

## **Impact of Airbnb on customers' behaviour in the UK hotel industry**

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## IMPACT OF AIRBNB ON CUSTOMERS' BEHAVIOR IN THE UK HOTEL INDUSTRY

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The sharing economy is nowadays disrupting the hotel industry. Airbnb is one of the best examples of such an issue. In order to find approaches for hotels to mitigate the threat from these new accommodation forms, the present article focuses on the major elements influencing customers to choose this new platform and other related aspects affecting the future of the hotel industry. Previous studies have looked at how Airbnb influences customer behavior, but this is one of the first studies dealing with an analysis of the impact of Airbnb on the UK hotel industry. In this way, the article majorly focuses on evaluating the impact of this new accommodation and services platform on customers' behavior within the UK hotel industry. Particularly, it seeks to determine how the hospitality and hotel sectors can mitigate the threats posed by Airbnb. As a result, the article also provides managerial and industrial recommendations of the research findings.

**Key words:** Sharing economy; Customers' behavior; Guests' choices; Airbnb; UK hotel industry

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### Introduction

Airbnb is an online platform that allows sellers to rent out their accommodation and buyers to book the accommodation directly via Airbnb (Byers & Proserpio, 2014, cited in Scholdan & Straaten, 2015). However, Airbnb has already been rapidly disrupting the hotel industry (Scholdan & Straaten, 2015). The sharing economy has taken root as a solid alternative in terms of traditional economic dealings with daily transactions. It has been identified as a massively growing trend and

its marketplace has particularly flourished within the fields of travel and tourism, as epitomized by the accommodation service Airbnb (Ert, Fleischer, & Magen, 2016). However, heated debate rages as to whether the sharing economy complements or threatens the traditional economies. Radical changes have taken place in the accommodation sector with home-sharing becoming a new concept that is creating a competitive edge in the traditional hospitality market (Netsiporuk, 2016).

Tussyadiah (2015) stated that the rise of the sharing economy in the tourism sector is being driven

by economic and societal considerations. Travelers are now seeking low-cost accommodation to gain value for their expenditure and simultaneously longing for relatively more direct interactions with local communities (Panda, Verma, & Mehta, 2015). The possibility and feasibility of Airbnb should be credited to the sharing economy, through which it becomes achievable for people to trade underutilized inventories via fee-based sharing (Zervas, Proserpio, & Byers, 2015). It is reported that the value of the Airbnb company has grown exponentially over the past 8 years, reflecting the trend in the sharing economy as a whole (Airbnb, 2016). The development of information technology has enabled this incredibly fast pace of Airbnb's growth as an online marketplace. A service such as Airbnb has exerted significant influence from different perspectives and added impetus to the transformation of the traditional hospitality industry. Businesses and communities in less explored areas are also benefiting from Airbnb providing access to local accommodation (Panda et al., 2015).

Although a growing consumer interest in Airbnb has been observed, quantitative research concerning the relationship between Airbnb and consumers' buying behavior is still insufficient (Satama, 2014). Much research has focused on the influencing factors of Airbnb toward the traditional hospitality industry, such as economic considerations (Guttentag, 2015; Zervas et al., 2015), potential discrimination (Edelman & Luca, 2014), business regulation (Koopman, Mitchell, & Thierer, 2015), and urban planning (Gurran & Phibbs, 2017). Furthermore, Brochado, Troilo, and Shah (2017) stressed the importance of individual preferences (attitudes and values) influencing purchasing decisions concerning Airbnb within the sharing economy, which needs to be considered in future research.

Despite previous studies have focused on the impact of Airbnb on customers' behavior in a global context, none have focused on UK hotels. Therefore, it is appropriate to examine what guests expect and what UK hotels can do to reduce the threat posed by Airbnb.

Airbnb is taking over London. Data has shown that although there are 90-day restrictions on the time to market, Airbnb has nearly 20,000 leases per week, which is an increase of nearly 1,000 from 2013 (Manthorpe, 2018). A noncommercial

website (Inside Airbnb) tracks Airbnb's reviews in cities around the world. Its results published in 2018 revealed that 666,625 of the reviews on the site were on Airbnb in London, and 72% of the stays were reviewed. Inside Airbnb (2018) also pointed out that the average length of stay in London is 4.6 nights, and its income is about £380 million based on the average stays. Airbnb enables locals to become more entrepreneurial because it creates a significant number of jobs; it boosts the UK's local economy and diversifies tourism because 79% of the tourists are eager to have a local experience (Airbnb, 2017).

In accordance with the news from Hotel Online (2018), the US lodging sector is experiencing a rapid growth in 2018 in both the traditional hotel sector and the sharing economy industry. However, the demand-increasing rate of Airbnb is declining; for example, the annual growth rate in 2018 is 62% but the annual growth rate in 2016 was 249%.

The purpose of this article is to evaluate the impact of Airbnb on guests' behavior in the UK hotel industry to determine how the hotel sectors can mitigate the threats posed by Airbnb, by answering the following questions:

- What are the major elements that influence guests to choose Airbnb?
- What are the various age groups that use Airbnb in the UK?
- What are the main issues for the future of UK hotels?

### The Sharing Economy

During the last decade, the increasing popularity gained by the sharing economy, also known as the peer-to-peer economy or collaborative consumption, has presented a diagram shift in ownership and sharing (Bardhi & Eckhardt, 2012; Liu & Mattila, 2017). Moeller and Wittkowski (2010) concurred that an apparent future trend is an increasing demand for the provision of services offering non-ownership modes of consumption (rental/access). Indeed, a proliferation of consumption models has been seen in which sharing resources, products and services have become the core manifestation (Chen, 2009; Gansky, 2010).

The sharing economy has been defined as a platform that allows groups and individuals to make

money from underused resources (Pricewaterhouse Coopers [PwC], 2015). Within the hospitality industry this platform can be seen as Airbnb, Feastly, and CouchSurfing (PwC, 2015). The development of the sharing economy has given Airbnb an increasing market growth, and in 2015 Airbnb had over 800,000 listings in 190 countries with over 20 million registered users (Scholdan & Straaten, 2015). A study by Boston University indicated that a 1% increase in Airbnb's listings could cause a 0.05% decrease in hotels' revenues (Nguyen, 2014). Moreover, the listings had increased about 10-fold from 50,000 in 2011 to 550,000 in 2014 (Nguyen, 2014).

According to PwC (2016), the total sharing economy transactions in Europe had increased from €10 billion in 2013 to €28 billion in 2015. The statistic is forecasted to grow to €570 billion in 2015 in the European region (PwC, 2016).

#### How Does Airbnb Work?

Zervas et al. (2015) define Airbnb as an online platform for short-term rental with options from shared accommodation to entire properties. According to PwC (2015), in that year Airbnb had an average of 425,000 guests per night, approximately 22% higher than Hilton Worldwide. Therefore, Airbnb is threatening the hotel industry with a dramatic increase of listings.

By epitomizing the sharing economy Airbnb has been crowned as the most successful peer-to-peer model in the hospitality industry. Within an 8-year time period, Airbnb has expanded its business to global markets, penetrated into more than 191 countries and 65,000 cities, and connected over 60 million people to unique travel experiences (Airbnb, 2016). According to Zervas, Proserpio, and Byers (2016), Airbnb has become a substitute for consumers making a hotel booking, which is significantly impacting that traditional industry. Moreover, it is predicted that although Airbnb does not own a single hotel it will usurp the position of the world's largest hotel chain (Carr, 2015). The sharing economy has given rise to the creation of Airbnb, which perfectly demonstrates the main inherent characteristic of the sharing economy: enabling the population to collaboratively make use of underutilized inventory through fee-based sharing (Zervas et al., 2015).

Technology is the key driver for the development of Airbnb because it enables Airbnb's operation, which relies on online transactions (Daugherty, 2016). For instance, Airbnb communicates with its guests mostly via online channels such as official websites, Apps, and Facebook (Oskam & Boswijk, 2016). Besides, the significant rise of Airbnb can be traced back to the economic crisis, when unemployment led to the decline of purchasing power and people started cost saving (Scholdan & Straaten, 2015). In short, the drivers of Airbnb are technology and the economic crisis, and its rapid growth of listings is impacting hotel revenues.

#### Behavior of Accommodation Users and Guests at Airbnb

An enterprise in contemporary society that desires to maintain a stronghold in the market can no longer stick to the traditional medium of marketing. More emphasis should instead be placed on keeping abreast of technology and changing consumer preferences (Bagga & Bhatt, 2013). According to Panda et al. (2015), the majority of people engaging in sharing consumption are between the ages of 19 and 35 years. These people now heavily rely on the convenience brought by the Internet and they hold the belief that the sharing economy will be of great help in saving them money (Hwang & Kim, 2015).

It cannot be denied that with the advent of the sharing economy, there has accordingly been a change in the buying behavior of consumers, among whom the student group are more likely to be categorized as Internet users and technology enthusiasts, and tend to be more interested in the new channels for booking accommodation.

Lifestyles have kept changing in the past decade, causing a shift from the consumption mode to a non-ownership approach (Moeller & Wittkowski, 2010). Berry and Maricle (1973) once noted that in the past, the ultimate purpose of consumption for consumers was for utilitarian reasons. However, with the progress of the times, people are becoming more educated, sophisticated, and discerning, and they are now consuming products not merely for utility but also for experiences (Silverstein, Silvestein, Fiske, & Butman, 2004). Panda et al. (2015) believe there are two drivers to the sharing economy, which are

technology and social realizations. Up-to-date technologies such as the Internet and social media are now very widely available and, at the same time, people are changing synchronically with society. As a consequence, an increasing number of consumers are now inclined to rent or lease goods as an alternative when making their purchasing decisions (Moeller & Wittkowski, 2010), and this in turn contributes to the development of the sharing economy (Gonzalo, 2013).

The rise of the Internet is exerting a revolutionary effect on commerce, propelling it into an electronic age. It accordingly changes almost every aspect of daily lives, such as how people purchase products and services (Darley, Blankson, & Luethge, 2010). The classic EKB framework that extended Dewey's (1910) original five-stage problem-solving process is now greatly applicable to the customer decision-making process (Wen, Prybutok, Blankson, & Fang, 2014). This framework has included the stages most accepted as affecting consumer decision-making processes in the previous literature, namely problem recognition, search, evaluation for alternative purchase, choice, and outcomes. All these stages have been highlighted repeatedly in a majority of consumer behavior textbooks (Blackwell, Miniard, & Engel, 2005; Hawkins & Mothersbaugh, 2012).

Quinones and Augustine (2015) showed that the average age of Airbnb's customers is 35 years old. According to the research data by Nguyen (2014), 52% of the UK population has already used Airbnb; among them, 29% of the customers are reusers, whereas 48% have never previously used Airbnb. Mintel (2016) found that 70% of individuals in the US who use Airbnb have a middle-level income (\$70,000–\$90,000).

As for customers' reviews for Airbnb, nearly 95% of the ratings are between 4.5 and 5 stars (5 is the maximum). This phenomenon shows a definite prospect for Airbnb because over 70% of the customers indicated that they would trust the online reviews (Zervas et al., 2016). However, the accuracy of ratings for Airbnb has been questioned because the majority of listed accommodation have never been rented, and 22% of users rebook the same properties (Moore, 2012, cited in Nguyen, 2014).

Two main factors attract customers to use Airbnb: good value for money and convenience (Nguyen, 2014). Price is the most important consideration

for travelers to choose Airbnb accommodation because 46% of the respondents have an intention for budget travel (Global Business Travel Association, 2011, cited in Nguyen, 2014). For example, renting a room via Airbnb is always cheaper than a hotel; the average saving is 49.4% of the cost (Bea, 2013, cited in Nguyen, 2014). Furthermore, Airbnb is convenient for the customers, who often benefit from residential atmospheres and use of full kitchen equipment, washing machines, and dryers (Guttentag, 2015). As for the business guests using Airbnb accommodation, 76% of those guests agree that Wi-Fi is the most important selling point, followed by the breakfast and gym. Conversely, the leisure customer prefers to choose a convenient location, swimming pool, and nonsmoking accommodation. However, most of those traveling for leisure mentioned that they would be willing to choose a hotel instead if they could get a discount from a loyalty program.

#### Why Customers Choose Airbnb?

In terms of pricing, renting a private room via Airbnb costs approximately the same as a mid-scale hotel (Nguyen, 2014). Additionally, the competitive prices of Airbnb are possible because of the hosts' fixed costs of rent and utilities, together with minimal labor costs and the untaxed extra income gained from the letting (Oskam & Boswijk, 2016).

Moreover, the guests of Airbnb will enjoy local experiences, such as interacting with the host and neighbors (Guttentag, 2015). For example, a customer described his unforgettable experience from Airbnb; his host invited him to have dinner with his family who chatted with him, and he learned about many local customs and did not feel lonely (Guttentag, 2015). Similarly, the CEO of a major tour operator claimed that tourists were eager to have local experiences, and Airbnb then immediately launched a new marketing logo "Belong Anywhere" to attract more visitors (Baran, 2014, cited in Nguyen, 2014).

#### *Customers' Needs*

Customers of hotels and other accommodation can be categorized into two groups: business and leisure travelers. Free Wi-Fi is a significant selling

point for business travelers (Nguyen, 2014). In the study from Murphy (2014), 34% of all travelers described free Wi-Fi as one of the factors that attracted them to stay in hotels, and 56% stated that free Internet was necessary; otherwise, they would not book the hotel. Similarly, *Frequent Business Traveler* magazine found that 73% of business travelers agreed that Wi-Fi is the primary consideration when deciding on hotels (Sokolow, 2013).

Free breakfast is the second selling point for business guests; actually, food and beverages usually affect customers' selection process (Nguyen, 2014). Then fitness and outside activities are the next key selling point for business clients (Collis, 2002). Nguyen (2014) also discovered that nearly 50% of people preferred to reserve a hotel with an exercise room or gym.

Conversely, the keywords for leisure guests searching for hotels are nonsmoking, swimming pool, convenient location, and fitness (Peter & Chen, 2011, cited in Nguyen, 2014). Moreover, easy access to a shopping mall and tourist attractions are their primary considerations for booking (Stellin, 2011). An interesting trend for leisure travelers is choosing a "green" hotel, which means that the environment of the hotel is vital when they are booking (Nguyen, 2014). For example, the study showed that 67% of customers referred to a green environment, such as fresh air, quiet, and convenience as one of the factors for their choice (Nguyen, 2014).

Additionally, budget leisure guests usually choose Airbnb to save money, but a study shows that they will still consider a hotel if they can get reward points from the hotel's loyalty program (Goree, 2016). As well as gaining a discount from the rewarded points, they appreciate the safety and service of a large chain hotel (Goree, 2016). Lacking a large hotel's loyalty scheme and its network of affiliated hotels is a disadvantage of Airbnb. It also has a shortage of last-minute availability because hotels maintain an overbooking system to provide more rooms for last-minute booking (Guttentag, 2015).

#### *Customers' Reviews of Airbnb*

To enhance contact with its customers, Airbnb established a new reputation system to encourage guests to review and rate their stay (Zervas, Proserpio, & Byers, 2016). This reveals that the average rating

for Airbnb on TripAdvisor is 4.7 stars, whereas the average rating for hotels is 3.8 stars, apparently lower than Airbnb's (Zervas, Proserpio, & Byers, 2016).

However, the accuracy of the ratings for Airbnb has been questioned. For instance, the study showed that only 14% of users reviewed as guests, and 2.3% of users reviewed as hosts, while only 5% of the hosts were actively listed and only 2% of those had received guest reviews. Therefore, the statistic means that the majority of listed accommodation has not been booked, especially when findings of previous research by Moore (2012, cited in Nguyen, 2014) showed that 22% of users will rebook the same property. Different websites also revealed various results of reviews for Airbnb. For example, according to Trustpilot (2018), reviews for Airbnb have been overwhelmingly negative, with 73% of 2,769 reviews giving a bad review for Airbnb, 6% of the respondents stating that Airbnb is poor, and only 14% of the guests reviewing Airbnb as excellent.

#### *Threats From Airbnb to Hotels*

There are still many different opinions on whether Airbnb will present a threat to the traditional hotel industry. Quinones and Augustine (2015) found that the traditional hotel will face pricing pressures from Airbnb, which has forced hotels to lower prices during high-demand periods to ensure occupancy. This finding is supported by Zervas, Proserpio, and Byers (2016). Airbnb has the flexibility to adjust their prices during times of peak demand, thus limiting the pricing power of hotels. Besides, Airbnb is changing customers' attitudes towards the traditional hotel; for instance, a report by the *San Francisco Financial Times* showed that thanks to Airbnb, travelers have reduced their likelihood of staying in a hotel, from 79% to 40%.

However, the opposite point of view is held within high-end hotel organizations. The CEO of the Hyatt Hotels Corporation, Mark Hoplamazian, claimed that there is no need for a business response to Airbnb, which provides a different product within a distinct brand group (Santoli, 2014). A professor at Harvard Business School asserted that Airbnb does not have the ability to rival the entire hotel industry because there are several criticisms of its nature (Goree, 2016). To begin with, Airbnb lacks the security of hotels; for instance,



somebody staying in Airbnb accommodation was robbed and murdered in the US (Finely, 2013) and a man in Britain raped a CouchSurfing guest from Hong Kong in 2009 (Guttentag, 2015). Secondly, the development of Airbnb is limited by regulation. For example, New York City introduced a law in 2010 to prohibit short-term rentals, forbidding any apartment in the city to be rented for fewer than 30 days (Quinones & Augustine, 2015). Letting a property via Airbnb to avoid tax is one the factors that attract hosts, but in San Francisco Airbnb has been required to collect 14% hotel taxes from its guests and the organization was ordered to pay the city \$25 million in back taxes (Said, 2014, cited in Nguyen, 2014). Furthermore, renting out a property to strangers may cause inconvenience for the neighbors or the community (Leland, 2012).

#### Competitive Advantages for Hotels

Traditional hotels have an obvious competitive advantage in reducing risks for travelers through standardization, safety regulations, and business reputations (Oskam & Boswijk, 2016). Unlike independent hotels, chain hotels allocate large marketing budgets to advertising, brand building, guest loyalty programs, and other tactics, which should make them less vulnerable to competition (Zervas et al., 2016). Yet barriers to entry are low in the sharing economy, and rival firms and services can quickly come into a market, undermining profitability (Quinones & Augustine, 2015). Finally, as Airbnb becomes more established, and hotels have had time to incorporate Airbnb in their investment strategies, studying the nature of hotels' longer term responses will be worth revisiting (Zervas et al., 2016).

#### The Impact of the Hotel Industry on the UK Economy

The development of the hotel industry causes some direct impact on the UK economy, such as employment creation and GDP contribution (Oxford Economics, 2015). The hotel industry is a major contributor to every local public economy, particularly in its job-generating and wealth-creating potential (British Hospitality Association, 2016).

On the one hand, the employment rate increases with the development of the hotel industry.

According to the British Hospitality Association (2016), the hospitality industries generate 2.9 million jobs, showing a stable upward trend and accounting for 5.6% of total employment in 2016 (Euromonitor Passport, 2016). The hotel sector is the fourth largest employer in the UK (Euromonitor Passport, 2016). Furthermore, the net revenue of the industry is forecasted to grow by about 20% or more in the next few years (British Hospitality Association, 2016).

The growth of the hotel industry is beneficial for the UK's GDP. Hospitality Net (2017) found that the UK hotel industry generated 3.6% of GDP in the UK; this revenue was £18 billion with a 3.6% growth rate in 2016 (IBISWorld, 2016). In particular, Brexit has caused the lowest interest rate in the UK and has boosted consumer spending, making the UK highly competitive in terms of pricing for inbound travelers and therefore resulting in greater overseas demand for hotel accommodation. In general, a growth of the hotel industry will bring more contribution to the UK economy.

#### Methodology

The study used cross-sectional questionnaires to test and contrast the opinions of people who have, and have not, stayed in Airbnb accommodation (see Appendix). There were 100 questionnaires completed and more than half of these respondents had used an economy hotel or Airbnb for their accommodation. Further, four semistructured interviews were carried out with respondents who had stayed in Airbnb accommodation. The aim was to add richness to the questionnaire data and to explore the major elements that influence guests to choose Airbnb.

#### Findings and Discussion

##### *Questionnaires*

The main purpose of this article was to evaluate the impact of Airbnb on guests' behavior in the UK hotel industry to determine how the hotel sectors could mitigate the threats posed by Airbnb. Based on the literature review, it is found that Airbnb is disrupting the hotel industry; it is attracting budget leisure travelers who benefit from its competitive prices, local residential atmospheres, and convenient locations. However, many experts believe

that Airbnb cannot be a threat to the hotel industry because of the lack of security, regulation, loyalty programs, and the facilities and services that hotels can offer. Therefore, 100 questionnaires were distributed to investigate customers' behavior towards Airbnb and hotels, including the major elements that influence guests of different ages to choose Airbnb in the UK. All of the participants live, study, or work in the UK. The researcher gathered the data to determine the variable factors that influence the customers' behavior, such as age, value for money, and local experiences.

The results of this research highlight the fact that the number of males usually using Airbnb is significantly higher than females, with 51 male and 19 female participants for Airbnb instead of hotels. In contrast to this, the number of female respondents who use luxury hotels is dramatically higher than males and most of the time Airbnb is the second choice of female respondents for their accommodation. The findings of this research also highlighted the fact that male participants are more confident than females to stay in Airbnb and they feel safer in Airbnb compared to females.

The results in the research indicate that people aged 25–34 years are the largest group of users of Airbnb. Nineteen out of 27 (70.4%) of the respondents aged 18–24 years have used Airbnb, followed by 29 out of 46 (63%) of respondents aged 25–34 years, and 4 out of 12 (33%) of respondents aged 35–44 years have used Airbnb. Consequently, age is an independent variable factor that influences customers' behavior, with the primary users of Airbnb concentrated among young to middle-aged people because of their higher and stable income levels and good physical health. As age increases fewer people use Airbnb, which might be based on their generation's behavior.

Economy hotels are the most popular among people aged 25–34 years. Nineteen out of 46 (41%) of respondents aged 25–34 years usually reserve economy hotels, followed by 8 out of 27 (29.6%) of those aged 18–24 years. Additionally, people aged 25–34 years are also the primary users of Airbnb, with 16 out of 27 (nearly 59%) of Airbnb users being in this age range. The major users of budget hotels are aged 18–24 years, accounting for 72.7% of the total of budget hotel users. As a consequence, the accommodation range from Airbnb to economy hotels is focused on the young to middle-aged group, particularly those of 25–34 years, which supports the findings of the literature review that 46% of Airbnb users are between 16 and 34 years old. Airbnb is also attractive to customers of low-end hotels, most of whom are aged from 18–34 years.

Customers' occupations have a direct relationship with their choices for accommodation. The results highlight that the majority of students prefer to book accommodation with budget hotels and Airbnb, and very few students normally use luxury hotels. In contrast, there were very few employees among the participants who use budget hotels, with many of them preferring to stay in luxury hotels. In general, income level and sociocultural factors have an effect on customers' behavior in choosing accommodation.

A chi-square test was applied, a statistical test used to test whether there is a relationship between two variables (Garczynski, 2016). Conventionally, if the value is less than 0.05, then these two variables will be considered to have a significant relationship, which means that researchers can be 95% confident that the result is accurate (Garczynski, 2016).

As the chi-square tests in Table 1 show, there is a significant association between age with the guests'

Table 1  
Chi-Square Test Relationship Between Age and Types of  
Accommodation Where Participants Choose to Stay ( $N = 100$ )

	Value	<i>df</i>	Asymptotic Significance (Two-sided)
Pearson chi-square	29.878 <sup>a</sup>	18	0.039
Likelihood ratio	32.251	18	0.021
Linear-by-linear association	0.020	1	0.888

<sup>a</sup>Twenty-one cells (75%) have expected count less than 5. The minimum expected count is 0.22.



Table 2  
Chi-Square Test Relationship Between Gender and Types of  
Accommodation Where Participants Choose to Stay ( $N = 100$ )

	Value	<i>df</i>	Asymptotic Significance (Two-sided)
Pearson chi-square	10.881 <sup>a</sup>	3	0.012
Likelihood ratio	11.193	3	0.011
Linear-by-linear association	0.449	1	0.503

<sup>a</sup>Zero cells (0%) have expected count less than 5. The minimum expected count is 5.39.

choice of accommodation, because the asymptotic significance (0.039) is smaller than 0.05. Again, there is also a significant relationship between gender and type of accommodation at a value of 0.012 (see Table 2). However, there is no significant relationship between occupation and type of accommodation, because the value at 0.223 is greater than 0.05.

Again, there is also a significant relationship between gender and type of accommodation at a value of 0.012 (see Table 2). However, there is no significant relationship between occupation and type of accommodation, because the value at 0.223 is greater than 0.05.

#### *Semistructured Interviews*

The four interviews explored the major elements influencing guests to choose Airbnb instead of hotels. All of the interviewees mentioned that they felt more comfortable with Airbnb and that it helped them to experience the local culture and feel more integrated with local lifestyles. It also enabled them to save on expenditure and to feel more at home when they were able to use facilities like a kitchen. When they were with a family it helped them to enjoy their visit and time more.

In summary, the findings of this research provide the following answers to the primary research questions:

*What Are the Major Elements That Influence Guests to Choose Airbnb?* Several major elements that influence guests' behavior toward Airbnb are found in previous critical research. Firstly, the price has the most significant impact because customers save an average of 49.4% compared with hotel costs from booking through Airbnb (Nguyen, 2014), and it brings conveniences such as full kitchen facilities and excellent locations. Secondly, local experiences are a feature of staying with Airbnb in the UK (Nguyen, 2014). The research found that loyalty programs and facilities such as gym, swimming pool, and meeting room have an indirect effect on the guests' decision-making, which was also mentioned in the literature review. Yet safety ranked as the top independent variable of customers' views about Airbnb in the research. Thirdly, location has become an independent variable of guests' choices. Besides, Airbnb is more attractive to individuals with lower income levels. However, security, regulation, and lack of loyalty

Table 3  
Chi-Square Test Relationship Between Age and Price Benefits to  
Participants ( $N = 100$ )

	Value	<i>df</i>	Asymptotic Significance (Two-sided)
Pearson chi-square	4.458 <sup>a</sup>	6	0.615
Likelihood ratio	5.251	6	0.512
Linear-by-linear association	0.029	1	0.864

<sup>a</sup>Nine cells (64%) have expected count less than 5. The minimum expected count is 0.26.

Table 4

Chi-Square Test Relationship Between Gender and Price Benefits to Participants ( $N = 100$ )

	Value	<i>df</i>	Asymptotic Significance (Two-sided)	Exact. Sig (Two-sided)	Exact. Sig (One-sided)
Pearson chi-square	0.940 <sup>a</sup>	1	0.332		
Continuity correction <sup>b</sup>	0.452	1	0.501		
Likelihood ratio	0.452	1	0.331		
Linear-by-linear association	0.946	1	0.864		
Fisher's exact test				0.384	0.251
Linear-by-linear association	0.931	1	0.335		

<sup>a</sup>Zero cells (0%) have expected count less than 5. The minimum expected count is 6.37.<sup>b</sup>Computed only for a  $2 \times 2$  table.

programs and of hotel facilities are the adverse issues with Airbnb in the UK.

In accordance with the findings above, price, local experiences, and location are the key factors that impact customers' behavior toward Airbnb. In order to have a further verification of the relationship between those factors and age, occupation, and gender, chi-square testing was applied. As shown in Table 3, due to the asymptotic significance of 0.615 being greater than 0.05, there is no significant relationship between age and price benefits. However, the number of respondents in each age group is different; thus, whether there is a relationship cannot be accurately tested.

Additionally, there is no significant relationship between gender and price benefits (see Table 4), due to most males and females being eager to enjoy price discounts.

Similarity, all the results showed that there is no significant relationship between price, local experiences, location factors and age, occupation, and gender, because price, local experiences, and location are important for all age groups and occupations and both genders.

Following the repeated testing, some variables were found have a significant relationship. For example, there is a significant relationship between local experiences and locational factors at a value of 0.001 (Table 5).

Table 6 shows that participants who want a local experience do not care much about the location, and only a few people who care about location want to have a local experience at the same time.

What is more, the result of the chi-square testing relationship between price and facilities is 0.014, meaning that there is a significant relationship (see Table 7).

Table 8 shows that most of the people who want to gain price concessions do not have high requirements for facilities, whereas those who want better facilities have these included in the prices.

*What Are the Various Age Groups Using Airbnb in the UK?* The findings of this research suggested that 86% of the respondents in the UK who have used Airbnb are under 35 years of age. The primary users of Airbnb are concentrated in young

Table 5

Chi-Square Test Relationship Between Local Experiences and Locational Factors ( $N = 100$ )

	Value	<i>df</i>	Asymptotic Significance (Two-sided)	Exact. Sig (Two-sided)	Exact. Sig (One-sided)
Pearson chi-square	11.616 <sup>a</sup>	1	0.001		
Continuity correction <sup>b</sup>	10.248	1	0.001		
Likelihood ratio	11.733	1	0.001		
Fisher's exact test				0.001	0.001
Linear-by-linear association	11.500	1	0.001		

<sup>a</sup>Zero cells (0%) have expected count less than 5. The minimum expected count is 16.77.<sup>b</sup>Computed only for a  $2 \times 2$  table.

Table 6  
Cross-Tabulation of Local  
Experiences and Locational Factors

Location	Local Experiences		Total
	Yes	No	
Yes	18	25	43
No	43	14	57
Total	61	39	100

to middle-aged people because of their higher and stable income levels and good physical health. Additionally, accommodation ranging from Airbnb to economy hotels is focused on the young to middle-aged groups, particularly the group of 25–34 years. The result supports the literature reviews that 46% of Airbnb users are aged between 16 and 34 years, and that Airbnb is attractive to the customers of low-end hotels, most of whom are aged between 18 and 24 years.

The four interviews explored the major elements influencing guests to choose Airbnb instead of hotels (see Fig. 1). All of the interviewees mentioned that they felt more comfortable with Airbnb and that it helped them to experience the local culture and feel more integrated with local lifestyles. It also enabled them to save on expenditure and to feel more at home when they were able to use facilities like a kitchen. When they were with a family it helped them to enjoy their visit and time more.

### Conclusions

In conclusion, the primary data of this research suggest that age, gender, and occupation have

become very significant factors that affect travelers' behavior in choosing Airbnb. The key influences are determined as price, convenience, and local experiences. As mentioned in the literature review, these factors create a direct effect on the decision-making process; research also found that kitchen facilities and the surrounding environment are further factors that attract customers to Airbnb. Hotels' loyalty programs and facilities such as gym, swimming pool, and meeting rooms have an indirect effect on the guests' decision-making, which is also mentioned in the literature review, but safety has been ranked as the top independent variable influencing customers to choose hotels instead of Airbnb. The other variables are breakfast, shuttle bus, and a large scale of accommodation.

Because Airbnb is more attractive to budget leisure guests with lower income levels, such as students and young professionals under 34 years of age, Airbnb has a more severe impact on lower-end hotels. This could cause a significant disruption to the hotel industry because many more people travel for leisure than business in the UK, and people aged under 34 years accounted for the largest population in the investigation. This threat from Airbnb could affect the UK economy, causing a reduction in employment and GDP. The UK hotel industry therefore needs to pay attention to determine the competitive advantages of hotels in order to weaken the threat from Airbnb.

### Managerial and Industrial Implications

Despite the fact that Airbnb is attracting customers, particularly budget leisure travelers, away from hotels, Airbnb also has some weaknesses such as lack of security and regulation and a lack of

Table 7  
Chi-Square Test Relationship Between Price and Facilities Factor ( $N = 100$ )

	Value	<i>df</i>	Asymptotic Significance (Two-sided)	Exact. Sig (Two-sided)	Exact. Sig (One-sided)
Pearson chi-square	5.992 <sup>a</sup>	1	0.014		
Continuity correction <sup>b</sup>	4.533	1	0.033		
Likelihood ratio	5.564	1	0.018		
Fisher's exact test				0.024	0.019
Linear-by-linear association	5.932	1	0.015		

<sup>a</sup>One cell (25%) has expected count less than 5. The minimum expected count is 4.16.

<sup>b</sup>Computed only for a  $2 \times 2$  table.

Table 8  
Cross-Tabulation of Price and  
Facilities Factor

Facilities	Price		Total
	Yes	No	
Yes	24	8	32
No	63	5	68
Total	87	13	100

loyalty programs and facilities, which are all competitive advantages for hotels in the UK. Moreover, although Airbnb is more disruptive to the low-end hotels, there are many more hotels of this kind in the UK than high-end hotels. Yet the hotel industries in the UK need to pay attention to enhance the quality and service of their hotels and retain their customers when faced with such competition from Airbnb.

In this regard, loyalty programs and discounts are an effective way to increase customer retention, because a key reason for customers to choose Airbnb is to save money. Therefore, if the hotels enhanced their loyalty schemes and provided more promotional discounts, many potential customers would choose hotels and especially budget hotels with good value for money and the benefits of their

reputation, security systems, and scale. Many of the respondents in the UK described hotel service and room quality as not meeting the high price, so improving the training systems is essential for the hotels' development and to reinforce their brand reputation. Hotels in the UK also need to become more innovative, for instance by holding some activities and facilities for the solo traveler and to become more attractive and comfortable for travelers because many of the guests feel that hotels are too standardized and boring and they do not feel like home. Examples could be providing more facilities for guests to be able to have their breakfast in their room without being charged for expensive room service, and reducing waiting time for check-in, among other efforts to enhance the well-being of their guests.

As mentioned above, as the development of hotels has relevance to the UK economy, the government could provide some regulations to protect hotels by, for instance, announcing a clear and strict policy to regulate Airbnb regarding the tax and security guarantees.

Additionally, in a broader area, hotels in the UK could cooperate and launch a reservation platform whereby customers could book hotels through a centralized system of all hotels, not merely particular

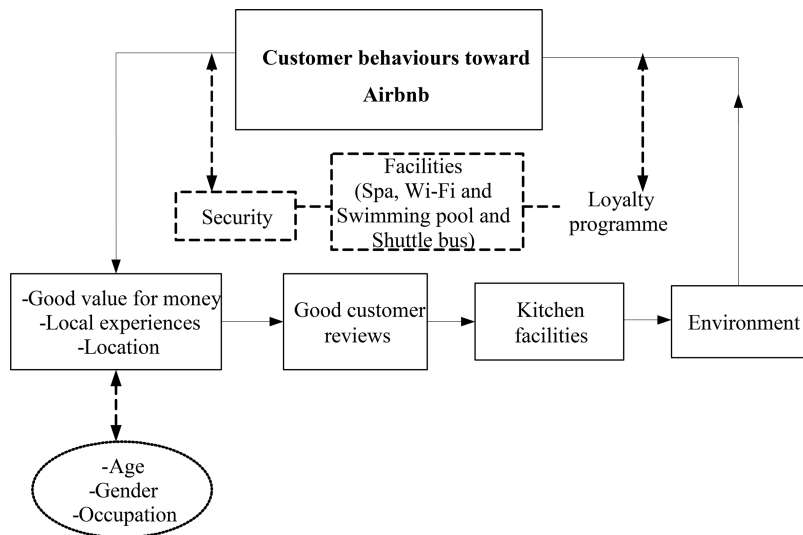


Figure 1. Conceptual framework, customer behavior towards Airbnb, and key elements to enhance guests' choosing behavior.

brands. This could also be useful to monitor customers' behavior and resolve problems immediately. The long-term solution might be for budget hotels to merge with Airbnb and provide an option for those who wish to feel as if at home while they are traveling, offering them the opportunity to book their Airbnb through the hotel system and providing more security.

#### Limitations of the Study

The study needs to be continued in order to gain further insight into customers' views and to find out their experiences and perceptions. Hence, a future study should use both surveys and interviews to acquire responses from participants who have and not have employed Airbnb services.

#### Appendix: Questionnaire

- 1) What is your age?  
☐ 18–24 years ☐ 25–34 years ☐ 35–44 years ☐ 45–54 years  
☐ 55–64 years ☐ 65–74 years ☐ 75 years or older
- 2) What is your gender?  
☐ Male ☐ Female
- 3) What is your nationality?  
☐ UK ☐ Europe ☐ USA ☐ Asia ☐ Other
- 4) What is your occupation?  
☐ Student ☐ Employee ☐ Unemployed ☐ Part-time
- 5) The main reason for your travel.  
☐ Business ☐ Leisure ☐ Study ☐ Other
- 6) What types of hotels/accommodations do you usually book?  
☐ Budget (motel, Ibis, Premier Inn, etc)  
☐ Economy (Mercure, Holiday Inn, Novotel, etc)  
☐ Luxury (Marriott, Four seasons, etc)  
☐ Airbnb – if yes, please answer questions 7 & 8
- 7) Why do you prefer to stay in Airbnb?  


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- 8) Previous experiences of Airbnb?  


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- 9) What is your review of Airbnb?  
☐ Perfect ☐ Good ☐ Acceptable ☐ Bad
- 10) What three things those do you think that Airbnb can give you?  
☐ Price ☐ Environment ☐ Location ☐ Facilities (fitness, Wi-Fi)  
☐ Scale ☐ Good Customer Reviews ☐ Breakfast ☐ Shuttle bus ☐ Local experiences  
☐ Loyalty programme ☐ Safety
- 11) What three things those do you think that hotels can give you?  
☐ Price ☐ Environment ☐ Location ☐ Facilities (fitness, Wi-Fi)  
☐ Scale ☐ Good Customer Reviews ☐ Breakfast ☐ Shuttle bus ☐ Local experiences  
☐ Loyalty programme ☐ Safety
- 12) What do you think the issues of Airbnb are?  


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- 13) What do you think the issues of traditional hotels are?  


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- 14) Do you compare Airbnb and hotels before making your choice?  
☐ Yes ☐ No



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