustain healthy occupancy rates. The aftermath of the COVID-19 pandemic and the recent lifting of government restrictions have added layers of complexity to this challenge. This research posits the following specific question: How does the room pricing strategy at The Laguna Resort & Spa impact its occupancy rates, and what modifications, if necessary, should be implemented to this strategy to maximize occupancy while maintaining the resort's perceived luxury value?

The cornerstone of this research is a thorough evaluation of the current pricing strategies employed by The Laguna Resort & Spa. The initial phase of the research will entail a comprehensive examination of the mechanisms underpinning the resort’s room pricing. This will include an exploration of the criteria and variables that dictate these prices, the degree of flexibility embedded within these pricing structures, and the alignment of these prices with the perceived value they represent to potential guests.

A significant facet of this evaluation will encompass a rigorous analysis of the resort's historical and current data, employing quantitative methods to assess the correlation between its room pricing and occupancy rates. This in-depth analysis aspires to ascertain whether, and to what extent, fluctuations in room pricing have historically influenced occupancy rates at the resort.

Based on this thorough evaluation, the research aims to culminate in concrete, actionable recommendations. These will be devised to guide The Laguna Resort & Spa in potentially recalibrating its pricing strategies to achieve two concurrent objectives: optimizing occupancy rates while sustaining or elevating the guests' perception of value and luxury. These recommendations will be grounded in empirical evidence and tailored to the unique context of The Laguna, taking into account both its luxury status and the specific characteristics of the Balinese hospitality market.

2. LITERATURE REVIEW

Hotel Performance

Hotel performance is a crucial area of focus in the hospitality industry. It acts as a barometer for a hotel's operational and financial health, providing insights into various aspects of the business (Oktavio, 2017). Performance is a management tool used to assess and observe the progress achieved over a certain period of time. It is a measure of the effectiveness and efficiency of actions. In the context of a hotel, performance is conceptualized as the relationship between input and output (Kharisma et al., 2020; Komang et al., 2021). Inputs can include resources such as labor, capital, and materials used in the hotel's operations, while outputs can be the services provided to guests, such as accommodation, food and beverage services, and other ancillary services.

Nair (2019) provides a more specific framework for assessing hotel performance from a financial perspective. Several key performance indicators (KPIs) are highlighted to offer a comprehensive picture of a hotel’s financial viability. The Revenue Per Available Room (RevPAR) stands as a standard performance metric in the hotel industry. Calculated by dividing the total room revenue by the number of available rooms, RevPAR provides insights into the hotel's ability to fill its available rooms at an optimal price. Closely related yet distinct is the Total Revenue Per Available Room (TrevPAR). Unlike RevPAR, which focuses solely on room sales, TrevPAR considers all revenues generated by the hotel, including those from other departments such as food and beverage, spa services, and more.

Payroll Margins are introduced as a critical metric, indicating the ratio of payroll costs to total revenue. This KPI is pivotal in assessing the efficiency of labor cost management within the hotel. The Gross Operating Profit Per Available Room (GOPPAR) is highlighted as a profitability metric that reveals the gross operating profit generated per available room. It plays a crucial role in assessing the overall operational efficiency and profitability of the hotel.

Further, General Repairs & Maintenance Cost is an indicator that shows the costs associated with maintaining the hotel's physical assets. This KPI is essential for understanding

the ongoing costs required to maintain the hotel's standard of quality. The Fixture and Fitting Replacement Cost is another vital metric, tracking the costs associated with replacing fixtures and fittings in the hotel. This KPI can significantly aid hotel managers in planning for capital expenditure and budgeting.

In terms of occupancy, the Room Occupancy Rate is identified as a direct indicator of the hotel's ability to sell its primary product—its rooms. It is calculated as the percentage of available rooms that are occupied over a specified period. Lastly, the Average Daily Rates (ADR) are defined as a KPI that reflects the average price that guests pay for rooms. It is calculated by dividing the total room revenue by the number of rooms sold and serves as a notable indicator of the effectiveness of the hotel's pricing strategy.

By monitoring these KPIs, hotel managers can gain a comprehensive understanding of the hotel's financial performance, identify areas for improvement, and make informed decisions to enhance the hotel's profitability and guest satisfaction.

Room Occupancy Rate

The room occupancy rate is a key performance metric in the hotel industry. It is calculated as the percentage ratio between the average number of rooms sold over a specific period and the total number of rooms available (Lee et al., 2019). This ratio provides a measure of how effectively a hotel is able to fill its rooms. In the context of hospitality, the room occupancy rate plays a vital role as it is an essential metric for assessing the success of the industry (Blengini & Heo, 2020). Higher occupancy rates often indicate a thriving tourism sector, as it suggests that more tourists are visiting the area and making use of hotel accommodations.

From a hotel's financial perspective, a high room occupancy rate can significantly contribute to the hotel's profits and income. The rationale behind this is that the room is the primary product of a hotel, and selling this product constitutes the main source of revenue for the hotel. Notably, rooms tend to provide the highest profit margin compared to other hotel products such as laundry services, bars, restaurants, and room services (Guo et al., 2013).

This is because, for many of these additional services, the cost of sales is relatively high, reducing the overall profit margin. For instance, a hotel restaurant must account for the cost of ingredients, labor, and overheads when pricing their meals. In contrast, once a hotel room is ready for occupancy, the costs associated with selling the room (such as cleaning and maintenance) are relatively low, leading to a higher profit margin.

However, it's worth noting that while a high occupancy rate can lead to increased profitability, it's not the only factor to consider. Hotels must also consider the rates at which rooms are being sold (the average daily rate or ADR), as selling more rooms at lower rates may not necessarily lead to increased profitability. A balance is compulsory while maintaining a high occupancy rate and achieving an optimal room rate (Budiasa & Pitanatri, 2015; Soler & Gémar, 2016).

The room occupancy rate is the percentage ratio between the average number of rooms sold over a certain period and the number of rooms available (Kharisma et al., 2020). The room occupancy rate has become one of the performance metrics used by the tourism industry. A high room occupancy rate of a hotel can provide high profits and income for that hotel. This is because rooms, as the main product, provide the highest profit margin compared to other hotel products such as laundry, bars, restaurants, room services, and so on (Annishia & Prastiyo, 2019; Illescas-Manzano et al., 2023; Noone & Mattila, 2009).

Factors that can affect the room occupancy rate are hotel characteristics, internal factors, and external factors (Blengini & Heo, 2020; Jang et al., 2019). Thus, it can be concluded that all these factors can affect the room occupancy rate, and if not taken into account, can cause problems with the occupancy rate that can also affect a hotel's income.

Pricing

Price is an important element, both for the company in influencing consumers and for the company in surviving competition (Setiawan, 2020). Room pricing is a crucial element in a hotel, and price is one of the factors related to hotel performance (Beerli-Palacio et al., 2020). Most hotel industries use revenue management tools to implement strategies in pricing to

maximize room occupancy and hotel revenue. According to Ivanov (2014:98), there are several nuanced strategies in pricing that are prevalent in the hotel industry, each designed to address different aspects of consumer behavior and market dynamics.

Firstly, there is Price Discrimination, a strategy that involves charging different prices to different consumers for the identical product or service. This approach is intricately designed, taking into account an array of factors such as consumer willingness to pay, time of booking, and market demand. By employing price discrimination, hotels can optimize their revenue and improve room occupancy rates, effectively tailoring prices to individual consumer profiles. Secondly, Ivanov introduces Dynamic Pricing, a nimble strategy where prices are adjusted in real-time based on current supply and demand conditions. When demand escalates, prices follow suit, increasing in response; conversely, when demand wanes, prices are reduced. This flexible pricing strategy enables hotels to maximize their revenue and occupancy rates, especially during periods of fluctuating demand.

The Lowest Price Guarantee emerges as another distinct strategy. This involves a promise to customers that they will not find a lower price for the same room on any other booking platform. Far from a mere marketing tactic, this strategy is carefully designed to build customer loyalty and trust. It serves as an incentive for guests to book directly with the hotel, which, in turn, can significantly reduce commission payments to third-party booking sites, as highlighted by Ivanov (2014).

Lastly, Ivanov (2014) draws attention to the critical role of Price Presentation—the manner in which prices are displayed or communicated to potential customers. This aspect, though seemingly straightforward, can exert a significant impact on consumers' perception of value and their ultimate purchasing decisions. For instance, hotels might choose to display prices per night rather than per stay to make costs appear more manageable. Alternatively, they might opt to show the total price, including all fees and taxes upfront, to foster transparency and trust. Each of these strategies, as delineated by Ivanov, plays a unique and critical role in the complex tapestry of hotel pricing, reflecting the multifaceted nature of this essential aspect of hotel management.

Pricing is a complex element that plays a significant role in hotel performance. Effective pricing strategies, such as price discrimination, dynamic pricing, lowest price guarantee, and clear price presentation, can help hotels optimize their room occupancy rates and overall revenue. However, these strategies must be carefully managed, considering both internal and external factors to ensure success.

3. METHODOLOGY

This research utilizes a quantitative descriptive method to assess the influence of room pricing on the occupancy rate at The Laguna, a Luxury Collection Resort & Spa. The intent is to provide an in-depth understanding of how pricing strategies impact the hotel's ability to maximize room occupancy.

The study's primary focus is on the previously established room pricing and its relationship with the occupancy rate. The room pricing refers to the amount charged by the hotel for room reservations, which can significantly influence consumer behavior and hotel occupancy. On the other hand, the occupancy rate represents the proportion of occupied rooms in the hotel over a specific period, serving as a crucial metric for gauging hotel performance (Becerra et al., 2013; Blengini & Heo, 2020)

The data collection technique employed in this study is a documentation study, which involves the use of secondary data. This secondary data pertains to the established room prices and the corresponding occupancy rates at The Laguna. The use of secondary data provides a more comprehensive understanding of the relationship between room pricing and occupancy rates, as it encompasses a vast range of information gathered over an extended period (Beerli-Palacio et al., 2020; Guo et al., 2013). In addition to the documentation study, this research also utilizes a literature review to gain insights from previous studies. The literature review allows for a broader understanding of the subject by examining the findings and methodologies used in prior research (Acharya et al., 2023; Levy & Ellis, 2006). It helps in identifying gaps in the existing literature, which this study can subsequently address.

To ascertain the impact of room pricing on occupancy rates, various data analysis techniques are used. These include classical assumption tests, simple linear regression analysis, correlation coefficient analysis, determination coefficient analysis, and t-tests. These techniques enable the researchers to systematically analyze the data and draw robust conclusions about the relationship between room pricing and occupancy rates. All of these data analysis procedures are using the SPSS version 25 software program.

4. RESULTS AND DISCUSSION

Room Night Sold and Data Transformation

The first step of data analysis is to measure Room Night Sold at The Laguna, a Luxury Collection Resort & Spa Nusa Dua from 2020 to 2022. The data on Room Night Sold represents the total number of rooms sold each month, which will later be divided by the number of available rooms and multiplied by 100% to obtain the occupancy rate for each period. On the other hand, the average room rate is obtained from the predetermined prices of the rooms sold within a one-month time frame.

Table 1. Room Occupancy and Average Room Rates 2020-2022

2020		2021		2022	
Room Night Sold	Average Room Rate	Room Night Sold	Average Room Rate	Room Night Sold	Average Room Rate
7.541	4.213.742	352	1.331.061	425	2.304.216
5.826	2.178.000	433	2.178.000	298	1.963.557
3.312	2.420.000	757	2.815.061	621	2.636.658
211	2.541.000	457	2.546.231	709	2.177.838
258	2.404.000	812	2.723.465	1.772	2.569.915
238	1.631.000	845	2.254.234	1.588	2.614.771
253	1.473.820	1.776	2.586.750	3.468	2,657,122
248	1.386.200	1.752	2.786.749	3.219	3,423,030
206	1.827.360	1.783	1.957.692	3.835	2,595,754
353	2.156.728	2.122	2.423.494	3.672	2,880,237
329	2.585.390	4.967	2.898.049	6.209	6,156,370
2.596	2.863.000	5.234	3.343.453	6.918	4,862,357

Source: The Laguna, a Luxury Collection Resort & Spa Nusa Dua (2023)

The next step is to conduct data transformation. Data transformation is a method to normalize data by converting the original measurement scale into another form that still retains

the same values, enabling the data to meet the classical assumption test criteria (Ghozali, 2016). Data transformation was carried out using logarithm mathematics to find the average room rates and room occupancy rates through SPSS version 25. Table 2 below presents the results of data transformation for two different types of data with the same measurement scale using mathematic logarithm.

Table 2. Data Transformation of Room Occupancy and Average Room Rates 2020-2022

Month	Data transformation					
	2020		2021		2022	
	Log x	Log Y	Log X	Log Y	Log X	Log Y
January	3.88	6.62	2.55	6.12	2.63	6.36
February	3.77	6.34	2.64	6.34	2.47	6.29
March	3.52	6.38	2.88	6.45	2.79	6.42
April	2.32	6.41	2.66	6.41	2.85	6.34
Mei	2.41	6.38	2.91	6.44	3.25	6.41
June	2.38	6.21	2.93	6.35	3.2	6.42
July	2.4	6.17	3.25	6.41	3.54	6.42
August	2.39	6.14	3.24	6.45	3.51	6.53
September	2.31	6.26	3.25	6.29	3.58	6.41
October	2.55	6.33	3.33	6.38	3.56	6.46
November	2.52	6.41	3.7	6.46	3.79	6.79
December	3.41	6.46	3.72	6.52	3.84	6.69

Source: Research Result (2023)

Classical Assumption Test

Normality Test

Table 3. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		36
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	620756.75222582
Most Extreme Differences	Absolute	.118
	Positive	.118
	Negative	-.090
Test Statistic		.118
Asymp. Sig. (2-tailed)		**.200[c,d]**

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source: Research Result (2023)

The normality test used in this research is the Kolmogorov-Smirnov test. This test is employed to determine whether the population data is normally distributed or not. Results of the normality test is shown on Table 3. From Table 3 above, it can be observed that the result of the normality test using the Kolmogorov-Smirnov shows a value of 0.200. Data can be considered normal when the significance value is greater than 0.05. Based on this, we can conclude that the data used in this study meets the normality test criteria.

Heteroscedasticity Test

The heteroscedasticity test is utilized to examine whether the variances of the residuals of observations are equal or not. A good regression model should not exhibit heteroscedasticity. In this study, the researcher used the Scatterplot method to assess heteroscedasticity.

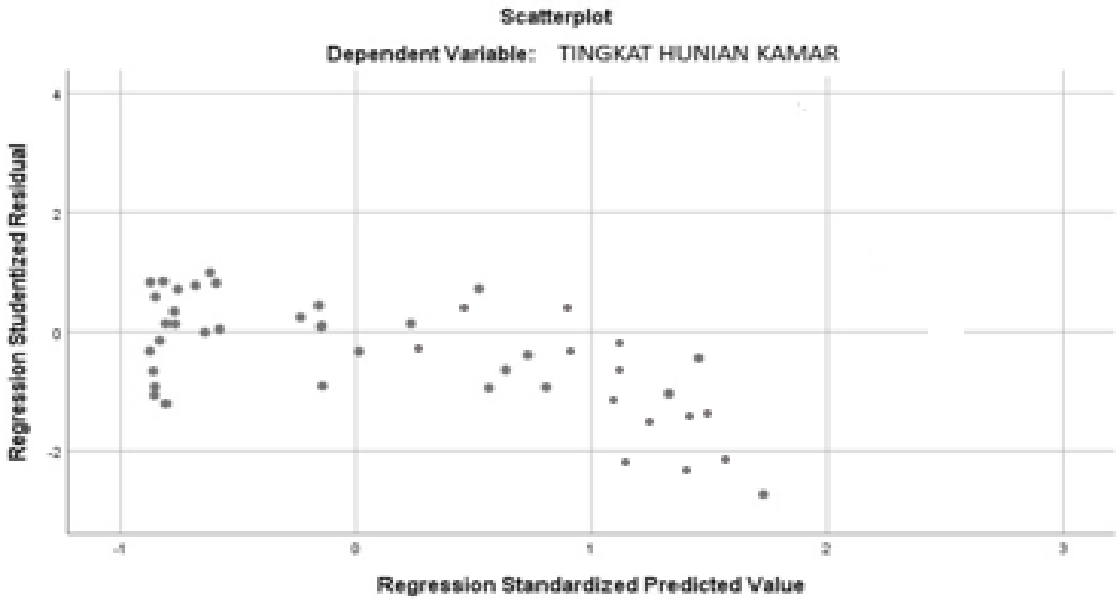

Figure 1. Scatterplot
Source: Research Results (2023)

Based on Figure 1 above it can be observed that the distribution of plots is scattered randomly and does not form any specific pattern, waves, or wide and narrow spreads. Based on this observation, it can be concluded that there is no presence of heteroscedasticity in the data used in this study.

Autocorrelation Test

A good regression model should have no autocorrelation. The Durbin Watson test was conducted, yielding a result of 1.530. With a sample size of 36, and using data from the period 2020-2022, the du value is 1.525 based on the autocorrelation test table. The Durbin Watson value of 1.530 lies between Du (1.525) and 4-Du (2.476), indicating the absence of autocorrelation in the research data. Result is shown on Table 4 below.

Table 4. Autocorrelation Test

Model Summary[b]					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	.739[a]	.646	.532	52.221	1.530

a. Predictors: (Constant), Room Rate

Source: Research Result (2023)

Simple Linear Regression Analysis

The purpose of the simple linear regression analysis is to determine the influence of the independent variable on the dependent variable. The results of the simple linear regression are presented in Table 5 below.

Table 5 Simple Linear Regression Analysis

Model		**Unstandardized Coefficients**		**Standardized Coefficients**
		B	Std. Error	Beta
1	(Constant)	-2.225	7.693	
		.022	.000	.739

Source: Research Result, 2023

Based on Table 5 it is evident that the constant value (a) is -2.225, and the coefficient value (b) is 0.022. A positive value indicates a positive influence. Thus, the regression equation formed is Y = -2.225 + 0.022x, resulting in a simple linear regression line:

a. The constant value, a = -2.225, implies that if the room price is set to zero or not considered, the occupancy rate will decrease by -2.225.
b. The coefficient value, b = 0.022, indicates that for every one-unit increase in room price, the occupancy rate will increase by 0.022.

T-test

The t-test is used in this study to assess the partial influence of the independent variable on the dependent variable. Decisions are based on comparing the t-value and the critical t-value, as well as the significance level.

Table 6. T Test Coefficients [a]

Model		t	Sig.	Collinearity Statistics	
				Tolerance	VIF
1	(Constant)	-3.254	.003		
	Room Rate	6.388	.000	1.000	1.000

Source: Research Result (2023)

Based on the significance level, if the value is > 0.05, it indicates no significant influence, while if the value is ≤ 0.05, it indicates a significant influence. Comparing the t-value and the critical t-value, if the t-value > critical t-value, there is a significant influence, while if the t-value < critical t-value, there is no significant influence. The critical t-value is calculated using the formula:

Degrees of freedom (DF)

Df = n - k

Df = 36 - 2

Df = 34

Critical t-value = 1.684

Based on Table 6, it can be observed that the significance value (sig) is 0.00 and the t-value is 6.388. As the significance value (0.00) is less than 0.05, and the t-value (6.388) is greater than the critical t-value (1.684), it indicates that the room rate significantly influences the occupancy rate.

Correlation Coefficient Analysis

The correlation analysis aims to investigate the relationship between two variables and measure its strength. In this study, the analysis examines the correlation between Room Rate (X) and Occupancy Rate (Y) using the correlation coefficient (R) analysis.

Table 7. Correlation Coefficient Analysis

Model Summary [b]				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.739[a]	.646	.532	52.221

a. Predictors: (Constant), Room Rate

b. Dependent Variable: Room Occupancy

Source: Research Result (2023)

Based on the results in Table 7 above, the correlation coefficient (R) value is 0.739 or 73.90%, indicating a relationship between the independent variable, Room Rate (X), and the dependent variable, Occupancy Rate (Y).

Coefficient of Determination Analysis

The coefficient of determination analysis aims to determine the extent of the influence of variable X on variable Y. Correlation analysis aims to investigate the relationship between two variables and measure its strength (Juhari, 2016).

Table 8. Coefficient of Determination Analysis

Model Summary[b]				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.739[a]	.646	.532	52.221

a. Predictors: (Constant), Room Rate

b. Dependent Variable: Room Occupancy

Source: Research Result (2023)

Based on Table 8 above, the R-square value is 0.646 or 64.60%, indicating that the independent variable, room price, has a 64.60% influence on the occupancy rate. The remaining 35.40% is influenced by other variables not tested in this study, which means the influence falls into the strong classification. If the coefficient of determination falls between 60% to 79.9%, it is considered strong (Sugiyono, 2018). The coefficient of determination in this study is 64.60%, indicating a strong influence of the independent variable on the dependent variable.

Discussion

Based on data analysis and the presentation of the results, it is evident that room pricing significantly influences room occupancy at The Laguna, a Luxury Collection Resort & Spa. This conclusion is drawn from the t-test results, which indicate a significance of 0.00 and a t-statistic value of 6.388. These results show that room pricing significantly impacts room occupancy, as the significance value of 0.00 is less than 0.05, and the t-statistic value of 6.388 is greater than the t-table value of 2.021. These criteria affirm that the dependent variable (room occupancy) is significantly influenced by the independent variable (room pricing). The coefficient from the simple linear regression analysis is 0.022 with the equation Y = -2.225 + 0.022x, meaning that for every unit increase in room price, the room occupancy rate increases by 0.022. These results align with studies conducted by Cahyani et al. (2020), Sukmana et al. (2019) and Juhari (2016), which all found a significant relationship between room price and room occupancy.

The correlation coefficient (R) test shows a value of 0.739 or 73.90%, indicating a significant relationship between the independent variable of room pricing and room occupancy. The Coefficient of Determination test (R2) reveals a result of 0.646 or 64.60%, suggesting that room pricing contributes 64.60% to the room occupancy rate, while the remaining 35.40% is influenced by other factors not tested in this study. These other independent variables could include aspects such as product, service quality, and promotion.

In summary, the problem statement has been answered in line with the proposed hypothesis. As room prices increase, so does the occupancy rate. This outcome is supported by pricing theories from Nalle et al. (2022) and Ivanov (2014:100), which suggest that as room prices increase, so does the room occupancy rate. This is because high room prices indicate a high occupancy level, and thus a lower room availability, resulting in higher room prices when occupancy is high. This pricing strategy is also known as dynamic pricing, where hotels can maximize room occupancy through prices offered based on demand and occupancy

Furthermore, The Laguna Resort & Spa is a luxury category hotel under Marriott International, offering luxury products where consumers derive value from purchasing luxury

products without considering the price. This statement is supported by Bilge (2015), who claim that luxury products provide high quality, creating high satisfaction. Consumers often perceive luxury products as having superior features and performance compared to non-luxury products, even before making a purchase.

Based on the results of this study, it can be concluded that room pricing significantly influences the room occupancy rate. The positive coefficient value of 0.022 from the simple linear regression analysis implies that for every unit increase in room price, the room occupancy rate increases by 0.022. The t-test results further corroborate this conclusion, showing that room rate significantly impacts the room occupancy rate, as the t-statistic value of 6.388 is greater than the t-table value of 2.021. This research indicates that room pricing accounts for 64.60% of the influence on the room occupancy rate, a substantial impact based on the coefficient of determination test. The remaining 35.40% is attributed to other variables not investigated in this study.

5. CONCLUSIONS

This study contributes to the existing body of knowledge regarding the relationship between room pricing and occupancy rates in the hotel industry. It empirically validates previous theories suggesting a positive relationship between these two variables. The findings provide a quantifiable measure of the impact of room rate on occupancy rates, thus enriching academic discussions on hotel revenue management and pricing strategies.

Despite its contributions, this study has some limitations. Firstly, it focuses on a single luxury hotel in Nusa Dua, which may limit the generalizability of the findings to other hotels or different contexts. Secondly, the study only considers room pricing as the influencing factor on occupancy rates, while there are many other factors such as service quality, customer satisfaction, location, and promotional activities that can also impact occupancy rates. Finally, this study uses secondary data, which may not fully capture the complexity and nuances of the hotel's pricing strategies and decision-making processes.

Future research should consider expanding the scope of this study by including a larger sample of hotels from various segments and geographical locations. This will enhance the generalizability and applicability of the findings. Additionally, future research could examine the influence of other factors on occupancy rates, such as service quality, customer satisfaction, and promotional activities. This would provide a more comprehensive understanding of the factors influencing hotel occupancy rates. Moreover, the use of primary data collection methods such as surveys or interviews could provide deeper insights into the decision-making processes and strategies employed by hotels in setting room prices. Finally, an examination of the impact of dynamic pricing on other performance indicators such as customer satisfaction and loyalty would be an interesting area to explore in future studies.

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