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May I sleep in your bed? Getting permission to book



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ABSTRACT

Demand for tourist accommodation offered on peer-to-peer networks is skyrocketing. In such networks tourists can only book if the accommodation provider (host) gives their permission. Needing permission to book accommodation is radically new in tourism. No hotel, motel or B&B assesses a booking inquiry in detail before accepting their booking. But do peer-to-peer network hosts actually refuse permission to book and, if so, why? A choice experiment with Airbnb hosts shows that refusing permission to book is common and that specific attributes of the booking inquiry—such as the purpose of their trip—affect the likelihood of getting permission to book.

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Introduction

Peer-to-peer networks are radically transforming the accommodation sector. The leading international peer-to-peer network (Airbnb) started operating in 2009 and now caters to 17 million guests internationally (Airbnb, 2015). The model appears simple at first: home owners (hosts) rent out their holiday home or spare room to tourists (guests). Yet, peer-to-peer networks function in fundamentally different ways than traditional accommodation providers and traditional distribution channels in the tourism accommodation sector, which is why they have been classified as a disruptive innovation (Guttentag, 2013).

Disruptive innovations (Bower & Christensen, 1995; Christensen, 1997) are characterized by initially failing to meet the requirements of current customers because they offer a different set of performance

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attributes. Once introduced into the market they indeed do underperform on conventional performance attributes. But they succeed in attracting a small emerging market segment with their unique selling proposition consisting of one or more radically new performance attributes which the mainstream market is not yet familiar with and, as a consequence, lacks appreciation for. Initially disruptive innovations outperform traditional suppliers only with respect to radically new performance attributes, but soon—benefitting from exponential growth driven by the small initial market segment—disruptive innovations also outperform traditional suppliers on traditional performance attributes. At this point traditional suppliers in that market have lost critical time required to compete on the new performance attributes. Examples of disruptive innovation are digital photography, personal computers and smartphones. They have replaced entirely the traditional products in those markets.

In the case of peer-to-peer accommodation networks like Airbnb it is too early to conclude that they will—at some point in the future—replace traditional accommodation providers entirely, but the initial development of peer-to-peer accommodation networks certainly does display some of the key characteristics of disruptive innovations: in 2009 Airbnb was still desperately looking for investors. Many potential investors passed on the opportunity because Airbnb was nothing but an “unproven marketplace for air mattresses on the floors of people’s apartments” (Austin, 2011). In 2011 Airbnb was valued at \$1.3 billion (Austin, 2011) and in 2015 at \$25.5 billion, double the worth of Expedia and more than Marriott Hotels (Carson, 2015). The number of tourists using Airbnb for booking holiday accommodation has, in only five years, increased by a factor of 353 to 17 million (Airbnb, 2015). And while hotels still do not feel threatened by peer-to-peer networks because they see them as competing primarily with budget accommodation (Zervas, Proserpio, & Byers, 2016), peer-to-peer networks are already expanding into the business market by offering a subset of their accommodation options (which comply with rigorous quality criteria) to corporate travellers.

Peer-to-peer accommodation networks—at this point in time—appear to represent a case of a disruptive innovation. They offer radically new performance attributes. The present study focuses on one such radically new performance attribute: the requirement for guests to ask hosts for permission to buy.

In traditional commercial markets, vendors aim to sell as much of their product as possible to whoever is willing and able to buy in order to maximize their profit. To achieve this they must market themselves to potential customers. In peer-to-peer networks ordinary people, rather than businesses, share products and services. On online peer-to-peer accommodation websites, such as Airbnb.com, homeowners become accommodation providers by listing houses, apartments or rooms for rent. Their marketing is limited to the web profile of the accommodation. Tourists who seek accommodation send booking requests. Hosts then decide whether to accept or reject the booking. This decision to accept or reject is not as predictable as it is in the case of a traditional accommodation provider aiming at profit maximization because the motivations of peer-to-peer accommodation hosts are distinctly different from traditional, commercial providers. While money does undeniably play a role in the mix of motivations, other aspects, such as the enjoyment of meeting new people, the desire to share unused space or the wish to introduce visitors to what hosts feel is their beautiful part of the world (Karlsson & Dolnicar, 2016). The requirement for the guest to send a booking request combined with the fact that it cannot be assumed that the host will give permission for the booking to go ahead, puts the guest as a buyer into the unique position of having to market themselves to the host in order to be granted permission to buy. Guests have to sell themselves; they have to ask for permission to be able to book their accommodation. This is a radically new performance attribute introduced to the tourism accommodation sector by online peer-to-peer networks. Traditional hotels, motels, B&Bs, youth hostels and campgrounds do not assess booking inquiries before they allow them to book.

The aim of the present study is to investigate this new requirement of requesting permission to buy. Specifically, we investigate which attributes of a booking request increase the likelihood of being granted permission to buy and study variation among hosts with respect to their inclination to grant or refuse permission to buy. This study is the first to empirically investigate how frequently hosts in peer-to-peer accommodation networks accept or reject booking requests and the first to experimentally determine which attributes of booking requests increase acceptance likelihood. As such, the study not only contributes to knowledge about the sharing economy, but also provides practical guidance to vendors, buyers and peer-to-peer accommodation networks on how to maximize transaction likelihood.

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