

# Chapter 13

## Living Room Instead of Hotel Room: The Underlying Motivation of Peer-to- Peer Booking in Airbnb and Hotels

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### **ABSTRACT**

*The chapter explores shared accommodation platforms such as Airbnb and the primary motivations for its customers. This research will be based on the deductive process, which is focused on primary and secondary research. This research aims to analyze the motivation towards either the Airbnb platform or traditional hotel from different perspectives, such as economic, environmental, and social. Additionally, after secondary data research, the questionnaire has been constructed to understand the main concepts of the P2P platform and its customers' needs. The investigation tried to notice what are the motivations which drive individuals to use P2P accommodation service. Through the survey, it was possible to see the motivations mainly related to the economic factor and environmental. Primarily due to the lower price of Airbnb, there is a more significant intent to book through this specific platform.*

### **INTRODUCTION**

Economic transformations have characterized the 21st century. After major historical events, the world economy intensified its revival by giant steps, cooperation between countries, technological development and favorable economic policies. One of those significant changing concepts that influence modern industries is collaborative consumption, later called sharing economy (Felson & Spaeth, 1978). The tourism and hospitality sector has seen an enormous shift in travel and changing patterns of tourism consumption based on alliances with the sharing economy.

It is also essential to mention the influence of digital solutions in the hospitality sector, driving profound changes in consumer behavior based on the sharing economy boom (Juul, 2017). As well, Marketing was an essential factor for P2P platform growth. For instance, moving from Marketing 1.0

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to 4.0 was a massive step into getting closer to consumers and reducing the costs from traditional marketing to digital. Kotler et al. (2017) stated that Marketing 4.0 combines online and offline interaction between companies and customers. Additionally, it is about balancing machine-to-machine connectivity with human-to-human.

Moreover, millennials, or Generation Y, are the primary influencers of all industries. They are characterized as the segment of consumers for whom collaborative consumption is most appealing, as a means of providing access to products, services and resources without the necessity of purchasing or owning them (Hwang & Griffiths, 2017). The different perceptions over ownership and the empathy towards sustainability issues changed consumerism completely, making sharing services more and more popular.

Regarding the hotel industry, the most significant impact has been made with the appearance of online sharing accommodation providers such as Airbnb. Looking back at history, the primary motivation for bringing the service on the market was not the lack of accommodation on the supply curve, but the high price of the Hotel service, which could not allow people to use it. The demand to have a similar Hotel service but affordable made Airbnb's service overgrow.

In 2008, the born year of Airbnb, people just started to understand the sharing economy concept. The P2P service was being noticed not only in shared accommodations but also in the car-sharing industry. The whole concept of traveling has been changed from the traditional hotel stay and all included packages to a new way of traveling. They are being defined and targeted as novelty-seeking travelers (Guttentag, 2015). The analysis of the phenomenon will be limited to a specific territory, Lisbon, Portugal.

Everything started with the Great Recession, which has hit the country in 2008 and had a significant impact on all major industries. The horrific economic crisis led to the collapse of hotel operations, being severely affected overnight stays falling and recovering only in 2013 (Cushman & Wakefield, 2017). This is one of the most critical factors that made Airbnb, part of the shared economy, proliferate on the market. It was not only about the consumer side but also the buy-to-let side investment.

The evolution and effects of shared accommodation systems can be analyzed thoroughly only after having the concrete definition of the most important terms. Sharing economy is a relatively new term not used much in the current scientific literature. The sharing economy or collaborative economy describes a business model that builds on sharing resources between individuals through P2P services, allowing customers to access goods when needed (Böckmann, 2013). After the appearance of short-term rental accommodations, those were qualified as part of the sharing economy as being created according to the same business model. Airbnb claims to be part of the sharing or collaborative economy, where digital platforms allow the exchange of underused goods and services, potentially implying a more sustainable form of consumption (Dredge & Gyimóthy, 2015). Far behind the sustainability factor, Airbnb has many other reasons that made its growth so impactful for the Hotel Industry.

For Generation Y, people born in 1981-1994/6, popular media users with high access to information and high frequency of travel, the idea to stay in a host accommodation seems engaging and innovative. People seek to choose the shared accommodation type in city breaks due to extra income, openness and a high level of interest in getting to know the area from the locals' perspective (Leask, Fyall & Barron, 2014). The growth of tourism in Lisbon, Portugal, has been credited lately to the city's focus on developing cultural tourism and private sectors' increasing investments in real estate. In the recent studies, in the Greater Lisbon area (a metropolitan area covering 18 municipalities), there are currently 360 hotel establishments offering 31.500 accommodation units. According to Airbnb.com's official stats for 2017, there are around 20.000 rooms available with a capacity to accommodate 50.000 people, and the number continues to increase.

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