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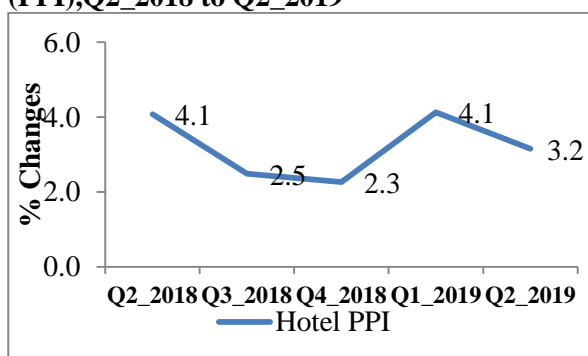
HOTEL PRODUCER PRICE INDEX FOR SECOND QUARTER (APR - JUN, 2019)

HIGHLIGHT

The Annual Producer Price increased by 3.2 percent

The Annual Producer Prices for Hotels increased by 3.2 percent compared with an increase of 4.1 percent in the same period 2018.

Fig1: Annual Changes in Hotel Price Index (PPI),Q2_2018 to Q2_2019



Major Contributors to the 3.2 percent Annual increase

The 3.2 percentage increase was attributed by the prices of following product:

- Accommodation increased by 3.6 percent mainly due to a rise in prices of Standard Rooms (13.1 percent), Sea View (19.9 percent) and Other Rooms (13.9 percent).
- Beverages increased by 0.2 percent mainly due to a rise in price of Soft Drink-Water (12.6 percent), Beer (6.7 percent) and Spirit (4.4 percent).

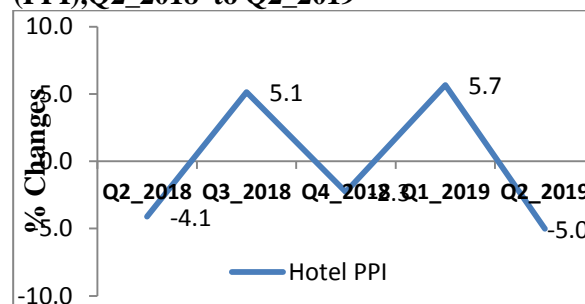
However, Prices of Food increased by 0.1 percent mainly due to the increase in prices of Buffet (6.3 percent) and price of Other service

increased by 0.4 percent due to the increase in prices of Sport (8.4 percent).(**Table 2**).

Quarter to Quarter Changes

Fig2. Shows that Producer Prices Index for the Hotels in second quarter 2019 decreased by 5.0 percent compared with an increase of 5.7 percent recorded in previous quarter.

Fig2: Quarterly Changes in Hotel Price Index (PPI),Q2_2018 to Q2_2019



Major Contributors to the 5.0 percent Quarterly decrease

This was attributed by the prices of the following products:

- The Accommodation decreased by 5.6 percent mainly due to the decrease in prices of Suite (9.3 percent) Sea view (11.2 percent) and Villas (8.8 percent).
- Beverages decreased by 4.1 percent mainly due to the decrease of Beverage (Salama,Pool) (15.6 percent).
- However, Food and Other services prices increased by 1.3 percent and 0.5 percent respectively, (**Table2**).

Table 1: Hotel Producer Index in Q2_2018-Q2_2019: Base Price (Q2, 2013 = 100)

Producer Price Index -Hotel Base Period = 2013		2018			2019	
	Weight	Q2	Q3	Q4	Q 1	Q2
Hotels PPI	100.0	122.5	128.8	125.9	133.0	126.3
Accommodation	86.6	122.8	129.9	126.5	134.9	127.3
Standard	28.4	99.9	105.8	113.2	112.9	113.0
Superior	7.5	140.0	146.3	130.3	148.2	142.1
Suite	4.9	151.6	156.6	144.8	162.0	146.9
Deluxe	8.1	130.9	138.0	124.3	143.4	133.5
Sea View	5.0	102.0	119.9	134.9	137.8	122.4
Villas	21.5	146.2	145.7	128.2	145.9	133.0
Other Rooms	11.2	115.3	136.3	144.5	140.8	131.4
Food	6.7	123.4	124.5	124.6	121.9	123.5
Beverages	4.2	115.8	119.3	117.6	121.0	116.1
Other Services	119.1	118.8	120.1	119.0	119.6	119.0

Table 2: Changes of Hotel Index in Q2_2018-Q2_2019: Base Price (Q2, 2013 = 100)

PPI Hotels - Percentage Change- Annual		2018			2019	
	Weight	Q2	Q3	Q4	Q1	Q2
Hotels PPI	100.0	4.1	2.5	2.3	4.1	3.2
Accommodation	86.6	4.1	2.5	2.2	4.8	3.6
Standard	28.4	-6.3	-6.8	5.9	4.5	13.1
Superior	7.5	14.0	19.9	9.9	12.4	1.5
Suite	4.9	11.4	12.6	-2.0	-5.0	-3.1
Deluxe	8.1	3.3	0.0	-5.1	-10.0	2.0
Sea View	5.0	7.3	2.2	7.5	33.2	19.9
Villas	21.5	8.3	1.9	-5.7	-2.9	-9.0
Other Rooms	11.2	8.2	11.3	10.4	30.1	13.9
Food	6.7	1.5	2.1	6.2	-5.3	0.1
Beverages	4.2	5.3	2.9	-0.2	5.4	0.2
Other Services	2.5	7.1	1.2	0.0	3.4	0.4
PPI Hotels - Percentage Change- Quarter to Quarter		2018			2019	
	Weight	Q2	Q3	Q4	Q1	Q2
Hotels PPI	100.0	-4.1	5.1	-2.3	5.7	-5.0
Accommodation	86.6	-4.5	5.7	-2.6	6.6	-5.6
Standard	28.4	-7.5	5.9	7.0	-0.2	0.1
Superior	7.5	6.2	4.5	-10.9	13.7	-4.1
Suite	4.9	-11.1	3.3	-7.5	11.9	-9.3
Deluxe	8.1	-17.8	5.5	-9.9	15.4	-6.9
Sea View	5.0	-1.4	17.5	12.5	2.2	-11.2
Villas	21.5	-2.6	-0.4	-12.0	13.8	-8.8
Other Rooms	11.2	6.5	18.2	6.0	-2.5	-6.7
Food	6.7	-4.1	0.9	0.1	-2.2	1.3
Beverages	4.2	0.8	3.0	-1.5	3.0	-4.1
Other Services	2.5	3.5	-0.2	1.1	-1.0	0.5

Table 3: Weighted Average Price

Product	Unit	Values in TZS			% Change (Q2_2019/ Q1_2019)	% Change (Q2_2019/ Q2_2018)
		Q2_2018	Q1_2019	Q2_2019		
Accommodation						
Standard	Per night	269,596	304,801	304,958	0.1	13.1
Superior	Per night	397,931	421,293	403,989	-4.1	1.5
Suite	Per night	380,133	406,236	368,292	-9.3	-3.1
Deluxe	Per night	314,802	344,970	321,201	-6.9	2.0
Sea View	Per night	398,224	537,928	477,610	-11.2	19.9
Villas	Per night	540,233	538,968	491,440	-8.8	-9.0
Other Rooms	Per night	339,887	415,203	387,265	-6.7	13.9
Food						
Lunch	Per person	21,486	23,358	22,215	-4.9	3.4
Dinner	Per person	26,688	27,280	27,605	1.2	3.4
Breakfast	Per person	48,928	50,013	50,099	0.2	2.4
Snacks	Per person	4,899	4,108	4,234	3.1	-13.6
Buffet	Per person	51,765	53,799	55,000	2.2	6.3
Beverage						
Soft Drink - Water	1.5litre	6,100	6,863	6,868	0.1	12.6
Soda	bottle	3,000	3,000	3,000	0.0	0.0
Beer	bottle	7,263	7,735	7,747	0.2	6.7
Beverage (Salama, Pool &	bottle	13,478	13,573	11,456	-15.6	-15.0
Wine	glass	12,604	12,729	12,742	0.1	1.1
Spirit	tot	8,278	8,632	8,644	0.1	4.4
Cocktail	tot	16,558	16,908	16,932	0.1	2.3
Other Services						
Massage	Treatment	71,153	58,491	64,583	10.4	-9.2
Facial	Treatment	131,286	134,603	134,602	0.0	2.5
Manicure	Treatment	78,428	78,234	78,234	0.0	-0.2
Pedicure	Treatment	79,064	79,189	79,187	0.0	0.2
Communication	Per	4,634	4,835	4,723	-2.3	1.9
Laundry	Per Cloth	3,000	2,371	2,749	15.9	-8.4
Sport	Per Day	2,368	2,906	2,567	-11.7	8.4

Glossary

- **Introduction**

The Hotel Producer Price Index (PPI) covers prices of Accommodations, Food, Beverages and Other Hotel Services. The index measures the quarter-to-quarter changes in prices of goods and services produced in Hotels. The Index is used for economic policy and analysis purposes and to assist in compilation of national accounts volume estimates.

- **Definition**

- **Standard room:** This is an accommodation of lower price and lesser quality. This category usually means the most basic room type offered by the hotel. It has basic, standard amenities and furnishings.
- **Deluxe room:** A room with moderately priced qualities and have a few more features than Standard room. A deluxe room is a lower category than a Superior
- **Superior room:** Is an accommodation of more comfortable or has better amenities than Standard room and deluxe rooms.
- **Sea View room:** A room is on the side of a building and you have a full view down the beach and can see the sea
- **Villa room:** A special form of accommodation which can be found in some resort hotels. It is a kind of stand-alone house which gives contains not only extra privacy and space to hotel guests but also fully equipped villa bedrooms and a living room.
- **Suite room:** A Suite room is usually two or more rooms. A bedroom and a living or sitting room, with a door that closes between them.
- **Communication.** This comprises of price of internet and Telephone services in the hotels.
- **A Price Collection**

The seventeen Hotels are selected to provide the information about the changes in prices of goods and services produced in Hotels. The prices are collected on 15th of each month and comprise of 96 quotations picked to make PPI basket.

The computation of indices at elementary level based on geometric mean of the price relative while at higher level the Laspeyres formula was used to compute the aggregate indices.

- **New Methodology used**

In the previous methodology, the price of accommodation were categorized into five grouped points *A(0 - 149,000TZS)*, *B(150,000 - 249,000TZS)*, *C(250,000 - 349,000TZS)*, *D(350,000 - 449,000TZS)*, *E(450,000 and above)* and Full Board (Holiday Package). Also, the Full Board Package consisted with more than two third (64.3 percent) of total weight.

The new methodology does not regard the prices of accommodation to determine the average prices. The average prices of accommodation items are categorized based on the types of Rooms. These are Standard Rooms, Deluxe Rooms, Superior Rooms, Sea View Rooms, Villa Rooms and Suite Rooms. Also, the Foods, Beverage and Other Hotel services are further divided into lower level of indices (Commodity Indices).

Appendix 1: Hotel Price Indices from Q2_2013 –Q2_2019; Base Price (Q2, 2013 = 100)

	Total PPI	Accommodation	Standard	Superior	Suite	Deluxe	Sea View	Villas	Other Rooms	Food	Beverage	Other Services
Wt	100	86.6	28.36	7.54	4.89	8.06	4.99	21.54	11.19	6.67	4.2	2.5
Q2_2013=100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Q3_2013	108.7	110.0	115.0	80.0	108.0	112.2	105.3	116.0	107.1	100.7	100.0	101.3
Q4_2013	107.4	108.4	113.5	84.4	112.3	120.4	102.2	108.6	103.6	100.5	102.0	100.6
Q1_2014	110.2	111.9	100.1	96.8	127.0	134.7	106.5	124.8	106.2	100.4	98.0	100.8
Q2_2014	102.7	102.8	108.5	99.6	105.9	99.7	99.5	100.1	98.3	100.9	101.9	102.7
Q3_2014	110.8	112.2	108.2	88.0	121.0	125.0	101.5	128.8	98.5	100.9	101.6	105.1
Q4_2014	110.6	111.7	122.2	84.5	114.1	125.2	102.8	107.7	104.1	103.5	103.1	106.4
Q1_2015	113.3	114.6	115.3	96.4	123.9	132.0	104.5	118.3	106.2	107.1	100.7	106.6
Q2_2015	106.4	106.9	103.8	81.4	108.3	115.9	100.2	120.3	101.8	103.1	102.3	106.1
Q3_2015	113.2	114.3	114.1	93.5	127.3	147.2	99.3	114.6	105.5	107.6	102.0	110.2
Q4_2015	110.5	111.2	111.8	92.3	116.9	130.3	95.5	115.3	105.2	106.2	103.4	111.1
Q1_2016	116.6	117.7	118.0	100.4	127.9	142.2	96.0	123.4	105.2	113.1	103.6	111.4
Q2_2016	111.4	111.4	110.0	106.8	116.9	129.6	91.0	115.4	103.6	117.2	103.5	111.5
Q3_2016	115.9	116.1	105.5	104.7	131.2	130.3	100.0	133.5	107.8	118.7	110.1	112.7
Q4_2016	119.0	119.6	112.9	124.4	127.7	129.8	102.4	123.9	121.9	116.8	112.5	113.6
Q1_2017	125.3	126.8	117.4	122.9	157.3	149.5	98.7	140.4	110.1	120.4	109.9	111.8
Q2_2017	117.7	117.9	106.6	122.8	136.1	126.7	95.1	135.1	106.6	121.6	110.0	111.2
Q3_2017	125.7	126.7	113.5	122.0	139.1	138.0	117.3	142.9	122.4	121.9	116.0	117.4
Q4_2017	123.1	123.9	106.9	118.6	147.8	131.0	125.5	135.9	130.9	117.4	117.8	120.1
Q1_2018	127.7	128.7	108.0	131.8	170.5	159.3	103.5	150.2	108.3	128.7	114.9	115.1
Q2_2018	122.5	122.8	99.9	140.0	151.6	130.9	102.0	146.2	115.3	123.4	115.8	119.1
Q3_2018	128.8	129.9	105.8	146.3	156.6	138.0	119.9	145.7	136.3	124.5	119.3	118.8
Q4_21018	125.9	126.5	113.2	130.3	144.8	124.3	134.9	128.2	144.5	124.6	117.6	120.1
Q1_2019	133.0	134.9	112.9	148.2	162.0	143.4	137.8	145.9	140.8	121.9	121.0	119.6
Q2_2019	126.3	127.3	113.0	142.1	146.9	133.5	122.4	133.0	131.4	123.5	116.1	119.0

**For more clarifications please contact:
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