Extended abstract

Differential price management in hotels and peer-to-peer accommodation

Peer-to-peer (P2P) sharing economy platforms in the sector of tourist accommodation (such as Airbnb) have gained great media and social attention as they are considered disruptors of the hotel traditional industry (Breidbach & Brodie, 2017) and have been accompanied by intense controversy and debate, as well as disparate regulations worldwide (Ke, 2017). They are often considered direct (unfair) competitors to traditional hospitality and transportation industries, and are often accused of having fraudulent undercover businesses behind.

In this context, the comparison and analysis of the relationship between sharing economy lodging and traditional one has become more necessary than ever to better understand this phenomenon, its socioeconomic implications and adjust management strategies. Some studies have compared key attributes of P2P accommodation with hotels from guests’ point of view, through the analysis of guest online reviews (Belarmino et al., 2017; Tussyadiah & Zach, 2017) however, few studies have been made from the point of view of accommodation management. In the hotel industry, price is one of the most recognized and crucial issues determining purchase and it is one of the most mentioned issues by tourists’ UGC (Xiang et al., 2017). Among different P2P sharing economy platforms, we find the hybrid models of hospitality, which allow hosts to obtain economic benefits from offering underused resources (rooms) because precisely they include monetary rewards (Breidbach & Brodie, 2017) through setting a sale price. Pricing dynamics are a key point to understand the sharing economy accommodation (Gibbs et al., 2017; Chen & Xie, 2017) and a key differential point in their comparison to traditional lodging industry (Martin-Fuentes et al., 2018; Wang & Nicolau, 2017).

Therefore, the aim of this article is to analyse the pricing policy of hybrid model hosting exchange system comparing it with traditional establishments. This will be done through a quantitative comparative analysis of room prices of both hotels and Airbnb lodgings in Barcelona Eixample district throughout a period of one year. The data was downloaded manually from Airbnb.com and from Booking.com in eight different periods: four corresponding different dates and events in peak season in Barcelona (Easter 2016, New Year’s Eve 2016, Mobile World Congress (MWC) 2017, and Easter 2017) and four corresponding to two weeks earlier of those periods in order to compare prices of hotels and other accommodation facilities in peak season and in low season.

Results show that while positive correlations exist in hotel accommodation between hotel category, rate, quantity of reviews and price, in Airbnb no correlation is found between any of these items. Airbnb prices in general are significantly lower than hotel prices in all seasons. Concerning price variability in low and high seasons, in most cases, significant differences are found in the case of hotels but not in the case of Airbnb. These results indicate that while hotels, as expected, use yield or revenue management techniques to adjust prices in high and low seasons this pricing policy is not encountered in P2P lodging prices, which fluctuate very little.

These results contradict previous studies which indicated that P2P platforms base their success in price dynamics and adaptation (Breidbach & Brodie, 2017; Wang & Nicolau, 2017). Moreover, the use of pricing techniques which could indicate a professional management of P2P hosts has not been found. These findings can help both hoteliers and P2P platforms adjust their price management strategies. We suggest that P2P platforms such as Airbnb could provide the accommodation host some kind of system to collect and analyse seasonal data, to improve their profitability.
Acknowledgments

This work was supported by the Spanish Ministry of Economy, Industry and Competitiveness [Grant id.: ECO2017-88984-R]: Tourism analysis of peer-to-peer accommodation platforms in Spanish destinations through user-generated content and other online sources (TURCOLAB).

References


