Investigating The Effects of Competition from Peer-to-Peer Accommodation Platforms on Hotel X

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Abstract

This study investigated the effects of competition from peer-to-peer accommodation platforms like Airbnb on Hotel X's strategic operations, profits, and market share. Using a mixed method approach, the study made use of both quantitative questionnaires from potential guests as well as qualitative interviews with Hotel X's employees so as to assess how competition from peer-to-peer accommodation platforms influences hotel profits, customer preferences, and pricing strategies. Findings from the study showed critical challenges Hotel X is facing, including a major shift in guest preferences toward flexible, personalized experiences and affordable accommodations, which are provided by peer-to-peer platforms. In order to respond to the competition from peer-to-peer platforms, Hotel X has adapted through the implementation of pricing strategies that are flexible, and they have also improved their loyalty programs so as to keep a competitive advantage. However, the feedback from guests highlights how important further improvements in personalization and service quality are needed. The study finds that Hotel X needs to use digital marketing, improve guest experiences through personalized experiences and change their pricing strategies so as to position itself more effectively against the pressures from competition with peer-to-peer platforms.

Keywords
Hotel X, Peer-to-Peer Accommodation, Guest Preferences, Market Competition.

Introduction
Background of the study
Competition from peer-to-peer accommodation platforms has caused significant challenges of loss in market share and profits for Hotel X and has affected their pricing strategies and meeting consumer needs. Peer-to-peer accommodation platforms give guests access to look for and book accommodation options and give hosts access to post their properties and set prices that are to their liking, according to (Sainaghi 2020). According to (Tusaayadiah 2016) peer-to-peer accommodation platforms are rapidly growing segments in the hospitality industry, which provide consumers with affordable, personalized and unique accommodation options while hosts make an income through renting out properties they own. (Birinci 2018) states that peer-to-peer accommodations have become a popular alternative option to traditional hotels like Hotel X and has caused commotion in the hospitality industry in the past few years. (Dolnicar 2018) states that Airbnb has changed how people think about accommodation through its sharing economy business model, affordable pricing and consumer experience which challenge traditional hotel's position in the market.

Problem Statement
The emergence of peer-to-peer accommodation platforms like Airbnb have brought significant competition toHotel X. These peer-to-peer platforms offer consumers cost effective, personalized and unique accommodation options that appeal to a large segment of consumers. This has resulted in hotel X facing problems in maintaining a market share and profitability which has led to challenges in changing pricing strategies and meeting consumer needs.

Primary Objective
To investigate the effects of competition from peer-to-peer accommodation platforms on Hotel X.

Secondary Objectives
● Assess how peer-to-peer accommodation platforms have affected Hotel X's market share and profitability.
● Analyze the influence of peer-to-peer accommodation platforms on Hotel X's pricing strategies.
● Evaluate changes in the behavior and preferences of consumers due to the rise of peer-to-peer accommodation platforms.
● Differentiate the customer satisfaction and service quality levels between Hotel X and peer-to-peer accommodation platforms.

Significance of the study
The study gives insight into how Hotel X can adapt and navigate the impact of peer to peer accommodation platforms. The study also provides recommendations and strategies for Hotel X to improve their competitive positioning in the market. The study will improve understanding of behaviors and consumer needs in the hospitality industry. The study will also provide owners and hotel management with knowledge and strategies that improve their market position and pricing.

2. Literature Review
Introduction

A critical analysis of literature was conducted. The analysis was based on the most cited paper for each year from 2011 to 2023. The analysis focused on each paper's major contribution and identifying the gaps that currently exist in literature. Table 1, below depicts the results of the critical analysis.,

Table 1. Critical analysis of literature, 2011 – 2023.

Year	Citation	Author	Title	Methodology	Major Research Contribution	Contribution of own research
2011	21	Hills.J.R, Cairncross. G	How small regional accommodation providers view and respond to online intermediaries	Case studies	The study pays attention to the online distribution in regards to regional small accommodation providers	This study will provide detailed and informative information of what guests want which will allow Hotel X to address issues and use their strengths to make guest experiences better
2012	34	Olmos. G.H.C	Hospitality competitiveness measurement system	Data analysis and Cluster analysis	The study focuses measuring competition in the hospitality industry	This research will evaluate the challenges caused by the rise of peer-to-peer platforms like Airbnb and VRBO
2013	75	Trivett. V, Staff. S	What the sharing economy means to the future of travel	Internet and case studies	The Journal explores the rise of sharing economy platforms and their future impact to travellers	The research will explore how peer-to-peer accommodation platforms specifically have an effect on travel behaviours, consumer preferences and accommodation choices
2014	28	Nguyen.Q	A study of Airbnb as a potential	Peteraf and Bergen's broad-based	The study focuses on helping hotel	This research will explore the specific tactics and strategies

			competitor of the hotel industry	competitor identification tool	operators to determine the competitiveness of Airbnb and the need for them to respond to the service	that hotel managers can use to respond to the competition
2015	2599	Guttentag. D	Airbnb: disruptive innovation and the rise of an informal tourism accommodation sector	Data analysis	The article focuses on Airbnb's potential to disrupt the traditional hotel sector	This research will provide guidance for Hotel X to adapt or change their business models and improve their competitiveness
2016	1054	Tussyadiah. I.P, Pesonen. J	Impacts of peer-to-peer accommodation use on travel patterns	Customer analysis and data analytics	The study focuses on identifying how using peer to peer accommodation platforms leads to changes in consumer behaviour	The research will provide insight for Hotel X to help them adapt their offerings, service delivery and marketing strategies so as to meet the needs of consumers
2017	139	Pappas. N	The complexity of purchasing intentions in peer to peer accommodation	Chaos and complexity theories	The study focuses on revealing configurations that explain the attributes of holidaymaker's tourism decisions that are characterised by socio economic situation, price sensitivity and trust formulation	This research will help Hotel X develop specific approaches that improve customer satisfaction and competitiveness
2018	214	Birinci. H, Berezina. K and Cobanoglu. C	Comparing customer perceptions of hotel and peer to peer accommodation advantages and disadvantages	Cross sectional survey, a total of 391 usable response were collected	The journal focuses on comparing perceptions of peer to peer accommodation platforms and their advantages and disadvantages	This research will offer a more detailed analysis that explores specific aspects like value for money, user experience and community engagement.
2019	106	Roma. P, Panniello. U	Sharing economy and incumbents pricing strategy: The impact of Airbnb on the hospitality industry	OLS regression models for 2 subsamples of 1 to 3 hotels	The study's focus is on the incumbents pricing reactions to the quick rise of a novel and disruptive innovation, the sharing economy	This research will provide information on competitive dynamics and responses of hotels facing threats of disruptive innovation

2020	117	Belarmmino. A, Koh. Y	A critical review of research regarding peer-to-peer accommodations	107 peer reviewed articles collected from 3 databases	The study focuses on conducting a thorough review of literature to do with peer to peer accommodation platforms	This research explores deeper into the issues, developments and trends of peer-to-peer accommodation platforms
2021	37	Fu. S, Cheng. X	Staying in a hotel or peer to peer accommodation sharing? A discrete choice experiment with online reviews and discount strategies	Discrete choice experirment with 291 people who reponded	The study focuses on potential travellers' preferences for different property listings	This research will deeply explore specific features and attributes that influence choices of travelers
2022	14	Roma. P, Panniello. U, Vasi. M	Sharing economy and dynamic pricing: Is the impact of Airbnb on the hotel industry time-dependent?	2-way effects regression model	The study sheds light on the sharing economy and whether its penetration has an impact on how hotels adjust their pricing strategies	This research will provide a wider range of strategic responses, customer engagement practices and service adaptations Hotel X can use
2023	15	Destefanis. A	The impact of Airbnb on the economic performance of the independent hotels: An empirical investigation of the moderating effects	Data analysis	The study focuses on the role contingent factors can play in decreasing the impact of Airbnb on traditional hotels profits	This research will explore how Hotel X can make use these factors through innovative methods

3. Research Methodology

Methodology

For the study, Investigating the Effects of Competition from Peer-to-peer Accommodation platforms on Hotel X the researcher will use the Mixed Method Research Approach to gather data. According to (Heyyaert. M, Maes. B, 2013) the mixed method approach is a combination of qualitative and quantitative research approaches. (Morse. J, 2016) adds that in the mixed method research approach researchers can collect and evaluate qualitative and quantitative data simultaneously within the same study.

Research Design

The Qualitative research approach has to do with collecting and evaluating data that is not numerical for example videos and text, in order to better understand experiences, opinions and concepts according to (Bhandari. P, 2020 a). While the Quantitative research approach involves collecting and evaluating data that is numerical and it is used to locate averages and find patterns according to (Bhandari. P, 2020 b). The researchers study requires a study approach that is multifaceted and will look at both theoretical and statistical data like the mixed method. According to (Sandelowski. M, 2000) the mixed method approach allows for researchers to analytically and conceptually combine quantitative and qualitative data.

Sample and Population size

The population for this study will include potential guests of Hotel X as well as employees from Hotel X. The population size is 37 people, that includes 12 of Hotel X's employees that would like to remain anonymous and 25 potential guests with different ages and booking habits.

From the population size the researcher will interview 10 employees and 20 potential guests as part of their sample size which will make a total of 30. From the 10 employees, 2 are managers from Hotel X, 5 work at the front desk at different branches of Hotel X and 3 employees work in Maintenance at Hotel X. From the 20 potential guests, 5 have visited hotel X multiple times, 5 are new guests, 5 use Peer-to-peer accommodations only and 5 guests use both accommodations and hotels. The researcher chose to interview 10 of Hotel X's staff as part of the sample size so that they can gather data from important areas in Hotel X like the hotel desk. They also chose 20 potential guests as part of their sample size so that can get valuable data on guest preferences and behaviors.

Procedure for Data Collection

The researcher will use Interviews as a tool to get information from Hotel X's employees. The researcher chose semi- structured interviews as a data collection tool for this study because they allow for the collection of in-depth, thorough and detailed information which is important to understand the impact of peer-to-peer accommodation platforms on Hotel X. According to (Fox. N, 2009) Interviews help in gathering rich information and help in drawing more thorough conclusions than any other research methods. The researcher used a combination of open ended and closed questions in their interviews with the employees at Hotel X so as to gather thorough data while making sure that the important topics were covered.

The researcher will also use Questionnaires as a tool to get information from Hotel X's potential guests. According to (Rowley 2014) questionnaires serve as tools for acquiring and documenting data on important topics for a specific study. Questionnaires can be structured with open ended questions, close ended questions or both and they are helpful when gathering data from many people in an efficient and systematic way (Cohen 2017) states. The researcher chose questionnaires because their format of standardization makes sure that all participants answer the same questions in the same way which comes handy in differentiating responses. The researcher distributed the questionnaire form through social media and email so as to reach the right audience.

4.Data Analysis and Interpretation

The data gathered from the qualitative interviews will be analyzed using thematic analysis, which was developed by (Terry et al. 2006), this analysis involves the following steps: Familiarizing yourself with the data, going through the data to identify any interesting features and assigning codes, Evaluate the codes to find important patterns, Examine the patterns and compare them with the original data, Define and name the patterns and Interstate the patterns into coherent answers and write a report.

5.Results And Discussion
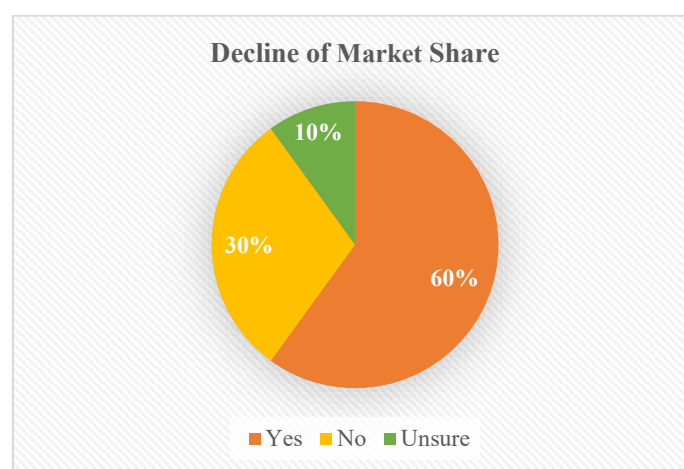## Market Share

Figure 1. Decline of Market Share

The research study found that 60% of the employees said yes, 30% said No and 10 % were unsure if Hotel X 's market share had declined. A large percentage of employees were of the view that Hotel X's market share had declined since the introduction of peer-to-peer platforms, which shows a great issue and close attention should be paid to it.
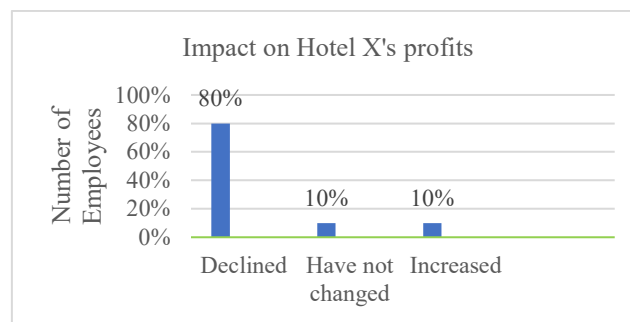

Figure 2. Impact on Hotel X's profits

The research study found that 80 % of the employees thought that Hotel X's profits had declined due to competition from peer-to-peer platforms, while 10 % thought the hotels profits had not changed and 10% thought that the hotels profits had increased. A large number of the employees at Hotel X thought that the hotels profits had declined which is a great cause of concern that should be paid attention to.
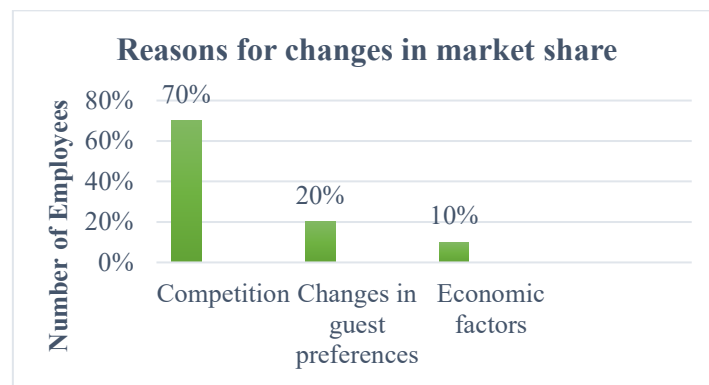

Figure 3. Reasons for changes in market share

The research study found that 70% of the employees thought competition from peer-to-peer platforms was the major reason for the change's hotel X has experienced in its market share, while 20% thought changes in guest preferences and 10 % of Hotel X's employees thought the major reasons for the changes were economic factors. A large percentage of the employees thought competition from peer-to-peer platforms was the major reason which shows that Hotel X should pay close attention to peer-to-peer platforms in the industry.
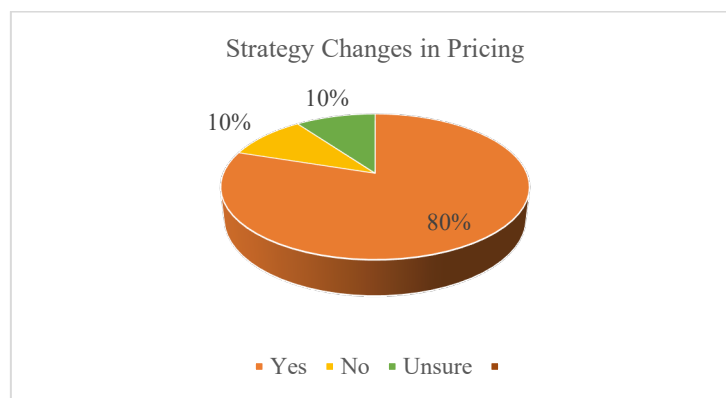

Figure 4. Strategy Changes in pricing

The research study found that 80% of the employees answered yes, 10% answered no and 10% of the employees were not sure if Hotel X changed its pricing strategies so as to respond to competition from peer-to-peer platforms.

A large percentage of the employees answered yes which is an indication that Hotel X has been affected and they need to continuously pay attention to the issue.

Conclusions and Recommendations
Conclusions of the study
The study found that guests preferred peer-to-peer accommodation platforms because of their personalized experiences, flexible pricing and unique local immersion, which are factors that Hotel X are now pressured to consider so as to stay competitive. In response to these pressures Hotel X has implemented loyalty programs, targeted marketing efforts and dynamic pricing. However, the study also found that Hotel X needs to improve in digital engagement and in offering personalized experiences so as to meet modern guests' expectations.

Recommendations
Hotel X should consider conducting a complete competitive analysis so as to come up with strategies to compete with peer-to-peer platforms. Hotel X should start digital marketing strategies so as to enhance their visibility and also target a bigger audience. Hotel X should consider implementing dynamic pricing strategies that are the same with peer-to-peer platforms, which will allow for prices to be adjusted based on seasons, competitor rates and demand. Hotel X should continue to offer their promotional rates but also add flexible options like last minute deals, loyalty rewards, rewards for repeat customers and early bird discounts. Hotel X should try using their guest data to make personalized experiences made especially for their guests' preferences, which can include amenities that are customized, personalized welcoming gifts and local experiences that are curated. Hotel X should highlight its location related to key businesses and attractions that are around the area.

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