

The Impact of the Collaborative Economy on the Competitiveness of the Traditional Hospitality Industry in Europe

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Abstract

This document is being written specifically to analyse or understand the effects of the shared economy on the overall competitiveness of the traditional hospitality industry in Europe. This notion is of significant relevance due to the fact that it raises questions as far as market mortality for the reinforced traditional segment is concerned. The emergence of the shared economy is prompted by the quick progression of technology enabling people to be more connected in today's world. Due to this phenomenon, the shared economy has paved the way for individuals in society to have access to a more sustainable business model which is gaining a fair deal of market share from the traditional accommodation segment. Thus, the writer is conducting this study to assess the merits and demerits of the collaborative economy and also gauge its competitive potential in accordance with the traditional segment. In order to uncover as much information as possible, the writer chose to adopt a quantitative mode of data collection. This was done with the intention to analyse the coverage of the shared economy in terms of ventures across Europe and assess their impacts on the concerned population. In addition to this, surveys were conducted with industry specialists with the intention to get more authentic information regarding the topic. The findings from the study implied that the shared economy had a stronger market presence due to rapid expansion into major European cities. In conclusion, the collaborative is regarded as a very credible industry due to the fact that it enables trade of services with limited cost or liabilities.

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Chapter 1: Introduction

1.1 Background Information

The collaborative economy has been dubbed as a very quick progressive market in the economy today. In more detail, the collaborative economy and its main representatives in the hospitality industry who are known as, AirBnb, couch surfing and Home away have received a respectable amount of attention out on the market (Sibbritt, 2019). The rapid growth of the sector can be justified by the ever-evolving trends of technology out in the world today. According to Dredge and Gyimothy (2015), Amsterdam was the first region to employ the sharing initiative within its bounds back in 2014. Not long after,

more cities joined the trend as well. These were known as Singapore, Paris, and San Francisco. This sector of the world economy has enabled individuals to share goods and services over online agreements or subscriptions with ease of accessibility and affordable prices (Owyang et al, 2020). As far as the tourism industry is concerned, the vast growth of the collaborative economy has raised concerns against the welfare of this industry through profit and non-profit establishments (Dredge and Gyimothy, 2015). In other words, the economy has brought goods and services closer to the consumer with limited cost compared to other ventures involved in the same industry. For example, Airbnb houses are preferred to hotels due more personalised experiences at a considerably lower rate or price.

1.2 Rationale

There have been numerous extensive studies on the sharing economy with regards to various contexts. For example, the future of the collaborative industry by Fehrer, et al (2018) which consisted of anticipating the evolution of the industry at large. Secondly, the main attributes of the economy from a technological, social, and economic perspective. (Davlembayeva, 2018). Although there are series of such informative studies, scholars haven't really analysed the competitive behaviour of the industry as far as similar dividends of the market are involved such as the traditional industry. Therefore, this document is being composed with the sole purpose of analysing the growth pattern of the shared economy and what its progress implies for the traditional hospitality industry in Europe.

1.3 Aims and objectives

The aim of this research is to analyse the effects of the collaborative economy on the competitiveness of the traditional hospitality industry in the European market. In order to achieve this aim, the following are the objectives intended to be taken.

- To investigate the strengths and weaknesses in context to the practices of competitiveness within the traditional hospitality segment.
- To investigate the strengths and weaknesses in context to the practices of competitiveness within the collaborative economy.
- To analyse the limitations of competitiveness of the traditional hospitality segment facing the collaborative economy

Chapter 2: Literature review

2.1 Introduction

In tourism as an industry, the collaborative economy is interpreted as a means to disrupt the systematic or usual way of doing things. (Dredge and Gyimothy, 2015) This implies that the industry has facilitated easier ways for consumers to access a variety of services over the web. Furthermore, this sector has further enabled individuals to share their personal property with a vast clientele at their disposal with an addition of less regulated costs or tariffs (DroDeaken, 2014).

2.2 Theoretical Framework

2.2.1 The theory of the future of collaborative economy

The collaborative economy has been highly accredited in the global industry and generated a fairly significant amount of the global economy's income. Studies have projected the rise of this industry to grow from 2014 with a whopping 15 billion to 335 billion by the year 2025 (Fehrer et al, 2018). This can be justified by the necessity of numerous enterprises to transform their operational practices to a compilation manner which consists of monetary, social, and green as the main aspects with the sole purpose of achieving a manageable, less pollutive and resource efficient industry (Aluchna and Rok, 2018). This initiative can further be justified with the presence of particular vices in society such as excessive waste, unregulated consumption of goods and services which permits extravagant production ultimately leading to abuse of the available resources (Mattia, et al, 2018). In otherwards the presence of contemporary issues that have stretched across various eras such as sustainability and environmental conservation have heavily contributed to the need for such a sharing initiative. This economy has further implemented a refreshed perspective as far as the outlook of business, society, transactions, and society. With the ability to operate outside centralised systems with considerably low costs to traditional enterprises, this economy has proven to be a real huddle to the orthodox systems in place (Stokes, et al, 2014). Therefore, if an enterprise is able to run its operations with minor judiciary intervention such as low taxes and cover wider areas of the market, then the ordinary ventures are going to suffer in the long run due heavier tariffs as a result of their operational activities. In order to elaborate on the direction of this industry, here are four more classifications to further illustrate the outcome of this industry (Stokes, et al, 2014). These include.

Collaborative consumption

Collaborative finance

Collaborative production

Collaborative learning

Firstly, collaborative consumption, which can be defined as the utilisation of specific sharing platforms to offer services to consumers has caused unrest and tension in the European and North American regions (Stokes et al, 2014). This is due to the fact that ordinary licensed taxi drivers have resorted to demonstrations and riots due to the extensive use of platforms such Uber and Taxify where the drivers require minimal licensing for their vehicles and are at liberty to operate outside particular regulatory bounds (Stokes et al, 2014). In addition to this they feel that passengers and drivers are not safe due to inadequate qualification. This scenario can easily be related

to the hospitality industry as specific individuals participating in the lodging industry are also under the same industry and do not require certain qualifications to lodge people such as health-code requirements or even standard tariff systems.

Secondly, collaborative finance, which simply implies a large group of people pooling together resources on a licensed online website with the sole purpose to contribute to a particular project or initiative (Stokes, et al, 2014). During such practices, individuals involved are mostly uncertain of monetary return on an investment which might put stakeholders at risk. Through this, the collaborative sector is most likely to develop a negative reputation and most likely not able to compete with traditional economies. Therefore, individuals might see it fit to contribute to more standardised settings with refined regulations and a guarantee of a return.

Thirdly, collaborative production, this where individuals permit themselves to produce various goods or products with the aid of online knowledge and online based material such as 3-D printers (Stokes, et al, 2014). This has raised curiosity in regard to the integrity and quality of goods or services offered. In addition to this, there has been concern on the safety of the public at hand as products might not be as genuine. In relation to hospitality, people offering commercial accommodation cannot be sure about the type of guests there housing which might lead to dangerous scenarios such as terrorist attacks and so on.

Last but not least is collaborative learning where various online institutes are lacking the adequate accreditation to teach others about the industry due to the presence of traditional systems that are more recognisable and reliable in this case (Stokes, et al, 2014). This further puts a dent on the development of the industry in regard to others.

2.2.2 The theory of population ecology

The population ecology theory refers to the association of various aspects of society co-existing in different phases (Fehrer, et al, 2018). This ecological theory can be divided into two parts namely: population and organisational communities. Population can be defined as entities in the similar cycle of resource utilisation while organisational communities can be defined as connected collectives consisting of co-existing populations. As an example, a population can be known as Airbnb and an organisational community can be known as the collaborative economy and the competitors involved. The population ecology also indicates the evolution of

the market in terms market competence and adaptation as far as external factors are concerned. These factors may include contemporary issues, technology, currency transitions and so on. Fehrer, J. further referenced Jalavagi and Scherer (2005), by stating two strategies involved in the ecology timeline. These are known as the K strategy and R strategy which will be implemented in the figure below. They went ahead to outline that companies have specific cycles upon entry into specific markets. The cycles illustrate that ventures have increased mortality rates as soon as they make their way into new markets. This is prompted by the necessity to grow and establish themselves into these given markets. For example, they ought to conduct marketing exercises such as advertisements to assert their position in the market. The composers of the model also further indicated that at this scenario in the market, an organisation is incapable of affecting competitors in any negative fashion. In relation to the research topic, according to TechCrunch (2018), Airbnb utilised the occurrence of the 2008 presidential run-in order to push for their first launch into the market. The model also emphasizes that such ventures are termed as R-strategists since their operational behaviour on the market is mostly outward as caterpillars in the life cycle of a butterfly. On the opposite side of the model, there are the K-Strategists. At this stage, firms are in more mature situations of the market with a high competition to put up with.

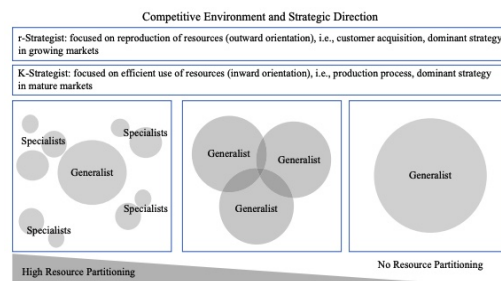


Figure 1: Competitive environment and strategic direction

Manjula, et al, (2011) urged that mortality of an enterprise is a defining component of its existence in a specific field or playground. They defined the specialists as a collective that thrives in a specific preference of resources and market conditions. Whereas the specialists can be defined as the lot that is adaptive to its surrounding environment. In an era of ever evolving technological advancement, society has created awareness regarding the need for sustainability.

Due to this initiative consumers will opt for the cheaper and more sustainable initiatives embedded in the collaborative economy due to

less resources being utilised. This will prove to be a hurdle for bigger ventures such as hotels due to considerably more resources being used.

2.2.3 Social Exchange theory

According to Bignoux (2006), the social exchange theory can be defined as a concept that looks into an individual's personal traits as they trade resources with another party. She further emphasises that the theory's practices develop from inadequate resources which influences individuals to collaborate as far as receiving dependable inputs is concerned. Recent studies have suggested that the web has influenced a higher percentage of individuals to interact in terms of social practices, trade and even entertainment (Shiau and Lu, 2012). Earlier analysis has pointed out that for any form of trade or exchange to occur on a social level, it must yield more positive outcomes for both parties involved rather than just costs incurred (Zoller and Muldoon, 2019). The exchange of peer-based resources as those in the collaborative economy always amount to less costs for the consumers involved with the added advantage of exploiting significant reward (Shiau and Lu, 2012). Another cost involved in the social exchange theory regarding a consumer or client is also known as trust (Kim, et al, 2015). This can be further implicated through the necessity to lodge with a complete stranger in an Airbnb accommodation. Recent analysis has further strengthened the notion that people involved in the tourism sector at an individual level (traditional) are able to give the consumers a good experience. Whereas those involved in the industry on a communal basis hold a stronger position to offer better experiences to the consumers in aspects such as economic, sociocultural and environment (Ward and Berno, 2012). This is prompted by a more interactive manner between guests and their hosts.

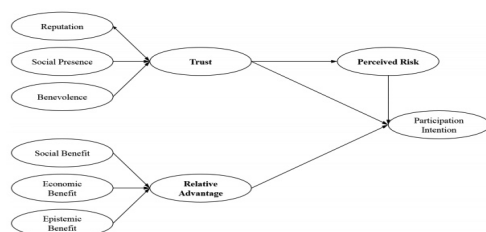


Figure 2: The Social Exchange Theory model (Kim, et al, 2015)

As it can be seen in the model above trust is one of the major contributing factors as far as the sharing concept is concerned. Trust has also often been defined as a main basis for the foundation

of a business to grow (Luo, 2002). As can be seen in the model above, trust is based on reputation, social presence, and benevolence. According to recent studies, reputation can be defined as the level at which an individual accords another person's individual perception in accordance with social interactions (Shiau and Lu, 2012). In relation to the collaborative economy, its reputation has been categorised as both good and unfavourable for its brand. This can be further justified by two main models used to diversify subcategories within the economy. These can be defined as the extractive model and the commons model (Dredge, et al, 2016). The extractive model simply implies to the operations that characterise an enterprise as acquiring higher percentages of returns for its own gain and less to subordinate parties involved. In order to elaborate further, Airbnb has rapidly increased in European regions such as Berlin, Paris and Amsterdam and as result has caused a significant shortage in housing availability for locals due to housing units being availed to tourists for short periods of time. The evidence is available in Table 1 illustrated in the Appendix 1. (Haar, K., P.6, 2018). Whereas the commons model refers to a more sustainable approach for the society at large (Dredge, et al, 2016). As an example, FairBnB, another component involved within the collaborative economy was established with the sole purpose of not only prioritising commercial gain but social stability through investing 50% of every booking back to the community (Openuptoeurope, 2021). In accordance with the model above, these two models can be related to the Economic benefit and social benefit which characterise the relative advantage as far as the social exchange theory is concerned.

2.3 Review of existing empirical research

2.3.1 Evolution of the Collaborative Economy and its implications

The collaborative economy has enabled the general public to acquire an updated mindset as far as aspects such as business, transactions, value, and society are concerned. In spite of the advancement, it has further been able to award actors involved with accessibility without ownership, unorthodox services in the place of standardised entrepreneurship (traditional hospitality) and also improve standard of living despite missing the aspect of capital (Stokes, et al, 2014). Khan, et al. (2021), have further illustrated the involvement of the collaborative economy in the category of the green consumption or sustainable which is without a doubt a vital aspect as far future enterprising, or business is concerned. The collaborative economy has further been regarded as a very important

component in regard to concepts such as social and economic since it is promoting merits such as environmental conservation and a collective welfare in the society (Khan, et al 2021). This can be justified through the aspect of most sharing business models being characterised by crowdfunded capital and utilising socially contributed resources which is more sustainable due to the fact that traditional hospitality mediums fall into a more standardised system of resource acquisition.

As the general public has further been exposed to the world of social media, this occurrence has only acted in the benefit of the collaborative economy by placing this field in a more competitive position in today's market (Wang, et al, 2020). This can further be showcased through stating that vital components of the collaborative economy such as AirBnb have used this in their power and expanded to over 81,000 cities and brought in over 300 million check-ins. The main aspect to look at here is that AirBnb is utilising peer to peer accommodation facilities rather than standardised infrastructure startups like hotels (Wang, et al, 2020). This is more cost effective for the sharing economy due to the absence of legislative systems such as tax structures associated with putting up real estate for commercial purposes.

2.3.2 Further Illustration of the population ecology theory

The balance of the market can be altered by a few major effects. These are innovation of new entrepreneurial ventures, technological advancement which impacts an organisation's capabilities and technological advancement which impacts the access to resources (Fehrer, et al, 2018). As per the cycle, the specialist is normally the representative in the ecology likely to make the first move as far as entrepreneurial initiatives are concerned. This is normally prompted by inadequate growth ability which forces the specialist into the wider generalist territory (Fehrer, et al, 2018). An example, according to Haar, K (2018) cities such as Amsterdam, Paris and Berlin have been analysed with a greater capacity of AirBnb outlets which have influenced a major deterioration in the housing facilities available for the locals. In further illustration of the population ecological theory, technological improvements have also been spotted as a rather significant factor that can affect an enterprises' strength in a particular market structure (Fehrer, et al, 2018). The theory further implies that the essence of improving technologies can either prove to be beneficial or dreadful for a particular enterprise as far as market mortality is concerned. In order to further justify this statement, in regards to the collaborative economy, through the

utilisation of various information technologies (IT) enterprises involved in the collaborative economy such as arbitrators (AirBnb) can incorporate the specific wants and desires between the actors taking part in the economy (hosts and guests) with the sole purpose of matching the supply and demand system (Georgios, 2017). This process is made possible through a network of collaborative platforms facilitated by the easy accessibility due to the modernised day to day web available to a larger proportion of the market share. Last but not least is the technology that dictates a specific market's reach in terms of resource acquisition and disposal. Fehrer, et al. (2018), have further emphasised that evolving technologies have shifted the nature of resource accessibility between the collaborative economy and existing incorporations in the market (Traditional segment). They went ahead to point out that the carrying capacities as illustrated in the figure below can differ accordingly. As an example, the peer-to-peer exchange system has contributed to a gradual supply of tools essential to consumers such as extra accommodation facilities offered by individuals through AirBnb. Despite the fact that resources are available, a succulent demand has created a shortage for clients with inadequate income to access affordable goods and services (Fehrer, et al,2018).

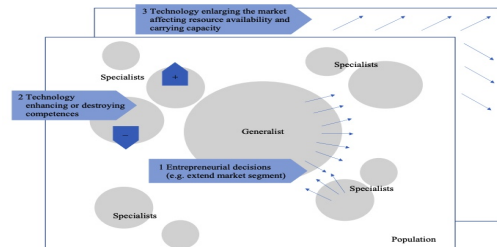


Figure 3: Affordable goods and services (Fehrer, et al, 2018).

2.3.3 Application of the Social Exchange Theory

Owyang, et al. (2013), further stressed that social media platforms have not only permitted the higher percentage of society to cooperate in terms of practices, perspectives, and media, it has provided room for individuals to trade commodities and services. According to Moyle, et al. (2009), the relevance of the social exchange theory in relation to island tourist interactions was crucial to analyse the various social patterns island individuals possess as far as dealing with tourists is concerned. They further stated that the social exchange theory relies on the presence of a back-to-back flow of input whether social or psychological is necessary in order to aid any form of exchange between the parties involved. This can be related to the accommodation sector

which prompts actors involved in the profit-based sector such as Airbnb to offer services on a peer-to-peer basis with the motive of monetary return (Georgios, 2017). Dredge, D., and Gyimóthy, S. (2015), went ahead to state that as a result of the establishment of a significant potential market by the means of technological advancement, there was access to reluctant resources. This followed by connecting strangers thus creating new mediums of exposure to exchange of goods and services rather than the unfavourable excessive production. As an example, AirBnBs are regarded as more sustainable ventures compared to hotels due to resources disposed of and differing prices of access.

2.4 Background of primary research

The main region in context with regards to this paper is Europe, specifically major cities due to the wider coverage of peer-to-peer accommodation ventures such as Roomorama and 9flats. Recent studies have shown that the sharing economy in terms of the hospitality industry, has given traditional hotel systems a run for their money with their major player (AirBnB) having a general total of 1.2 million rooms as of 2015 (Tussayadiah, 2016). This justified by the fact that AirBnB, especially in Europe, moved from an initiative just lending out extra rooms to individuals to facilitating for entire small to medium sized homes, vacational structures and even hotels as well (Goldberg, 2020). In Spite of the continuous presence of AirBnB, according to Vaughan and Davario (2020) in a report compiled for the European Commission, they were able to estimate a great deal of sharing economy enterprises of European Origin. Their study went on to state that the most concentrated areas appeared to be UK and France with over 50 enterprises and pointing out Italy, Sweden, Poland and Belgium with the least (Under 25). Please see appendix 4 for the illustrational map.

According to Gutierrez, et al. (2017) mass tourism can be classified as an influential factor in terms of touristic innovative options in an area of high priority. Furthermore, they went ahead to point out that the city centres consisting of various city attractions have created tourism clusters of both hotels and peer to peer accommodation. According to Lee, et al. (2020), tourist clusters can be defined as regional or area coded collectives comprising similar enterprises in terms of operation and familiar clientele. Recent studies suggest that the most prolific sharing economy entity, AirBnB, has the ability or reach to expand into more areas of interest due to their collaborative business model allowing individuals share accommodation from homesteads to apartment rentals as well. This has proven to be a

difficulty for hotels which have to follow specific standardised rules of housing (Gutierrez, et al, 2017). According to Icii (2016), the collaborative economy is perceived as a very credible huddle in the operations of the various similar markets such as the private rentals for locals and hotels at large due to operating under softer tariff systems. Despite this unregulated aspect, the collaborative economy seems to be expanding more with Graphical information being added to appendix 2.

2.5 Conclusion

In order to conclude this segment, the main theories looked at in this literature review were most suitable for this study. The future of the sharing economy captures its future implications in the global economy, the population ecology is meant to capture the activity of the economy in accordance with similar economies (traditional economy). Last but not least, the social exchange theory is intended to define the nature of the sharing economy.

Chapter 3: Methodology

3.1 Aim and objectives of the research

The aim of this research is to analyse the effects of the collaborative economy on the competitiveness of the traditional hospitality industry in the European market. In order to achieve this aim, the following are the objectives intended to be taken.

- Extensive overlay of the collaborative economy as far as its operations are concerned
- Point out what that structure means for the general hospitality industry.
- Clarify the more competitive set of the two industries.

3.2 Research Approach

The collaborative economy has often been termed as a rapidly growing sector in the world today with expected outcomes such as sustainability and its probability of creating a more fair or decentralised economy (Morell and Espelt, 2018). Due to the expansive coverage of the economy specifically in the hospitality sector as a result of enterprises such as AirBnB, the composer of this document has decided to opt for a quantitative approach with the sole purpose of exhibiting statistical data to show the potential of the shared economy in European cities. According to Imotions (2019), Quantitative research is solely based on numerical facts which determine or evaluate the attitudinal patterns of

behaviour in regard to particular occurrences thus associating them to specific regions of focus (Europe). Furthermore, this research approach is going to enable the composer of this document to compare various databases and compare the numbers between the shared economy and the traditional hospitality industry in order to clarify the more competitive set in the global economy today.

3.3 Sampling

In terms of sampling, the composer of this document will choose to focus on the most tourism friendly destinations in Europe as they are the regions likely to inhibit the most enterprises. As a sampling technique, the researcher will opt for a non-profitable option due to the fact that it's most likely to be costly if the travelling aspect is brought into play with the motive to acquire information. According to Taherdoost (2016) convenience sampling is characterised as the most favourable medium for students as it costs less and consists of a ready and reliable audience. In order to throw more light, the composer of this document intends to script a systematic questionnaire which will be intended to get information from professionals already involved in the industry. This is the most suitable target audience for the sampling exercise due to the fact they have more experience in terms of hospitality and can provide a more credible insight as far sharing economy and traditional hospitality are concerned. These experts will be selected based on a wide range of criteria such as Hospitality workers, Industrial analysts, Academic researchers, Political representatives, and Hosts involved in the sharing economy. In order to acquire a wider coverage of information, there will be at least 10 participants picked from each of these categories. The participants intended for this exercise will be required to be based on Europe specifically from the major cities where the sharing economy is most concentrated.

3.4 Data Collection

As a more suitable approach to this exercise, the composer of this research will opt for an email system where the participants will be sent the structured questionnaires and given a limited response time window. This will be essential as the target audience of this study will considerably be huge and it will be important to collect as much information as possible. In order to be more organised, the researcher will intend to interview a maximum of 50 industrial professionals from the categories outlined above in the sampling information. These questions will consist of various structure such as.

Knowledge on the sharing economy and its implications on the hospitality industry

Objectively structured questions where will pick from four options regarding their preferred accommodation. There will also be some personal questions such as their age and profession in order to diversify the information collected

There will also be some rating questions where individuals will rate various entities involved in the both the traditional and collaborative industry

3.5 Data Analysis

According to Stockemer (2019), surveys are mostly defined as an effective medium to collect information from a larger collective of people with minimum effort. He further stated that surveys can be classified into three parts mainly, these can be pointed out as Consumer, Attitudinal and Election surveys. The writer of this research paper will opt for the industrial expert surveys due to the fact that they have more experience and can give a more experienced perspective. As such, a survey was composed by the writer in order to collect more information about their preferences between the shared economy and the traditional hospitality industry. This was compiled with the aim to find out specifics such as experiences had between the two industries, objective type questions with multiple choice, gender, and age-based questions in order to outline the demographics of consumers and many more. In addition to the survey exercise, numerical statistics were also compiled by the writer with the sole purpose to clarify which industry is more dominant in terms of growth and overall competitiveness.

3.6 Validity

Validity can be classified as the exercise to assess the credibility of specific data or information compiled for a specific research or study (Muijs, D., 2019). He further stated that validity clarifies whether writers have really uncovered what they intended to find prior to carrying out data collection methods. In regard to quantitative research, data collection methods such as surveys and referral statistics are relevant due to the nature of data quantities required. According to Project Guru (2016), Criterion validity is a term that is utilised solely to assess the comparison of data collection tools in accordance with different variables. According to them, this term can be divided into three main divisions: convergent, divergent, and predictive. In relevance to this particular study, the writer saw fit to outline the predictive sub- topic as it is likely to be more suitable as it deals with the probability of the measuring tool to predict a certain trend or variable. In this case, the writer utilised tools such

as surveys and statistics to assess the competitiveness of the shared economy on centralised systems with the hypothesis that it will out match other markets. This is due to the fact that technology, which is the main driver of the collaborative economy, is ever evolving and becoming more accessible.

3.7 Generalisability

Generalisability can be classified as the probability of findings from a particular study being able to relate to external concepts or ideologies shared in the society at large (Muijs, D., 2019). Most studies are compiled with the purpose of uncovering results mostly relevant to their respective topics. Although this is mostly the case, according to Muijs, D. (2019), most researchers desire their studies to be relatable or applicable to other contexts outside their specific studies. In regard to this particular study, the composer of this research believes that the main drivers of the collaborative economy such as technology and social responsibility are largely relatable to concepts such as online courses being more desirable by society due to the ease of accessibility. It is because of technology that systems are rapidly being decentralised from traditional norms and categories due to steady improvement and evolution. The ability of people being able to collaborate more easily is prompting individuals to be more socially responsible through sharing ideas and resources through social digital platforms. As an example, AirBnB which is an accommodation platform composed of users lending accommodation to other users can be compared to online discords which are platforms facilitating for users to share skills and knowledge at a considerably lower rate than standardised schools with easier access.

3.8 Ethical Issues

According to Research-methodology (2021) ethical issues are considered as a very vital part of any research activity as they measure the credibility of any research document. In this case the participants involved in this exercise will be required to confirm their involvement through reading an attached terms and conditions document that will be sent with the questionnaire. In terms of privacy, the questionnaire will be mostly professional and centred around information between the shared economy and the traditional hospitality industry. As per the personal questions such as age, name or marital status will be optional to answer by participants involved. Questions regarding crucial industrial information will be compulsory which will be included in the terms and conditions.

3.9 Limitations

Limitations regarding research can be induced by a number of factors. For example, in this case while researching the activity of two industries, customer satisfaction and service quality could come into play (HTMi, 2022). Due to these factors customers might be held back by their personal preferences which in course could possibly compromise the results of the study. Secondly, the terminology known as biases could also come into play. Biases can be defined as the vices that lead to the research being altered due to the perceptions of either the researcher or the interviewee as far as interviews are concerned (HTMi, 2022). Biases could either be internal to the study or external. In this case the researcher would like to point out that biases in regard to this topic are mostly internal. This is due to the fact that the researcher believes that the shared economy is a more sustainable business model compared to the traditional industry.

This perspective is mainly prompted by the fact that the collaborative sector is heavily reliant on technology which enables broader access to more individuals in society. In regard to more limitations relevant to this particular study, time could be a barrier due to the fact that surveys will be sent out through an email spam system which could take a number of days to recuperate and analyse all responses. Another limitation could be geographical barriers. This is because the research had to mainly focus on one area (Europe) as a result of feasibility of the study. Different regions on the globe could produce different results in relevance to the topic.

Chapter 4: Discussion

4.1 Introduction

The collaborative economy has proved to be a quickly developing industry with vast coverage all over Europe stretching out to all the major cities such as Barcelona, London, and Paris. This growth might prove to be a huddle for the more centralised systems of business due to the element of technology. Nevertheless, the writer is composing this section of the document in order to assess, analyse and determine the most competitive set between the sharing economy and traditional hospitality industry. In order to proceed with this discussion section, the writer intends to mainly focus on three objectives as basis of reference, namely.

To investigate the strengths and weaknesses in context to the practices of competitiveness within the traditional hospitality segment in Europe.

To investigate the strengths and weaknesses in context to the practices of competitiveness within the collaborative economy.

To analyse the limitations of competitiveness of the traditional hospitality segment facing the collaborative economy

4.1 To investigate the strengths and weaknesses in context to the practices of competitiveness within the traditional hospitality segment in Europe.

According to Aluchna and Rok (2018), there is a contemporary precaution being undertaken by most ventures (hospitality included), in order to tackle inconsistencies such as exploitation of resources at large or green initiative in order to establish more sustainable business models. According to Allen and Berg (2014), prominent business entities under the centralised mode of operation such as hotels utilise a considerably immense quantity of resources in contrast to shared economy platforms such as AirBnB which take advantage of peer-to-peer services. This may constitute a huddle for traditional hospitality in Europe because of vast resource utilisation which may prove to be a problem long-term. In this instance, the traditional hospitality industry may opt to implement more standardised guidelines that cope with the resource utilisation of the shared economy.

According to Fehrer et al (2018), various factors can contribute to the market share of a specific market segment. He went on to add that these factors could be technological advancement and entrepreneurial innovations. According to Georgios (2017), impacts such as technological advancements will prove to be prominently beneficial to certain players within the market. He went to emphasise the presence of hosts and guests involved in the Airbnb eco system who trade services prompted by a social network platform. This technological aspect may prove to be an issue for the traditional segment due to the vast accessibility offered with the social exchange at a significantly lower cost. As a precaution, the stakeholders within the traditional segment may take up positions within the collaborative environment in order to hernance a competitive advantage.

According to Gutierrez, et al (2017), the collaborative economy functions under loosened tariff regulations compared to the standardised business models with regular tax tariffs. The writer suggests that this may be a strength that could possibly be used in favour of the traditional industry. According to Haar (2018), Barcelona legislation went ahead to prohibit utilisation of flats or local accommodation facilities due to the presence of numerous demonstrations. As a

result, major players such as AirBnB and Homeaway were fined 600,000 Euros. The writer advises traditional industry stakeholders may utilise social platforms to spread awareness for such demonstrations with the motive of disrupting the unregulated shared economy.

4.2 To investigate the strengths and weaknesses in context to the practices of competitiveness within the collaborative economy.

According to Fehrer et al (2018), technology as a whole in this era is capable of shifting the market share with a given market structure. This simply means that the shared economy, which is solely built on the basis of technological means in order to access its target market in terms of demographics and behaviour, has the upper hand on the traditional segment. The writer suggests this notion due to the fact the traditional segment, to lesser extent utilises extensive technological means as opposed to the shared economy. According to Georgios (2017), major stakeholders such as AirBnB, in the collaborative economy have incorporated the utilisation of information technologies into the market in order to guide actors involved (Hosts and Guests) integrate easier with relevant aspects in the market such as supply and demand. With such as ease of operations, the writer believes this notion may constitute challenges for the more centralised segment due to necessities such as standardised labour recruitment prompting higher costs of operation for the traditional hospitality segment. The writer proceeds to advise the traditional segment to adopt similar business models to the shared economy. Preferably models that might favour peer to peer systems. The writer anticipates that such a strategy might lower operational costs for the traditional segment therefore prompting more beneficial positions on the market space.

According to Akbar and Tracogna (2018), the sharing economy relies on a few principles to prompt its mortality within the general market. One policy relevant to the writer's argument is aggregation of pricing in order to offer stakeholders within the economy beneficial asüects as far as operations are concerned. In order for monetary transactions to occur on a social level, parties involved must provide advantageous gains to one another rather than more costs (Zoller and Muldoon, 2019). The writer implies that this notion exhibits one of the main factors favouring the shared economy is lower costs incurred for involved actors. According to Schor and Attwood (2017), the sharing economy prompts for cheaper modes and low-quality goods and services. The writer

suggests that this ideology of lower cost incurred exposes guests to inexperienced hosts who perhaps lack the skills and knowledge necessary to deliver hospitality at a professional level. This may prompt challenges for the shared economy due to the fact that the traditional segment consists of mostly professionals equipped with needed skills and knowledge. The writer advises main players in the shared economy to initiate training programs for hosts in order to avail them with a respectable level of professionalism therefore contributing to the reputation of the general economy.

4.3 To analyse the limitations of competitiveness of the traditional hospitality segment facing the collaborative economy

According to Khan et al (2021), the collaborative economy has paved the way for vital merits as far as the general public is concerned. The study specified the main fields as social sustainability and environmental conservation. The collaborative economy has enabled people access means to trade and exchange services without the necessity of direct ownership of main elements involved such as accommodation facilities (Stokes, et al, 2014). This implies that hosts taking part in the peer-to-peer model of service provision don't necessarily have to invest capital to start. In addition, their standards of living have been improved. This notion may insist that the traditional segment in Europe will continue to invest larger volumes of income due to the standardised business model which constitutes ownership in terms of asset accumulation. As a counter to this reality, the traditional segment may adopt more flexible business models which prompt sharing initiatives in order to reduce the cost of asset accumulation. According to Mattia, et al, (2018), the traditional segment(hotels) relies on vast acquisition of available resources such land and energy which in the long run leads to a considerable percentage of waste as natural resources are concerned. The writer suggests that this limits the traditional segment due to the uprising need of sustainability which is already implemented within the shared economy due to the utilisation of resources available between peer parties. As a counter, the traditional segment could employ more sustainable measures such as limits in quarterly budgets with the sole purpose to control the percentage of resources acquired.

Chapter 5: Conclusion and Recommendations

5.1 Conclusion

Basically, the collaborative economy varies in regard to its business models since some of the entities involved such as Couch Surfing operate

under a non- profitable basis whereas other involved players operate under a profit-oriented manner such as AirBnB (Vlogger, 2019). Due to a diversified segmentation, the collaborative economy can be regarded as a more sustainable model due to creating opportunities for people. The shared economy has also been defined as the answer to centralised and unsustainable global economic models due to aspects such as empowering the consumer, utilising present resources and improving societal standards of living (Serrano, 2020). Although the collaborative economy is considered as very lucrative, there have been studies particularly in Europe that calculated the comparison of hotel and peer 2 peer accommodation at large. The studies compiled showed that there was a higher desire for hotels than AirBnB illustrated in Appendix 3 (Adamiak, 2018). Statistics challenge the notion that the collaborative economy is more competitive. All in all, the collaborative economy can be characterised as more sustainable due to availing people with more alternatives compared to centralised economies thus making it more credible. This is further supported by the continuous technological advancement which mainly supports accessibility and convenience during the transactions. In addition to this, the shared economy proved to be a more airtight business model as far as negative macro factors are concerned. As an example, the traditional segment hit a huge decline during the emergence of the pandemic forcing various ventures such as hotels to cease operations for an extended period of time. This vice generally did not affect the shared economy due to the vast accessibility which is evident in Appendix 1.

As mentioned before, with the evident rapid growth of technological innovations, the writer suggests that the shared economy will continue to expand to even larger geographical provinces excluding Europe.

5.2 Recommendations

As far as recommendations are concerned, the following strategies are favoured by the writer in order to alter the balance of competition between the two business models.

First and foremost, the traditional segment is operating mainly under a centralised system which includes a fair number of various aspects such as tariffs or taxes which differ according to the size of establishment. This is contrary to the shared economy which utilises involved actors' assets and resources therefore erasing the case for such tariffs. As a counter strategy, the traditional segment could pressure legislative bodies to establish tougher taxing systems for the

shared economy in order to limit the percentage of activity in the segment.

Secondly, the shared economy mostly relies on the advancement of information technologies (IT) to manage the supply and demand within its segment. Therefore, the traditional segment could also employ more sustainable approaches such as these in order to have a larger accessibility to the public. They could achieve this by establishing applications solely intended to bring customers closer to the goods and services provided within the segment. The writer believes that this strategy will be more effective and convenient for its target market due to the fact that this current era is heavily dependent on technology both socially and economically.

Thirdly, one of the factors prompting the success of the shared economy, is that it has proven to be beneficial to a larger percentage of the society through notions such as social sustainability. This has been achieved by availing the opportunity to people to trade services based on a peer-to-peer system with limited liability. Therefore, improving their standards of living. As a precautionary measure, the traditional segment could establish initiative solely based on improving the general standard of living. These initiatives could include imparting free knowledge to people in society about the traditional hospitality procedures in order to enable acquire necessary knowledge and skills

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