**AN INVESTIGATION OF THE IMPACT OF AIRBNB ON THE HOTEL INDUSTRY IN THE UK AND CUSTOMER BEHAVIOUR**

[RESEARCH PROPOSAL]

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***1. Introduction***

*1.1 Background of the Study*

The emergence of sharing economy has changed the dealing of daily transactions in the tourism industry and thus being driven by societal and economic considerations. In this regard, Tørnquist (2018) stated that the sharing economy has been considered as a massively expanding trend in the travel and tourism industry, as exemplified by the online accommodation service Airbnb. In addition to this, Tussyadiah and Pesonen (2016) stated that the tourists have become price conscious and seeking low-cost accommodation in order to deal with their travel expenditure conveniently. The use of sharing economy in the hotel industry is based on implications of peer-to-peer platforms, where customers pay for a service without any financial transfer. In this regard, Airbnb has been developed as an online accommodation service that allows individuals to offer accommodation to the tourists via Airbnb. Airbnb is an online company that has been launched in 2008 for enabling homeowners to run out their houses to travellers for a fee. The growth of Airbnb has been increased by 90% in 2015 and become competitor of Hilton. Moreover, Airbnb has also acquired excellence as compared to Starwood and Marriott which are leading hospitals in the traditional hospitality industry.

According to Zervas, Proserpio, and Byers (2017), the value and market share of Airbnb has been increased over the past 8 years, representing the trend of sharing economy in the tourism and hospitality industry as a whole. The development of accommodation service like Airbnb exerted a significant impact and added stimulant to the radical change of the traditional hotel industry. As stated by Ert, Fleischer, and Magen (2016), businesses as well as customers are benefiting from Airbnb through providing a marketplace that allows them to get access to the local accommodation. At present, Airbnb has more than 4 million users and 300,000 listings across 190 countries. Airbnb allow local to become more entrepreneurial as it develops a significant number of employments and boosts number of accommodations and diversifies hotel industry as 80% of travels are eager to have a local experience in reasonable price.

*1.2 Statement of Problem*

Despite of increasing business and consumer interest in Airbnb has been reported, empirical research regarding the impact of Airbnb on hotel industry and consumer behaviour UK still insufficient. Much empirical studies are required for understanding the factors of Airbnb exerting impact on hotel industry and consumer behaviour. Although previous researches have emphasised on the influence of Airbnb on hotel industry and consumer behaviour at global context but did not emphasise on UK hotels and hotel industry. Thus, the following study intends to examine the influence of Airbnb on hotel industry of UK and consumer behaviour.

*1.3 Aim and Objectives*

The main aim of the following study is to investigate the impact of Airbnb on hotel industry in UK and consumer behaviour. This aim will be achieved by the researcher through achieving the following objectives:

* To study the value of Airbnb in the hotel industry of UK
* To determine the elements of Airbnb that influence on hotel industry and motivate customers to choose Airbnb
* To analyse the impact of Airbnb on hotel industry in UK and consumer behaviour in the hospitality industry
* To provide recommendations to hotel industry of UK in order to reduce threats and concerns posed by Airbnb on UK hotels

*1.4 Rationale and Significance of the Study*

The rationale behind conducting this research is to examine the value of Airbnb in the hotel industry of UK and how it is influencing hotels and consumer behaviour to choose Airbnb for accommodation while travelling. This study will provide significant results to the hotel industry for determining the factors of Airbnb that could pose threat to the competitiveness of hotels in UK. In addition, the study will also be significant for hotels in examining the competitiveness of Airbnb in relation to influencing consumer behaviour and the need of hotels for a relevant response to the service.

***2. Review of Literature***

Airbnb is an online rental service that allows travellers to book and list accommodation through a mobile application and website. The exponential growth of Airbnb is based on increase in number of listing and number of users. The company claims to have more than 20 million users and every month one million users experience the service of Airbnb. According to Wang and Nicolau (2017), it is estimated that approximately 14% of Airbnb’s users are currently active. As stated by Priporas et al. (2017), Airbnb had an approximately 425,000 users per night in 2015, which was 22% higher than Hilton across the globe. In this regard, Airbnb is posing negative influence on hotel industry with an exponential growth in listings.

Moreover, Quattrone et al. (2016) stated that through the stimulating effect of sharing economy, Airbnb has been established as a leading peer-to-peer model in the hotel industry and it is projected that Airbnb will usurp the position of largest hotel chain of the world. The development of Airbnb has allowed people to make use of free local spaces through fee-based sharing. As stated by Forgacs and Dimanche (2016), drivers that allow Airbnb to influence users towards the sharing accommodation service are economic crisis and technology and the rapid growth of booking through Airbnb is affecting revenues of local hotels and lodges.

In addition, Gibbs et al. (2018) stated that the rapid growth of Airbnb also affecting the customer behaviour in the hospitality industry. Most of the people experiencing sharing consumption are between the age group of 19 to 35 years. Customers of this group perceive that sharing consumption through Airbnb is a convenient method to book accommodation in reasonable price. In this regard, Kathan, Matzler, and Veider (2016) stated that the online presence and price feasibility are two major drivers that influence customer behaviour in the hospitality industry. With the advent of technology, customers become able to book their accommodations online before arrival and make their travel experience smooth and pleasant. Furthermore, Oskam and Boswijk (2016) stated that the 52% of population in UK are users of Airbnb, in which, 29% of users are loyal customers of Airbnb, while 48% have never experience Airbnb. In relation to the customers’ reviews regarding Airbnb, it is stated that 95% of customers have rated Airbnb between 4.5 and 5 stars. This indicates that the customers have trust on the service of Airbnb on the basis of online reviews. However, Bridges and Vásquez (2018) stated that the accuracy of Airbnb’s rating has been criticised as most of listed accommodation places have never rented and 22% of customers rebook the same accommodation properties.

According to Sthapit and Jiménez-Barreto (2018), two major factors that influence customers to use Airbnb include convenience and good value for money. Furthermore, price is the most important factor that travellers consider while booking accommodation via Airbnb as 46% of respondents are likely to experience budget travel. With respect to this, Teubner, Hawlitschek, and Dann (2017) stated that the renting an accommodation through Airbnb is cheaper than traditional hotels in the UK and save 49% of the cost. Moreover, it is also stated that the convenience is also a major factor that motivate customers to choose Airbnb for benefiting from local atmospheres and use of home appliance, Wi-Fi, breakfast, and gym service. Additionally, leisure customers prefer to experience a convenient location, non-smoking accommodation, and swimming pool. However, Varma et al. (2016) stated that leisure customers also declared that they are likely to choose a hotel instead of Airbnb if they can get accommodation on discounted price through a loyalty program.

A study conducted by Guttentag et al. (2018) also emphasised that the local experiences such as communication with neighbours and host also influence customer behaviour in the hotel industry of UK. Customers of Airbnb choose this service because of experiencing the local atmosphere closely and interact with locals and chatted with them for making the journey memorable and pleasant. Additionally, So, H. and Min (2018) stated that the value and competitiveness of Airbnb also posing threats to the traditional hotels. Traditional hotels are facing pricing pressures from the accommodation service of Airbnb and forced several hotels to set lower prices for accommodation during high-demand season in order to ensure occupancy. These findings are supported by the study of Guttentag (2015) which indicated that the Airbnb is flexible to the price adjustment during peak times, therefore limiting the competitive pricing strategies of hotels. Conversely, Airbnb is also changing the attitudes and preferences of customers towards the traditional hotels and tourists have reduced their possibility of staying in local hotels by 40% to 79%. In addition, Guttentag (2015) stated that the Airbnb has significant impact on hotel industry as Airbnb has some security issues that influence customers to choose hotels for safe accommodation instead of sharing economy via Airbnb.

***3. Methodology***

*3.1 Research Philosophy*

In this research study, the researcher intends to adopt positivism philosophy in order to address problem identified in the study. As stated by Comte (2015), positivism philosophy allow researcher to collect scientifically verified data in order to accept or reject research hypothesis. With respect to this, the use of positivism philosophy in this study will make researcher able to acquire scientific data and information and then interpreted collected information on the basis of preferences of participants regarding Airbnb that has an influence on competitiveness of UK hotel industry and consumer behaviour.

*3.2 Research Approach*

The researcher will make preference towards deductive approach in this study in order to determine the value and influence of Airbnb on hotel industry of UK. Deductive approach revolves around the development of hypothesis on the basis of existing theory and then formulates research strategy accordingly. In this regard, the use of deductive approach will allow researcher to verify hypothesis statement that “Airbnb has significant impact on hotels in UK and consumer behaviour” on the basis of existing information regarding competitiveness of Airbnb in the hospitality industry of UK.

*3.3 Research Design*

The research will make preference towards quantitative research design for acquiring statistical data and information from participants of the research and become able to execute a valid, representative, and reliable research regarding the effect of Airbnb on consumer behaviour and hotels in UK. The use of this research design will make researcher able to gather and interpret statistical data for analysing the facts and figures about competitiveness of Airbnb in the hotel industry of UK. In addition to this, the use of quantitative research design will allow researcher to acquire reliable, valid, and generalizable results to a larger population or users of Airbnb.

*3.4 Research Strategy*

In this study, the researcher will use survey questionnaire as a research strategy in order to collect data from users of Airbnb in the hotel industry of UK. As stated by Brace (2018), survey questionnaire is a set of questions that enable researcher to gather, evaluate, and evaluate different perception of people from a target population. The researcher will make preference towards survey questionnaire in order to determine the factors that influence customers to choose Airbnb for accommodation. The rationale behind using survey questionnaire is to acquire quantifiable responses regarding the problem statement of the research that are relatively easy to interpret.

*3.5 Sampling and Sample Size*

In this study, 150 customers or users of Airbnb will be used as a sample size for investigating the factors of Airbnb that can influence on business environment of hotel industry and customer behaviour in the UK. For selecting the appropriate sample size, the researcher will use convenience sampling technique in which sample size will be selected on the basis of their closeness and proximity to the researcher. Convenience sampling will allow researcher to easily select sample size from the target population comparatively to other types of non-probability sampling methods.

*3.6 Data Collection Method*

In this study, the researcher will use primary data collection method in order to determine market value and competitiveness of Airbnb in the hotel industry of UK. The researcher will use survey questionnaire for collecting primary data from participants of the study. Primary data collection method through survey questionnaire will allow researcher to execute a reliable, valid, and original study. On the other hand, the researcher will also incorporate secondary data in this study in order to support primary data from the findings of previous study regarding the influence of Airbnb on hotel industry of UK and customer behaviour.

*3.7 Data Analysis Technique*

Since, the researcher will make preference towards quantitative design in this study for collecting data from participants thus; statistical analysis technique will be used by the researcher in order to interpret quantifiable data regarding the factors of Airbnb that can influence customer behaviour and business environment of hotel industry in UK. The researcher will particularly use descriptive analysis technique for analysing the role of Airbnb in influencing hotel industry and customer behaviour in UK. Descriptive analysis technique will allow researcher to determine the correlation between Airbnb and customer behaviour and will make researcher able to analyse the extent to which Airbnb affect the customer behaviour and hotel industry in UK. In addition to this, correlation and regression analysis will be applied in order to establish the impact of predictors on dependent variable.

*3.8 Ethical Considerations*

In this study, the researcher will consider several ethical considerations in order to make the research ethically approved. These ethical considerations may include anonymity of respondents, confidentiality and privacy of personal as well as collected information from the respondents, and beneficence of the respondents of the study. In order to ensure these ethical standards in the study, the researcher will not disclose any information to third party and will collected information and data in a personal locked computer and avoid any type of ethical breach in this study.

*3.9 Research Limitations*

One of the major limitations of this study will be that the study only revolves around the existing users of Airbnb and the findings of the study will create some biases and will not be applicable to any other context. In addition to this, the study will also be limited due to use of quantitative research design. Quantitative design will use structured and close-ended questions that will provide limited outcomes and not represent generalisable findings due to providing limited options to the respondents.

*3.10 Timeline of the Study*

The timeline set for this particular study will be one year in which specific tasks will be performed by the researcher in a particular period of time as demonstrated in the table below:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Tasks | **Months** | | | | | | | | | | | |
|  | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Submission of proposal |  |  |  |  |  |  |  |  |  |  |  |  |
| Literature review |  |  |  |  |  |  |  |  |  |  |  |  |
| Data collection from participants |  |  |  |  |  |  |  |  |  |  |  |  |
| Data analysis |  |  |  |  |  |  |  |  |  |  |  |  |
| Thesis writing |  |  |  |  |  |  |  |  |  |  |  |  |
| Submission of draft |  |  |  |  |  |  |  |  |  |  |  |  |
| Meeting with supervisor |  |  |  |  |  |  |  |  |  |  |  |  |

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**Appendix**

***Survey Questionnaire***

**1. What is your age?**

* 18-25 years
* 26-35 years
* 36-45 years
* 46-55 years
* 56-65 years
* 65 or above

**2. Mention your gender**

* Male
* Female

**3. What is your nationality?**

* Europe
* UK
* USA
* Asia
* Other

**4. What is reason for your travel?**

* Leisure
* Business
* Study
* Other

**5. What types of accommodations you usually book?**

* Economy
* Budget
* Luxury
* Airbnb

**6. Do you think price is the main reason to stay in Airbnb**

* Strongly Disagree
* Disagree
* Neutral
* Agree
* Strongly Agree

**7. Do you think convenience makes you influenced to book Airbnb for accommodation?**

* Strongly Disagree
* Disagree
* Neutral
* Agree
* Strongly Agree

**8. Are you agree with the statement that Airbnb allow users to experience the local atmosphere and interact with locals conveniently?**

* Strongly Disagree
* Disagree
* Neutral
* Agree
* Strongly Agree

**9. Facilities and customer reviews makes you influenced towards Airbnb**

* Strongly Disagree
* Disagree
* Neutral
* Agree
* Strongly Agree

**10. Privacy and security are the main issues that influence you to choose hotels instead of Airbnb?**

* Strongly Disagree
* Disagree
* Neutral
* Agree
* Strongly Agree

## *Results*

The possible results that will be achieved after completing this research is demonstrated in pie chart mentioned below:

The above chart demonstrates that most of the respondents will state that price is the main factors that influence on customer behaviour and influence user to choose Airbnb.