

Constructing composite leading indicator for Hotel industry

ABSTRACT

Hong Kong hotel industry contributes significantly to international tourism and domestic tourism, foreign exchange earnings, employment, and economic growth. However, hotel occupancy rate is highly volatiles as a result it is difficult for the hotel management to manage their resources. During positive growth period resources are in relatively high demand while in contraction periods resources are less demand. For the purpose of capital investment, strategic planning and resources allocation, in order to minimize risk due to the changes in the hotel occupancy growth rates, the hotel management needs an early prediction of turning points such as peaks and troughs. This study predicts turning point by constructing a composite leading indicator for hotel industry and used the available composite leading indicator such as business survey Index and OECD composite leading indicators as comparison.

Key Words: Hotel occupancy, Economic indicators, Time series modeling