

GUEST SELECTION VARIABLES OF PEER-TO-PEER LODGING ACCOMMODATIONS

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ABSTRACT

This paper analyzes variables found in published literature related to the reasons why consumers choose to stay in strangers' houses when selecting travel accommodations. The sharing economy, also known as the peer-to-peer economy, continues to increase with a need for property hosts to understand the determining factors as to why travelers choose certain accommodations over others. Focusing on Airbnb and Vacation Rentals By Owner (VRBO), published scholarly literature about consumer variables is limited. Therefore, the need to extend the body of knowledge when it comes to consumer selection of accommodations in the peer-to-peer lodging sector into hospitality and tourism literature is necessary to better understand traveler decision making variables. The results of this paper will provide peer-to-peer property hosts with valuable information that will help to increase the value of their properties when marketing through an online lodging booking platform.

INTRODUCTION

Hospitality refers to a relationship between a host and guest that can be experienced when citizens open their homes to strangers. Being hospitable refers to the act or practice of welcoming guests, visitors or strangers with liberality and goodwill (Kenway & Fahey, 2009). This hospitable act has been a common practice throughout the world over centuries and can be traced back to ancient times as people traveled long distances and needed food and lodging accommodations.

In the United States, the Post World War II travel demands rapidly expanded the hotel industry. Prior to that time, lodging accommodations were owned by individual operators and were mainly motels that could be found along the major highways to attract the traveling public. As travel increased so did the size and offerings of lodging accommodations and the industry saw an increase in large multinational hotel chains that were the mainstay for decades. The hospitality industry, specifically the lodging sector, is once again seeing the increase of independently owned and operated lodging accommodations that are becoming an attractive option for travelers as marketing capabilities for small, independently owned lodging properties has become accessible through online travel "agents" and platform-based home-sharing apps. Platform-based mobile device applications (apps) are flourishing as they bring solutions to people at their fingertips. The sharing economy, also known as the collaborative consumption (Botsman & Rogers, 2010) or access-based consumption (Bardhi & Eckhardt, 2012) and the peer-to-peer (P2P) economy, are finding incredible growth on mobile applications and are liked by the masses (Bardhi & Eckhardt, 2012). There are several different research models and definitions within the literature to describe this growing global trend. For purposes of this study,

the definition used for a peer-to-peer lodging accommodation or short-term property rental is, “the process whereby a homeowner makes their home or a room within their home available for others to rent for short periods of time as an alternative form of accommodation” (Washington State, 2022).

The current study focuses on the many variables that drive consumers to select overnight accommodations when traveling. This study is unique by bringing several variables together to determine which ones are most valuable for the lodging hosts to understand and implement when marketing their properties in the peer-to-peer economy. Quattrone, et al.’s. (2022) research on Airbnb travelers found that travelers value the same aspects of service, in equal measure, in all cities wherever they travel, e.g., location, facilities, communication with the host, hospitality. Therefore, including similar variables in the current study aids in supporting previous research outcomes and validating the findings. The variables included in the current study are cost, amenities, location, connection and belonging, customer experience over physical environment.

LITERATURE REVIEW

The sharing economy has brought about several types of companies that offer their customers a variety of different services. For example, TURO provides car sharing; UBER and Lyft provide ride sharing; Vinted exchanges used clothing, and Kickstarter lends money. Companies like Airbnb and VRBO provide the sharing of homes and other unique lodging accommodations. Airbnb, a peer-to-peer lodging platform, started in the co-founder’s apartment in 2007 in San Francisco and quickly grew into an international online booking platform within four years. Airbnb reported that in 2022 there were 2.9 million hosts and over 7 million listings on Airbnb worldwide and in the same year, 14,000 new hosts were joining the platform each month in 100,00 cities, 220 countries and regions (Airbnb, 2023). In 1995, VRBO was born and is now a global vacation brand with a unique selection of more than two million whole homes all over the world (VRBO, n.d.). The growing number of properties available for travelers to select from on the platform continues to increase and the need to understand how to attract guests in the peer-to-peer economy is necessary for independent property owners also known as hosts.

Economical value

Cost as a primary variable when selecting travel accommodations is not uncommon and in the lodging industry the large multinational hotel chains set the pace when it comes to per night hotel room rates. The growth of the sharing economy has allowed for lower prices and greater options in the lodging industry. Research has shown that travelers are drawn to the peer-to-peer lodging apps to find cost efficient accommodations. Nathan, et al. (2020) found that price value is the largest predictor for tourists’ behavioral intention to use Airbnb app. The economic value of the accommodation is determined by the needs of the individual traveler which may not require a host to be the cheapest option but the best fit for the traveler. For example, a family with young children and a pet may find it more valuable to rent a whole home with several bedrooms and bathrooms on Airbnb instead of renting two hotel rooms with an additional pet fee at a large hotel property.

Connection and belonging

The founders of Airbnb believe that people are not only looking for a new way to travel but they are looking for connections. There is a shared idea that Airbnb guests experience a

deeper connection to the communities they visit, delivered by their hosts who provide a personal experience as a result of welcoming their guests into their homes providing a unique opportunity to experience the local community (Airbnb News, 2022). “The interaction between consumers, local residents, and residential owners, for example, is able to create knowledge exchange and co-creation experience between them” (Hastari, et al., 2020). In contrast, Quattrone et al. (2022) found social/interaction aspects of the service, such as ‘Hospitality’ and ‘Host advice’ are not a top priority of travelers. Findings suggest that the Airbnb hospitality service has now shifted into a business-oriented enterprise (akin to hotels and rental accommodation services), as opposed to a socially oriented one unlike their early days, when the business seemed to be all about sharing spaces and experiences. It is beneficial to better understand this conflicting information so hosts can offer a more personalized experience as an amenity that would attract guests.

Fear of Missing Out

The fear-of-missing-out (FOMO) or the “pervasive apprehension that others might be having rewarding experiences from which one is absent” (Przybylski, et al., 2013) has become an important factor for marketers to understand as the digitally savvy consumers of Generation Z (those born after 1996) gain more purchasing power. Specifically, in the hospitality industry, social media platforms such as Instagram have helped to influence travel decisions when social influencers share their travel experiences. In the shared economy, the ease of advertising a specific rental property through links and hashtags, allows almost instantly the ability for a prospective guest to book the same accommodation as the social influencer and fulfill the emotional need to belong. Sang and Wang (2019) found this to be true in their study where “the increased visibility of the experiences of one’s peers is tantamount to envying those experiences and wanting to imitate them”. Independent property hosts may feel the need to attract more social influencers to their properties to help market their property.

Customer experience versus physical environment.

The customer experience with a property host and the physical environment that the property provides are also contributing factors that have been found to influence travelers' decisions. Travelers can share every detail of their travel experiences, good and bad, on several different social media platforms. Past guest ratings are a top priority for property hosts because the algorithms embedded in the booking platforms position properties on the platforms according to their ratings. In addition, postings of positive past guest experiences increase the desire of other travelers to want to experience the same things. Wall et al., (2011) found that is not sufficient to just offer a basic level of products and services but the shared accommodations must be accompanied by experiences that individuals respond to, interpret and share in their own unique way. Travelers using the peer-to-peer platforms have the dilemma over whether to choose the predictable safe option in a traditional hotel property or take a risk at maximizing their experience. “In essence, in the minds of consumers, there is as much potential risk of an uncomfortable stay due to poor functional quality as there is a fear of missing out (FOMO) on staying at an accommodation that could deliver exceptional experiential and symbolic quality” (Boley & Woosnam, 2021).

RESEARCH QUESTIONS

The current study seeks to answer some of the questions peer-to-peer lodging hosts consider when listing and marketing their properties. Information regarding the desires of travelers appears to be plentiful when reviewing social media channels and peer-to-peer platforms that are driven by social media influencers and lodging companies. One is led to believe that a shared lodging property must be unique in the experiences the guests can have while staying in the property. Airbnb followed this trend by implementing a new search experience in November 2022 that categorized properties by their uniqueness. For example, categories that guests can now search on Airbnb include *OMG!*, *Tiny homes*, *Tree houses*, and *Off the grid* (Airbnb, 2023). Lodging hosts that do not fall within one of the new categories have seen their guest stays decline.

The second question the researchers are trying to understand through this study is the relationship between the host and the guest. Historically, positive hospitality experiences are gained through the interactions of a host and their guests on their property as a face-to-face interaction. However, the peer-to-peer platforms allow the hosts and guests to only communicate via text, email, and phone without face-to-face interaction. The founders of Airbnb would like to believe that guests to a new community and host-guest connections are enriching the lives of all the parties involved.

The general traveling public are the consumers of the majority of the lodging accommodations on peer-to-peer platforms and hosts should seek to find out their needs if they want to be successful. Therefore, the researchers seek to answer the following hypothesis to assist hosts of peer-to-peer properties:

- H1: The primary reason people book on peer-to-peer lodging sites is for the unique property experience.*
- H2: Customers booking overnight accommodations on peer-to-peer platforms want to communicate with the host and submerge themselves in the community.*

METHODOLOGY

To obtain the data needed to answer the hypotheses, the researchers used the crowdsourcing service, Amazon Mechanical Turk (AMT). Crowdsourcing for this study allowed the researchers to use the collective intelligence of a wide range of web users for the labor-intensive task of data collection through an online survey (Moss, et al., 2020). The current study also benefits from the use of the general public as research participants to understand a broader range of the traveling public. The researchers believe that research participants are valuable contributors to the discovery process, and they should be compensated for their time and effort. Therefore, the respondents were paid a competitive rate within the AMT platform once they completed the survey. 305 usable responses were collected in this study from participants that were over the age of 18.

FINDINGS

The researchers found that over half (52%) of the respondents said they travel at least monthly and between three and five times a year that travel is for pleasure. Assumptions can then be made that the majority of the travel is for business purposes. Over half of the participants responded that they spend (in US dollars) between \$500 and \$1,500 annually on lodging accommodations. At this rate, travelers are reporting that they are only spending \$41-\$125 per month on lodging accommodations which parallels the response to the survey question that asked the participants to rank in level of importance of the following factors when booking overnight accommodations: cost, location, uniqueness of property, amenities, customer reviews/ratings and convenience of booking. Cost was the primary factor in booking lodging accommodations followed by location, uniqueness of property, customer reviews/ratings, amenities and lastly convenience of booking.

Cost as a primary decision-making variable is a valuable piece of information for peer-to-peer lodging hosts to understand since there are multiple variables that need to be fulfilled when trying to market an individual property. Airbnb, VRBO and other peer-to-peer platforms are becoming increasingly trendy with travelers and with hosts trying to gain the attention of travelers. However, through the survey results in the current study, the general public is booking their overnight accommodations through online booking services such as Expedia, Travelocity, and Hotels.com or are going directly to hotel websites to book their stays. The use of peer-to-peer online platforms falls behind along with the use of travel agents.

The researchers found that the decision-making priority of travelers changed when they chose to use a peer-to-peer platform-based booking site. The primary variable was the *location* of the property (65%) with the *customer ratings* (57%) being the second most important factor and *cost* (54%) as the third most important factor. The lowest rated variable was *seeking a subversive community experience* (19%) and second lowest was *looking to experience something I saw on social media* (25%). Industry literature appears to contradict these findings, leading hosts to believe that they must give their guests a subversive community experience and encourage guests to post their experiences on their social media channels. The current study suggests that hosts should focus on marketing property locations and ensuring excellent guest experience to boost their exposure on peer-to-peer platforms.

LIMITATIONS AND FUTURE RESEARCH

One limitation that was not considered prior to this study was the peer-to-peer platform fees that are incurred by the hosts and the customers. The results of this study did show that travelers consider cost as a primary factor differently on different booking apps. It is unclear if this differentiation is due to the fees consumers are charged to book the property, rewards tied to booking on some platforms and not with others, ease of the technology, or even reputation of the platform. Newlands, et al. (2018) did find that the tripartite relationship between platform, provider, and consumer is often characterized by distributive outcomes which unilaterally favor the platform. Future research focused on the fees and consumer decision-making behaviors associated with booking on these platforms would add value to the growing literature in the sharing economy and hospitality literature.

CONCLUSION

The sharing economy is driven by the needs of the user and the value is determined by the individual consumer. In the peer-to-peer economy, hosts can also determine what they believe is valuable to a potential guest and provide unique amenities and services to attract customers. The current study shows that the platform on which a host markets their property (Airbnb, VRBO, Bookings.com, etc.) also determines the type of guests they are attracting. In addition, this study also supports the findings of Quattrone et al. (2022) that the element of the sharing economy has become professionalized reducing the founders' beliefs that communality and authenticity are no longer traveler priorities, but travelers do support predictability and efficiency.

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