

Intermediaries and quality uncertainty: evidence from the hotel industry

Abstract.

In this paper we test the intermediaries' role in the resolution of quality uncertainty between buyers and final sellers. Specifically, we focus our analysis on the distribution of the accommodation capacity in the Balearic Islands. The empirical results support our theoretical hypotheses by showing that reliance on an intermediary (a tour operator, a travel agency) in the distribution of the accommodation capacity of a hotel establishment is: (i) higher for high quality hotels (that face more acute problems from asymmetric information), (ii) lower for establishments belonging to large and reputable hotel chains (that themselves are capable of building their own reputation and brand name); and (iii) lower for hotels with a high amount of repeat visitors (who already enjoy reliable information about the hotel characteristics).

Keywords: asymmetric information, reputation, tourism.

JEL codes: L14, L15, L83.