

Hotel Revolution

How Technology Fuels the 'Sharing Economy',
Challenges the Hotel Industry and Transforms Space

Thesis:

The Sharing Economy is a disruptive force in many industries, particularly travel, consumer goods, transportation, finance, and employment. A driver in this transformative system is the home-sharing online platform, Airbnb.

As an impactful innovation, it provides a certain unique set of options that traditional hotels do not. In contrast to traditional hotel experiences, it offers better access and affordability, endless options to bookings and locations, personal customization, a unique and meaningful experience, and a relationship between users and hosts.

This research investigates the key components of the sharing economy business model's success, and applies it to the hotel environments that are adapting to the future. The research looks specifically at spatial comparisons between Airbnb listings and hotels, human feedback and expectations, experiential values that have been created by this technology, and regulations that may be necessary.

Disruptive Technology:

An innovation that transforms a product to be much more affordable and accessible that a much larger population have access to it (Ref 3), Airbnb is a global example of this. It is a 'collaborative consumption platform', a result of the Web 2.0 generation. Collaborative platforms enable people to efficiently get what they need from each other, resulting in a sharing-based economy.

Sharing Economy:

An economic system based on sharing underused assets or services, for free or for a fee, directly between individuals.



Airbnb is an online community marketplace that connects people looking to rent their homes with people who are looking for accommodations.

Airbnb users include hosts and travelers: hosts list and rent out their unused spaces, and travelers search for and book travel stays.

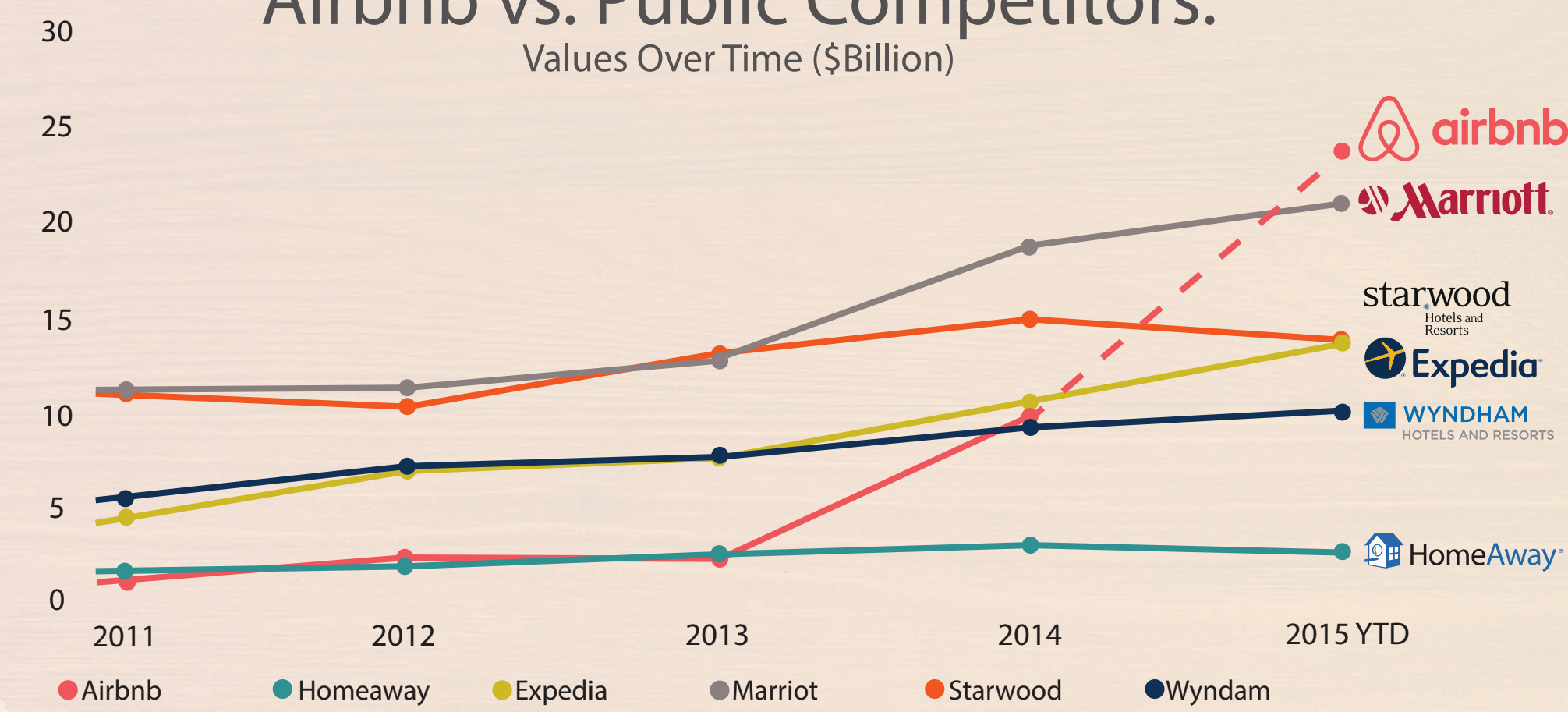


Total Guests 200,000,000+	Cities 65,000+
Countries 1,400+	Countries 191+

Ref 2

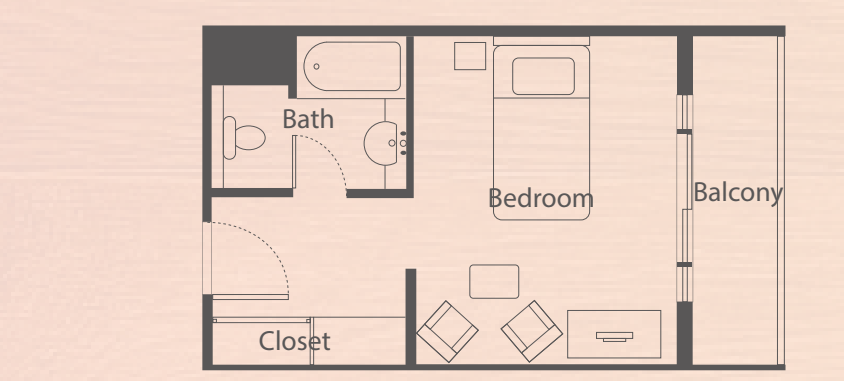
Airbnb vs. Public Competitors:

Values Over Time (\$Billion)



Ref 1

Hotels vs. Airbnb Houston, TX

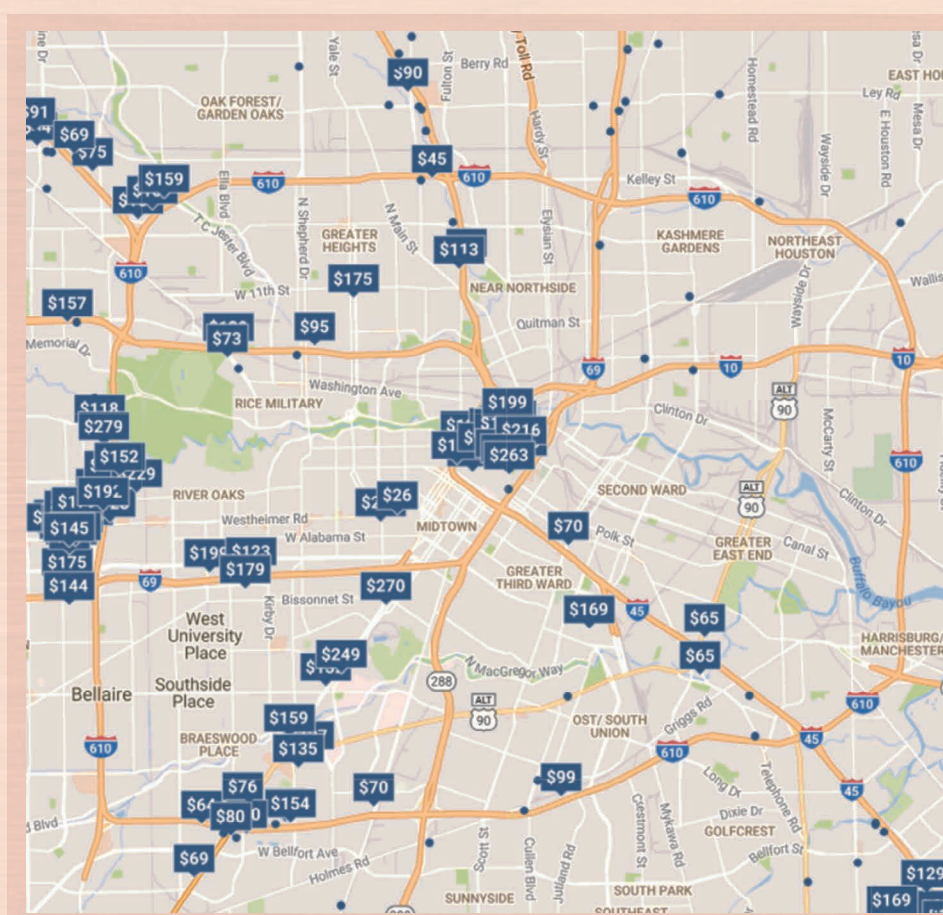


Single Room



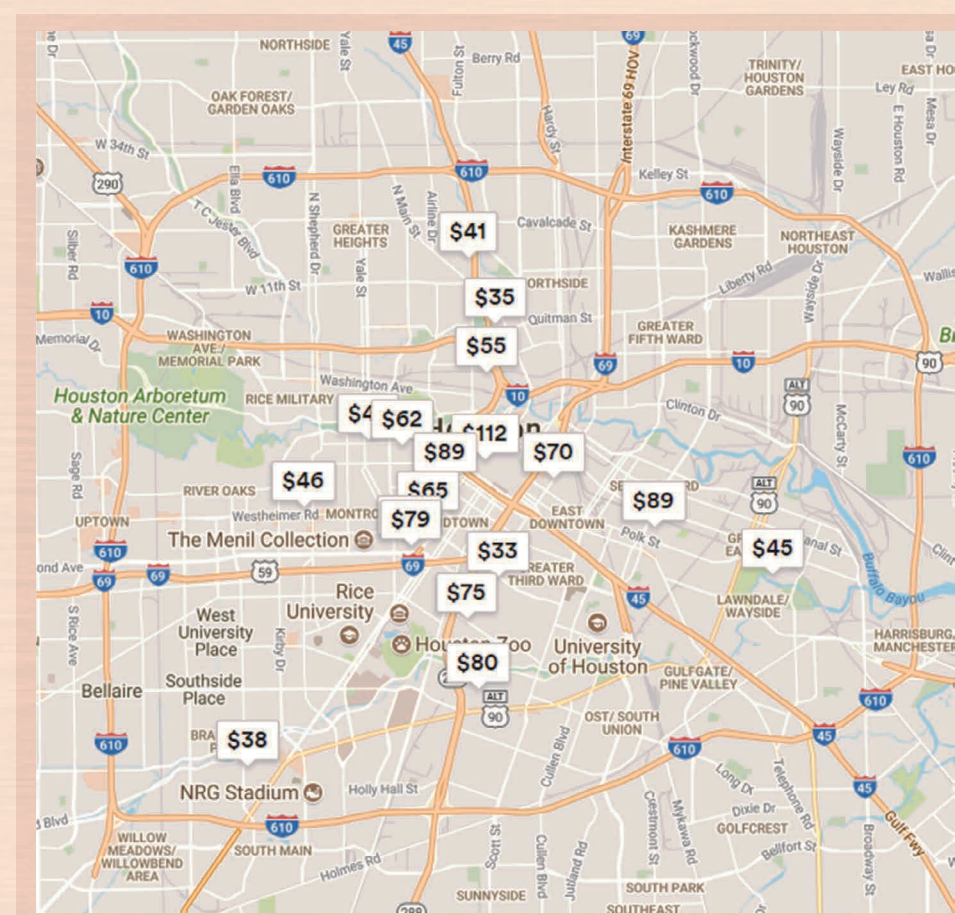
Double Room

Typical Hotel Room Plans



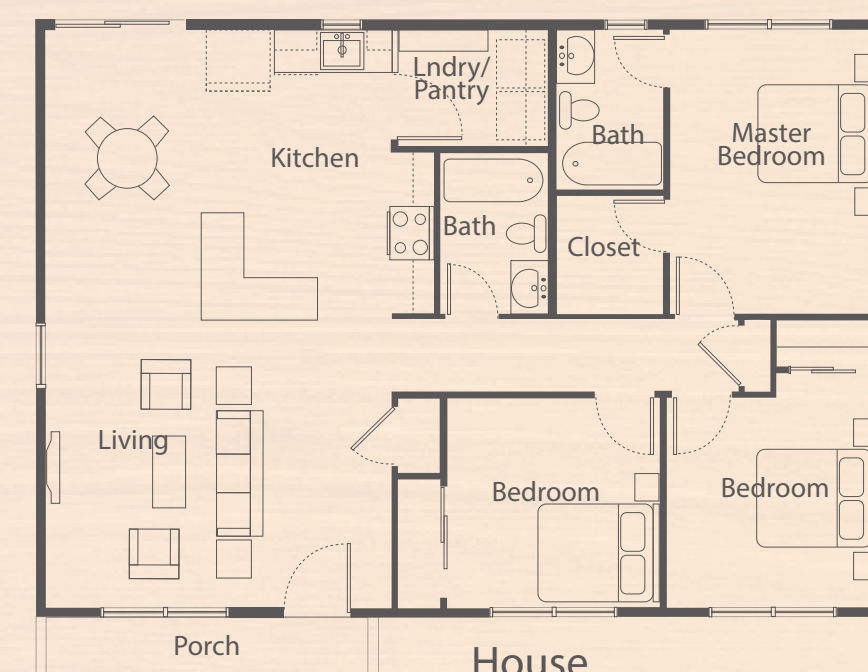
Hotel Stays

District-oriented, near major highways

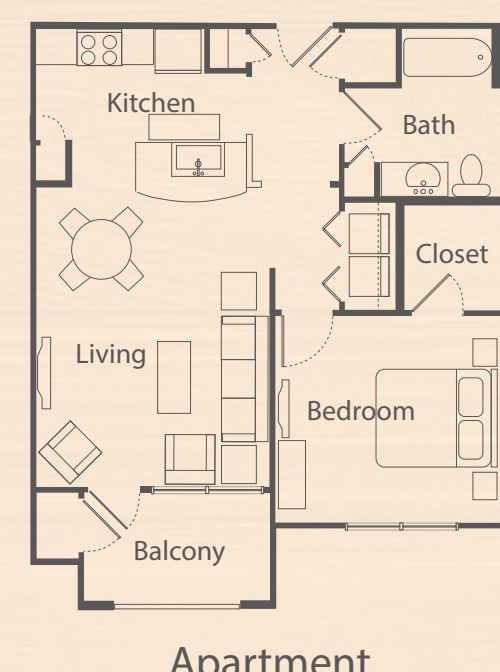


Airbnb Listings

Dispersed, alternative neighborhoods



House



Apartment

Typical Airbnb Listing Plans

La Quinta Inn & Suites Houston Bush IAH South

3.0 ★★★★★ 169 Google reviews
3-star hotel



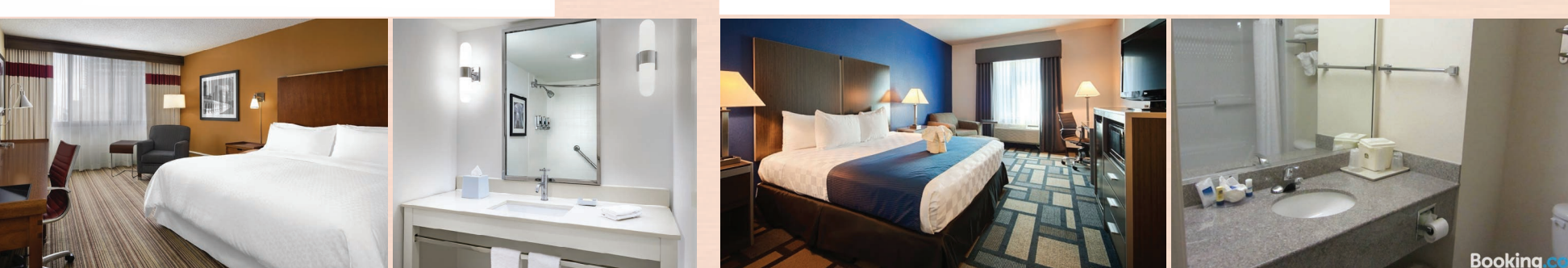
Hotel Derek

3.8 ★★★★★ 580 Google reviews
4-star hotel



Four Points by Sheraton Houston Greenway Plaza

3.8 ★★★★★ 341 Google reviews
3-star hotel



Best Western Galleria Inn & Suites

4.0 ★★★★★ 160 Google reviews
3-star hotel



Hilton Houston Plaza/Medical Center

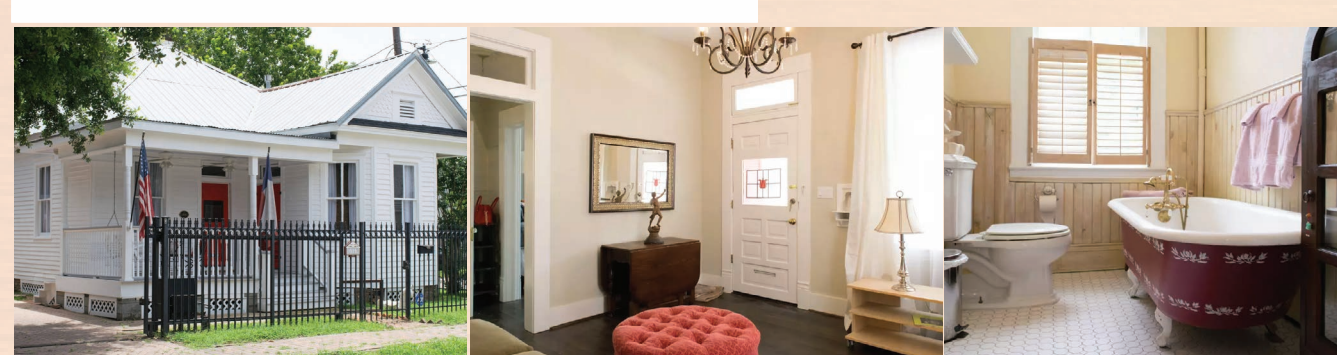
3.5 ★★★★★ 173 Google reviews
3-star hotel



Hotel Samples

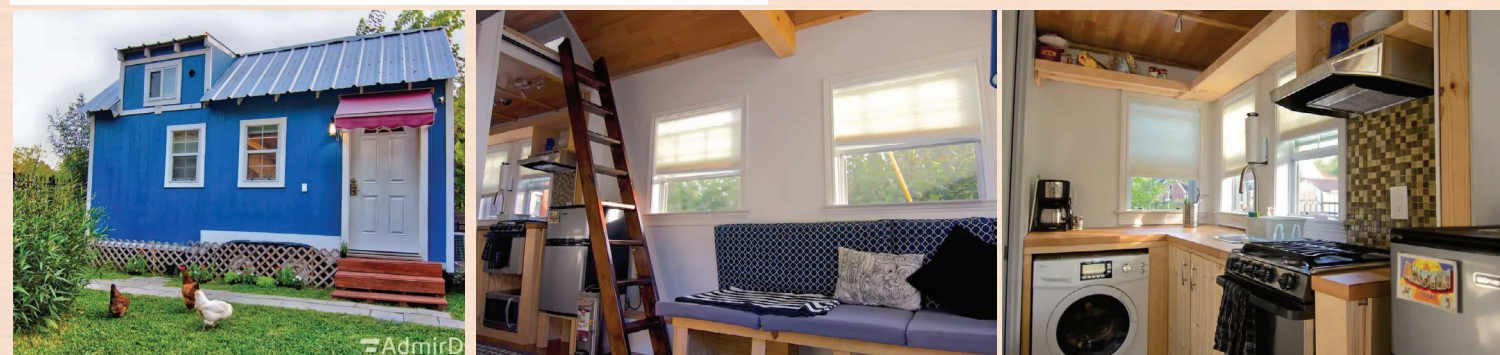
Outrageously Charming Cottage

Entire house · Houston · ★★★★★ 14 reviews
2 guests · 1 bedroom · 1 bed · 1 bath



Tiny House in Downtown & Mini Cooper/Audi*

Entire house · Houston · ★★★★★ 207 reviews



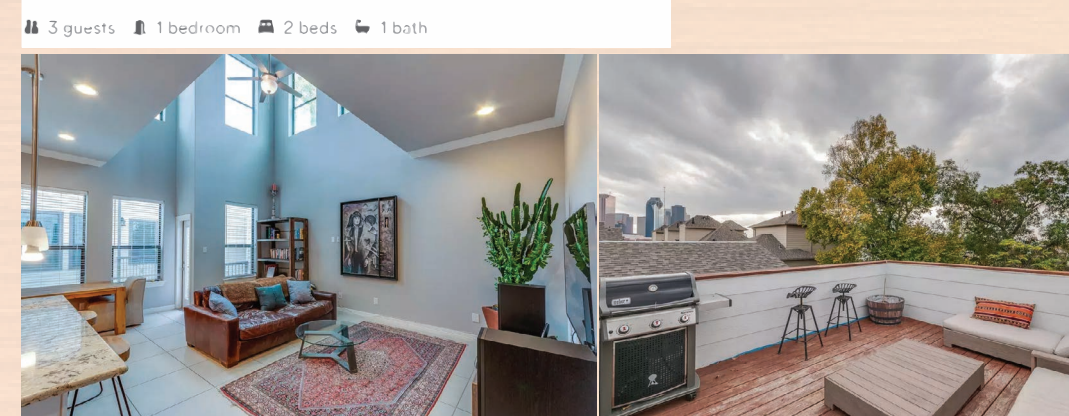
Charming Montrose Bungalow

Entire house · Houston · ★★★★★ 61 reviews
6 guests · 2 bedrooms · 2 beds · 2 baths



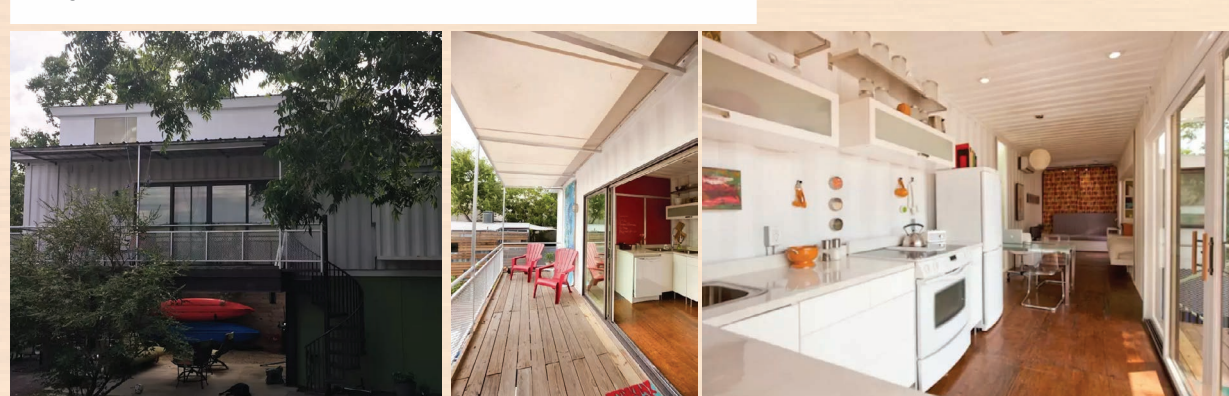
1st Flr BR, Downtown View Rooftop

Private room in house · Houston · ★★★★★ 107 reviews
2 guests · 1 bedroom · 2 beds · 1 bath



Fun Shipping Container Home!

Entire house · Houston · ★★★★★ 16 reviews
4 guests · Studio · 2 beds · 1 bath



Airbnb Samples

References
(1) "Tech Market Intelligence" CB Insights.
(2) "About Us" About Us - Airbnb.
(3) "Vacation Rentals, Homes, Experiences & Places" Airbnb.
(4) Clay Christensen, Harvard Business School professor
(5) "Airbnb Data | Airbnb Analytics" Airbnb.
(6) Pas, Brigitte Van de, and Felix Richter. "Infographic: Airbnb an Unfair Competitor for Hotel Industry?" Statista Infographics.
(7) "A greener way to travel: the environmental impacts of home sharing."
*The Airbnb Blog Belong Anywhere

Human Impact of Airbnb

Social Factors

A Unique and Meaningful Experience

- Encourages cultural exchange
- More relational interactions as opposed to just transactional
- System of transparency, holds people accountable with ratings
- Creates community interaction and brings people together
- Adds value, history and meaning to experience

Person-to-person exchange

- People benefit instead of a commercial hotel chain
- Creates a personal experience and ability to live like a local
- The host gives personal advice and suggestions about the area

Access and Options

- Lower price options create access and affordability for new travellers
- Travel is no longer limited to the hotel district of a city, travellers can take the unbeaten path
- Hosts can create a hospitable environment and make a living where it was not possible before



Threat to Popular Cities

- Airbnb can be a threat to popular cities like Amsterdam and San Francisco
- Central areas are becoming rentable and disrupted with excess tourism
- Property prices rise while buyers are purchasing extra rooms to rent out
- Contributes to gentrification
- Tourism overpopulation in neighborhoods leads to tourist businesses replacing local stores, such as bike rental replacing a local grocery

Discrimination

- Controversy with how the company should apply regulations
- Discrimination occurs with system of hosts turning away certain guests

A Risky Experience

- Vulnerability to opening your home to a stranger

Economic Factors

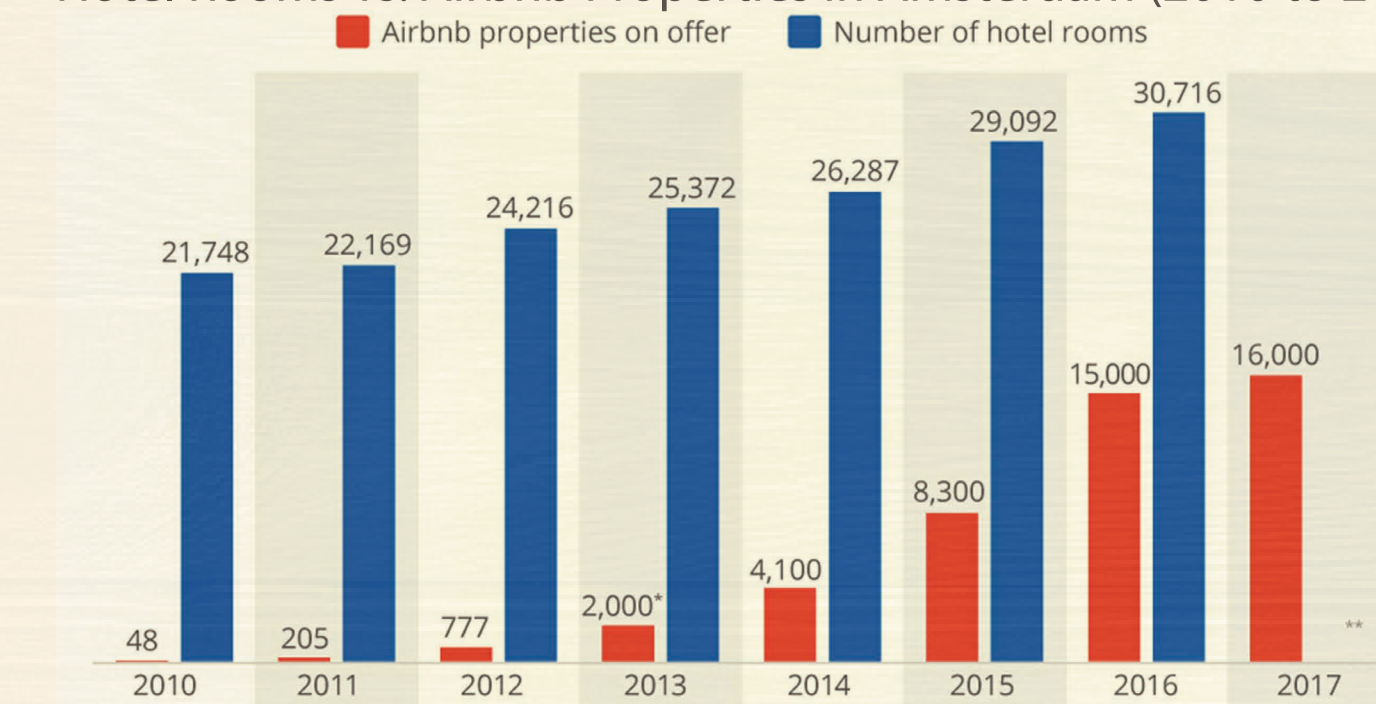
- Airbnb is able to offer accommodation at a significantly smaller cost than hotels and creates competition
- Money spreads from commercial hotels to neighborhoods and locals

Real Estate

- Property prices rise in popular cities
- Fewer spaces available as buyers purchase extra rooms to rent out

Hotel Industry

Hotel Rooms vs. Airbnb Properties in Amsterdam (2010 to 2017)

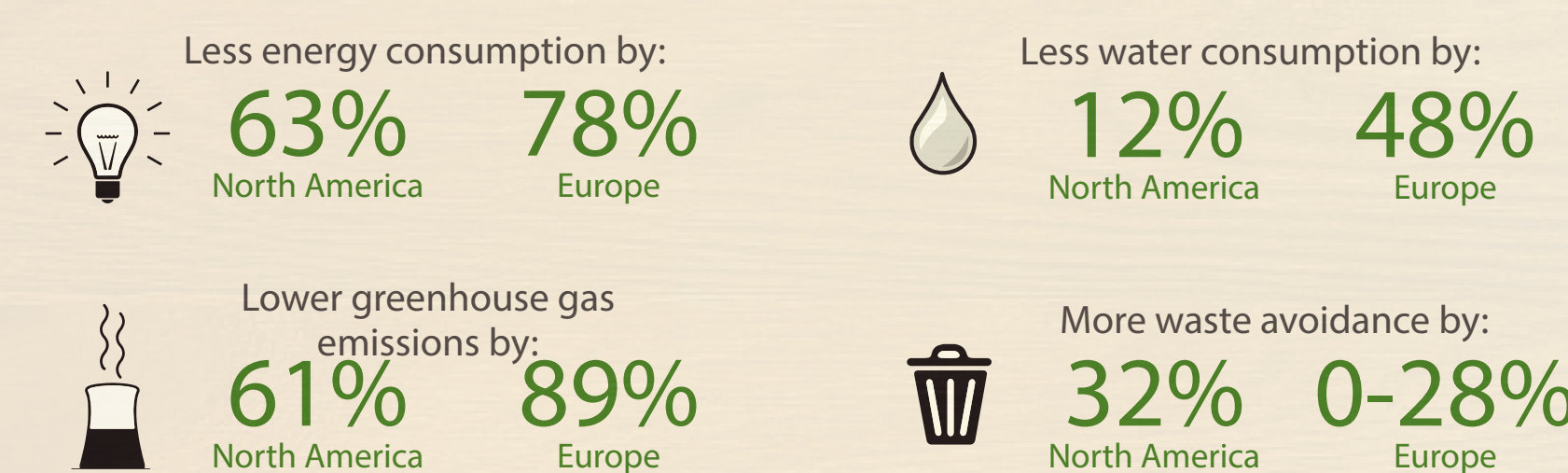


Ref 6

- Airbnb does not have to comply with the same legislation as hotels, and cities lose significant tax revenue
- Hotel industry loses guests and future jobs

Environmental Factors

Comparing Airbnb properties to hotel stays:



Sustainability awareness:



Ref 7

- Promotes efficient use of existing resources and sustainable way of travelling
- Compared to hotels, sharing a home results in significant reduction in energy, water and waste generation
- Encourages sustainability awareness among hosts and users