

A Work Project, presented as part of the requirements for the Award of a Master's degree in
International Management from the Nova School of Business and Economics.

MARKETING RESEARCH: IMPROVING AIRBNB'S BUSINESS MODEL TO ENHANCE
ITS COMPETITIVE EDGE IN THE PORTUGUESE MARKET

What Features Can Airbnb Implement to Enhance Its Competitive Edge in The Portuguese
Market?

Nina Agnès Hausermann

Work project carried out under the supervision of:

Arash Laghaie

25/01/2024

Abstract

Airbnb has seen a tremendous growth in the Portuguese competitive market over the years, however it was met recently with legal hardships, prompting an analysis to bolster its market stance. This study focuses on consumer preferences that influence accommodation choices, pinpointing elements like pricing, location, cleaning services, breakfast, and trustworthiness. It employs a literature review and a conjoint analysis to craft recommendations that resonate with consumer demand for value, affordability, and reliability. The research culminates with a proposal for Airbnb, including price optimization, customizable cleaning services, and virtual property tours.

Keywords

Airbnb, Travel accommodation industry, Consumer Preferences, Consumer Perceptions, Consumer behavior, Hotels, Conjoint analysis

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209)

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1. Introduction

1.1. Background

The travel accommodation industry has undergone a tremendous global evolution, characterized by the expansion of both traditional hotels and emerging local accommodation platforms like Airbnb (TravelBI by Turismo de Portugal 2023c, 2023d). As the world became more interconnected, the number of tourists grew, especially in Europe (Herre, Samborska, and Roser 2023; UNWTO, n.d.-a). This worldwide trend prompted the rise of tourism in Portugal, a country that has capitalized on its scenic landscapes, cultural history, and welcoming atmosphere to attract foreign visitors (Duarte 2015). This led to a wave of development in the accommodation sector (Costa 2022). Portugal displayed remarkable endurance in this industry weathering economic cycles, namely, the global financial crisis and the COVID-19 pandemic, both of which are part of the history that led to the market's current state; at present, the sector is on the road to exceed its pre-pandemic high, exhibiting an impressive ability to recover and grow (André 2018; Costa 2022; Instituto Nacional de Estatística 2022).

Following the global crisis, Airbnb established itself as a key player in this landscape; it presented an innovative sharing economy concept which has revolutionized the perception of accommodations, sparking diversification in the market; thus, it was introduced the concept of peer-to-peer or local accommodations (Guttentag 2013). Over the years, consumers preferences have evolved not only due to the appearance of new offerings, but also owing to the COVID-19 pandemic and global trends, such as experiential travel and digitalization (Gomes da Silva 2013). Consequently, travelers have become more demanding and the market extremely competitive (Castro, Ferreira, and Ferreira 2016; Neves 2020; Tussyadiah and Pesonen 2016).

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Hotels, having been established much earlier in the market, possess a deeply rooted presence and are likely to have cultivated a loyal customer base, which presents as a challenge for new entrants, such as Airbnb, to solidify their position in the industry (Bouncken, Pick and Hipp 2006; Camilleri 2018; Santos 2020). Additionally, hotels' standardized strategy, variety of services like restaurants, reception desks and daily cleaning services, and their reputation, enhance their position and preference among consumers (Bouncken, Pick, and Hipp 2006; Forgács and Dimanche 2016; Hotels.com 2014). On the other hand, Airbnb offers personalized and authentic experiences, variety in the offerings, household amenities like kitchen facilities and self-check-in processes, and price ranges that can cater to both affordable and higher budgets (Barzilay 2016; Stewart 2022; Guttentag 2013; Oliveira and Novak 2023; Li, Hudson, and So 2019).

Both Airbnb and hotels faced their biggest challenge during the pandemic, although Airbnb's model proved to be quicker in adapting to the new travel behaviors, for instance, the increase popularity of rural destinations (Tourism Economics 2020). Currently, local accommodations, such as Airbnb, have gained prominence in the Portuguese market, however hotels are still the preferred accommodation (Duarte, Brinca, and Ferreira 2023; TravelBI by Turismo de Portugal 2023a, 2023b). Moreover, the future for Airbnb presents challenges particularly with new regulations aimed at protecting the housing market and ensuring fair competition with hotels (Presidência do Conselho de Ministros, n.d.). To overcome these hurdles, Airbnb can strategically adapt to maintain its competitive ground and sustain its role in the emerging travel accommodation market in Portugal.

1.2. Research Question

The fundamental objective of this study is to present a response to "What features can Airbnb implement to enhance its competitive edge in the Portuguese market?". The research will seek to

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understand the dynamic landscape of the Portuguese travel accommodation market to pinpoint strategic recommendations for Airbnb to enhance its attractiveness, according to the features most valued by consumers. Throughout the analysis, the study will address a set of subsidiary questions, which will contribute to a deeper comprehension of the consumer behavior in this sector:

- How is Airbnb positioned in the travel accommodation market?
- What are the drivers when choosing travel accommodation in Portugal?
- Given the attributes that influence consumers' choice, what specific features of Airbnb and Hotels are valued?

These secondary objectives seek to breakdown the broader research into more specific components, evaluating the complexity of customer preferences. As follows, the findings are proposed to be translated into data-driven recommendations for Airbnb, enabling the platform to navigate the challenges of the Portuguese market adeptly. This includes strategizing to appeal to a wider customer segment and leveraging emergent trends in Portugal.

1.3. Methodology

The study has its foundation on a comprehensive literature review, which grounds the analysis in the existing body of knowledge. It encapsulates the evolution of the travel accommodation industry in Portugal, with a focus on the emerging role of Airbnb and their interplay with traditional hotels. This exploration was crucial in understanding how the market is constantly evolving, led by shifting consumer preferences, and how its competitiveness relates to the increasing demanding consumers. The literature review also allows a deep understanding of the differentiation between Airbnb and traditional hotels, which is useful to grasp their attractiveness for consumers.

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Additionally, studies covering prior findings on traveler preferences were presented, researching various attributes that were previously considered when selecting accommodations.

A conjoint analysis presents participants with a series of hypothetical accommodation scenarios, it was possible to quantitatively assess the trade-offs consumers are willing to make between attributes and identify the features they value most, meaning, the ones that significantly influence consumers' choices. This allowed a development of focused and effective business strategies for Airbnb, based on the survey sample, which although small was representative of the specific Portuguese context.

Following the study, a SWOT analysis of Airbnb was conducted, based on the insights gathered, to evaluate the internal and external factors that are instrumental in shaping the company's strategic direction.

Lastly, the research concludes with specific recommendations for Airbnb. This crucial step involved presenting the suggestions to Airbnb, which were met with affirmation regarding their feasibility and alignment with the company's capabilities and market strategy. The validation from Airbnb not only solidified the practical applicability of the work but also supported that the data-driven insights were poised to effectively reinforce their competitive positioning in the Portuguese market.

1.4. Preview of Results

The conjoint analysis highlighted price per night and location, especially proximity to key areas or attractions, as the most important features. Furthermore, it was concluded that consumers perceive high value to hotel-like amenities such as cleaning services and breakfast. Guest ratings and cancellation policies with monetary refunds also seem to play an important role in decision-making.

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Based on the findings from the analysis, it was inferred that consumers may select Airbnb over traditional hotels based on features like price and location. However, hotels still gather a more substantial market preference, to which the analysis suggests stems from the valued services they provide with quality, trustworthiness, and the accommodation type.

Therefore, the study suggests actionable recommendations to ensure Airbnb's competitiveness and answer the research question. The first focuses on trust enhancement through a virtual tour program, a cancellation policy filter, and transparent guest chats. The second emphasizes reinforcing services quality with customizable cleaning schedules and a partnership with Uber Eats for breakfast deliveries. Thirdly, price optimization is recommended via a "Best Deals" feature during off-peak seasons to maintain Airbnb's affordable perception.

The detailed exploration of these aspects, along with the research method employed, will be further developed in the upcoming chapters.

2. Literature Review

This chapter attempts to analyze and discuss the relevant pieces of literature applicable to the thesis topic. The literature review is divided into distinct segments, each serving a unique purpose. It begins by examining the broader tourism sector and then delves into the specifics of Portugal's travel accommodation scene, exploring traditional lodging, the sharing economy's emergence, and the changing local landscape. Furthermore, it analyzes the distinct characteristics of Airbnb and hotels, and then focuses on consumer behavior related to travel, analyzing how people make decisions when choosing where to stay. Lastly, it synthesizes previous research on the subject, and discusses the empirical method used in this study, shedding light on how this tool was employed to understand consumer perceptions, preferences, and behaviors.

2.1. Overview of the Tourism Industry

According to the United Nations World Tourism Organization (UNWTO), tourism is “a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes” (UNWTO, n.d.-b). The UNWTO (n.d.-b) defines a tourist, contrariwise to visitor, as someone who stays overnight. Thus, tourism encompasses a sum of all services tourists purchase and experience, including accommodations (Camilleri 2018). As tourism flourishes, the demand for accommodation increases, prompting growth and diversification in lodging options to cater to the influx of travelers; conversely, the availability, quality, and variety of accommodation can significantly attract tourists, shaping their destination choices and enhancing their travel experience (Camilleri 2018).

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In recent decades, tourism has experienced substantial growth worldwide (Figure 1), which was facilitated by the expansion of aviation, enabling travel from domestic to international destinations (Herre, Samborska, and Roser 2023). According to the UNWTO (n.d.-a) and processed by Our World in Data, the total of aircraft passengers registered globally went from 310.44 million in 1970 to 4.56 billion in 2019. Leisure travel constitutes the primary motive for travelers across all global regions – except for the Middle East – (UNWTO 2021), with Europe being the place where tourists travel the most to (UNWTO, n.d.-a) (Figure 1).

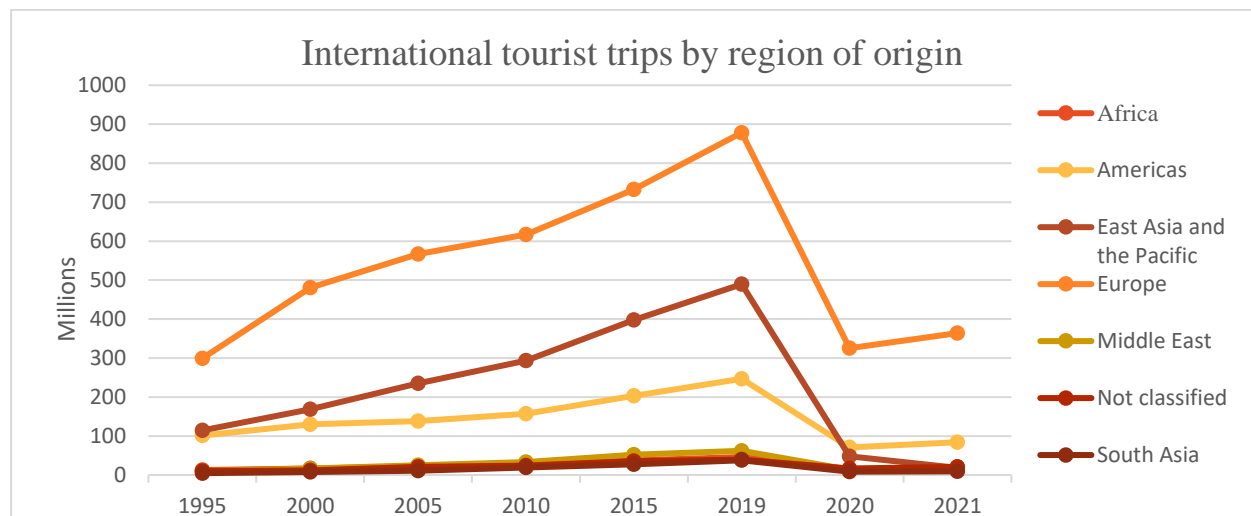


Figure 1 – Source: United Nations World Tourism Organization (UNWTO, n.d.-a).

2.2. The Travel Accommodation Industry in Portugal

Understanding the evolution of the travel accommodation market, from traditional hotels to innovative platforms like Airbnb, provides a foundational context, enabling an understanding of the importance of tourism and travel accommodations in Portugal. It also provides insights on how hotels and Airbnb were established in this market and what factors made them succeed.

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2.2.1. Traditional Accommodations

Portugal's rich history, captivating landscapes, delicious gastronomy, and finest winery have led the nation to become a magnet for travelers from around the globe; it has also gathered popularity through its inviting culture, known by their amiable and sincere personalities (Duarte 2015). Another factor that makes Portugal an ideal destination, is its versatility; from rural to urban tourism, summer adventures to snowboarding trips, Portugal provides year-round activities for all preferences (St. Louis 2023).

This journey in establishing itself as a pivotal economic player in tourism has historic roots. The hospitality industry traces back to ancient civilizations when travelers sought sustenance and shelter (Pine 1992). For Portugal, the age of the Portuguese Discoveries was vital, marking the beginning of the construction of vital infrastructures (Costa 2022). As sea travel emerged, tourism in Portugal began to take off, developing a more pronounced need for formal accommodations; hotels in major cities, like Lisbon, and coastal areas started to arise, paving the way for the development of the sector (Costa 2022). Furthermore, during the Industrial Revolution, there was an increase in the formalization of hospitality establishments, which led to the introduction of standardized services and luxury accommodations (Huyton 2007).

With globalization, the hospitality industry was transformed, expanding to an international scale (WorldData.info 2018). The opening of air traffic in the Humberto Delgado Airport in Lisbon in 1942 was decisive, given it now serves as an air bridge to several cities worldwide (Ferreira and Dias 2016; Santos 2020). As countries gained competitive ground, Portugal focused its tourism sector on the "Sun and Sea" segment (Duarte 2015; Costa 2022). The Algarve region emerged as a significant contributor to this growth; several factors played a part, such as funding and, notably,

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the opening of the airport in Faro in 1965, which greatly expanded the flow of tourists into the region (Costa 2022).

Portugal has been continuously promoting its tourism sector, benefiting from the global booming of tourists (Costa 2022; WorldData.info 2020). In 2004, the country ranked 19th among countries receiving the most tourists (Costa 2022). As the years progressed and the number of tourists in Portugal increased, the number of overnight stays in accommodations rose as well (Santos 2020).

During the period of exponential growth of tourists worldwide, Portugal's tourism offerings had to adapt to meet the rising demand (Santos 2020). The emergence of multinational hotel chains like Marriot was crucial to reshape the hospitality landscape (Enz 2010). Thus, hotels began diversifying their offerings to cater to different segments of tourists (Godoi 2021).

Consumer preferences shifted towards experiential travel; therefore, many Portuguese hotels started focusing on providing unique, localized experiences (Gomes da Silva 2013; Sigala 2017). Hotels started spreading throughout the country, with especial significance around the littoral area (Santos 2020). With the development of mass tourism, large hotel chains evolved and expanded due to franchising (Camilleri 2018).

The integration of technology revolutionized the industry, with the digitalization phenomenon, known as the 4th industrial revolution (Schwab 2016; Sousa and Joukes 2022). The appearance of online booking platforms, like Booking.com, streamlined reservation processes and enhanced customer convenience (Xiang et al. 2017). Additionally, digital payment systems and review sites like TripAdvisor changed the way hotels operated and marketed themselves (Neves 2020). According to literature, consumers' willingness to pay started to be influenced by attributes such as star rating, online reviews, and location (Castro, Ferreira and Ferreira 2016).

2.2.2. Sharing Economy

The dawn of the 21st century, accompanied by the digital revolution, eased the sharing of both tangible and intangible goods and services (Kaplan and Haenlein 2010). The term “sharing economy” arose during this time of technological progress and creative thinking (Hamari, Sjöklint, and Ukkonen 2015). Sharing economy relates to the act of sharing, renting, trading, or obtaining access to products and services, through community-based online services, and is progressively encouraging individuals to benefit from their underused assets (Coelho 2021; Hamari, Sjöklint, and Ukkonen 2015; Richardson 2015). Services ranging from housing (e.g., Airbnb) to transportation (e.g., Uber) have been introduced to the world and become part of this economy, bridging communication between property owners and users (Coelho 2021).

According to a study conducted in 2014 by New York University Professors, Arun Sundararajan and Scott Galloway, when compared to traditional rental (with a modest evolution), sharing economy is much more likely to augment (Hawksworth, Vaughan, and Vaughan 2014). This innovative concept reshaped the dynamics of the travel accommodation industry by increasing the usage of existing assets (Coelho 2021).

The rise of the internet and online platforms enabled this short-term peer-to-peer activity, as it is the case for Airbnb (Coelho 2021). Peer-to-peer or local accommodation can be described as a type of collaborative consumption in which anyone can rent their property (houses, apartments, rooms, etc.) to host visitors (Dredge and Gyimóthi 2017). Airbnb was the pioneer on the usage of sharing economy on the travel accommodation market, presenting a disruptive peer-to-peer model, constantly challenging the traditional hospitality industry (Guttentag 2013). Its global success contributed, in turn, to further increase the phenomenon of local accommodation (Carvalho 2020).

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Airbnb

Airbnb was founded in 2008 by the name of AirBed & Breakfast (Airbnb 2023). Nowadays, Airbnb is an online platform, having the basic goal of travel and “live like a local” (Oliveira and Novak 2023). With Airbnb’s motto being,

“You can host anything, anywhere, so guests can enjoy everything, everywhere.”

At first glance, the idea of a company built on staying a night in a stranger’s house was too uncertain and risky, so a key point of the company was to immediately design a system of trust, with both sides having profiles, ratings, and the chance to virtually meet the hosts as guests, which was only possible due to the advance in technology (Stewart 2022; Oliveira and Novak 2023). This led to the launch of the mobile App in 2010, and it was only in 2011 that it became a million-dollar company (Airbnb 2018).

Airbnb made its mark in Portugal in 2009 (Moreira 2019). Local accommodation units began to emerge in the main tourist regions, namely in the beach areas and large urban centers, mainly Lisbon and Porto (Carvalho 2020). The rise of Airbnb was prompted by the 2008 real estate crisis, which led property owners to see this as a business opportunity in Portugal, attracting private investors with affordable properties and rental prices (André 2018). For many homeowners, this became a way to make extra income in a country that was recovering from economic hardships (Coelho 2021). Not only did this appeal to locals in Portugal who were struggling after the crisis, but also corresponded to the evolving needs of tourists, who seek more authentic and affordable stays (Coelho 2021). Furthermore, during this time occurred legislative changes that provided a more favorable environment for the local housing market (André 2018).

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Airbnb grew exponentially over the years, representing a significant economic driver that diversifies tourism (André 2018; Moreira 2019). As the company grew and embedded itself in the culture of the countries, it introduced “Experiences” in 2006, allowing locals to host unique activities (Coelho 2021). A practical example was a grandmother in Tuscany, that developed a cooking class in Airbnb called, “Pasta with Grandma”, where guests booked the workshop, went to the host’s house, and got a lesson together with other guests; she became so popular that a lot of other grandmothers around the world followed her footsteps, making this innovation a major opportunity for the company (Stewart 2022; Oliveira and Novak 2023). In Portugal, some examples include Portuguese cooking classes, wine tasting tours in the Douro Valley, or surf lessons in Algarve (Coelho 2021).

In essence, as tourism boomed in Portugal, Airbnb's model of diversification in accommodation and experiences perfectly positioned it to tap into the increasing demand, facilitating its deep market penetration.

2.3. The Shifting Landscape of Travel Accommodations

This section will dive into the evolution and current position of Airbnb and local accommodations in this market, highlighting its growth and its impact on traditional hotels. It will also identify market shifts, showing how the industry is sensitive to trends. This insight is vital in determining which features Airbnb can adopt to strengthen its position in the increasingly competitive Portuguese market.

From 2010 onwards, the biggest players in the travel accommodation industry in Portugal were hotels, local accommodations, and apartment-hotels (TravelBI by Turismo de Portugal 2023c, 2023d).

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Many times, hotel groups possess both brands of hotels and of apartment-hotels, for instance, Pestana and Marriot (Ang 2022; Pestana Hotel Group 2023a, 2023b). An apartment-hotel is an accommodation type similar to hotels, but where each room is an apartment, featuring for instance a separate living room, bedroom, and fully equipped kitchen (Ang 2022).

In terms of local accommodations, according to a report made by Duarte, Brinca, and Ferreira (2023), developed by Economics for Policy and Knowledge center of Nova School of Business and Economics, in 2019, local accommodations accounted for about 40% of all stays in Portugal. Thus, it is clear the weight that Airbnb and other local accommodations gained on the travel industry. In that year, hotels accounted for 41.8 million overnight stays compared to 31.1 million stays in local accommodations (Duarte, Brinca and Ferreira 2023; TravelBI by Turismo de Portugal 2023c).

Apartment-hotels also saw an increase in their overnight stays, having in 2019, according to TravelBI by Turismo de Portugal (2023c), accounted for 7.9 million overnight stays; this sets them as the 3rd largest player in travel accommodation in Portugal. This growth may have been driven by the rise of platforms like Airbnb, which increased the demand for more varied and home-like accommodations (Coelho 2021).

Table 1

	2019	Hotels	Local accommodations	Apartment-hotels
Overnight stays		41.8 million	31.1 million	7.9 million

2.3.1. Airbnb and Hotels Mutual Influence: heighten competitiveness

The fast progression of Airbnb impacted traditional hotels, inducing them to apply new strategies to become more competitive (Zervas, Proserpio, and Byers 2015). A notable effect of this was the

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heightened competition and dynamic pricing strategies; a study revealed that this trend forced hotels to adjust their pricing to maintain their attractiveness to customers (Zervas, Proserpio, and Byers 2015). This amplified competitiveness led traditional hotels to focus on providing distinguished services, trying to match the personalized Airbnb's offers (Tussyadiah and Pesonen 2016). Another refinement hotels did in efforts to answer the emergence of this new strong competitor was improving their quality services overall, including staff and amenities available, to guarantee the best customer experience; this movement set new standards across all industry (Guttentag 2013).

One major concern expressed by the hotel sector regarding Airbnb is the lack of regulation in this kind of business; not only is the regulation challenging given the dynamic nature of the short-term rental market and its online operations, but also over-regulating can potentially stifle the beneficial economic impacts of sharing economy, which in Portugal is extremely important (André 2018; Coelho 2021). This was a reason that supported Airbnb's appearance and growth, thus providing the platform with a potential unfair competitive advantage, as it takes years to establish a new hotel, whereas Airbnb can swiftly introduce numerous housing units into the market (Coelho 2021).

Additionally, Coelho (2021) adds that Airbnb's flexible and cost-effective operational model allows it to easily scale its offerings, which poses a challenge to hotels that have significant marginal costs when expanding; it is also suggested that hotels with lower costs are more susceptible to Airbnb competition. Furthermore, compared to hotels, Airbnb can provide relatively low costs, since the platform does not need to allocate resources into infrastructure, which is translated into another competitive advantage of Airbnb (Bashir and Verma 2016; Chen 2023; Coelho 2021).

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It is important to note that peer-to-peer accommodations were also influenced by hotels in multiple ways. The main aspects were the formality, professionalism, and high standards consistency that hotels accustom customers to (Guttentag 2017). Other critical factors were cleanliness and safety; guests from all around the world consider those aspects highly important, and Airbnb was faced with the challenge of meeting those criteria (Stewart 2022; Oliveira and Novak 2023; Zhang et al. 2018).

Nowadays both types of accommodation manage to coexist, with positive impacts, by pushing each other to be innovative and keep progressing, for the satisfaction of their customers (Tussyadiah and Park 2018). However, due to the success and popularity of Airbnb, both leisure and business travelers migrate from traditional hotels to Airbnb accommodations (Chen 2023). With the increasing number of customers migrating from hotels to Airbnb, fierce competition between traditional and Airbnb accommodation intensifies (Chen 2023). However, hotels still show record revenue and profits even alongside Airbnb growth (Stewart 2022; Oliveira and Novak 2023).

Overall, the lodging industry evolves alongside the customers necessities and demands; nowadays, with the innumerable options that the market has to offer it is a matter of who has its guests' needs into consideration (Guttentag 2017).

2.3.2. How Hotels and Airbnb Adapted to the COVID-19 Pandemic

In 2019, the industry in Portugal was at its peak, however, the onset of the COVID-19 pandemic brought unprecedented challenges to the global tourism industry, and Portugal was no exception; the hotel sector and platforms like Airbnb experienced a sharp decline in bookings as international travel came to a near standstill, especially in hotspots like Lisbon, Porto, and Algarve (Costa 2022; Luz 2023a, 2023d; TravelBI by Turismo de Portugal 2023a). Many hotels faced prolonged

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closures, with some even shutting down permanently (Costa 2022). On the Airbnb front, according to an investigation made by Nova SBE Data Science Knowledge Center from 2019 to 2020, with data retrieved daily from Inside Airbnb, it was estimated that daily bookings of Airbnb decreased about 2,000 and 5,200 in Porto and Lisbon, respectively (Publituris Hotelaria 2021).

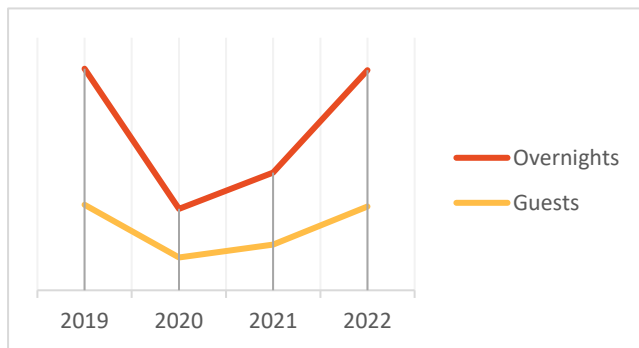


Figure 2 - Source: TravelBI by Turismo de Portugal (2023c; 2023d)

After two years of significant impact from the COVID-19 pandemic, in 2022, the national economy regrew, observing a substantial return of foreign tourists to Portugal (see Figure 2) (Instituto Nacional de Estatística 2022, 2023).

As the tourism and hospitality sectors suffered devastating consequences, hotels found themselves compelled to develop urgent solutions and strategies to keep pace with the evolving impact of the pandemic (Godoi 2021). One of the key challenges during this resurgence was the rise of digital services, with an increasing demand for a fully digital guest experience (Drumond 2022). Hospitality entities had to swiftly adapt to an increasingly online audience, both domestic and international; this revolutionized how tourists access information and organize trips (Cunha, Correia, and Costa 2021). According to Machado (2022), after the pandemic it was observed an increase of the sharing of feedback from previous guests in the hospitality industry through guest ratings. As a result, more places in Portugal gained visibility, for example, the region of Madeira, which now appeals to a broader age range compared to its past predominance of senior tourists (Drumond 2022).

Having access to information was particularly relevant in a time after the pandemic when safety and hygiene became paramount concerns for travelers (Godoi 2021). Thus, contactless services

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and stringent hygiene measures became industry standards, altering guest expectations (Gössling, Scott, and Hall 2020). Moreover, consumers became increasingly more demanding, given they have access to more information, and they now have more tools at their disposal to highlight the weaknesses and less positive aspects of establishments (Neves 2020).

On the other hand, compared to hotels, Airbnb could recognize and adapt to shifts in consumer preferences faster than the traditional hotel industry (Coelho 2021). With the easing of lockdown, after being confined at home, citizens worldwide were taking advantage of loosened restrictions to book vacations within their own countries (Antunes 2020). Many Airbnb's owners, being aware of this need, adjusted their flexibility in cancellation policies (Toader, Bode, and Rus 2020). The pandemic also led to domestic demand shifting to more rural destinations, which facilitated the geographical dispersion of Airbnb in Portugal (Tourism Economics 2020). Yet, as before mentioned in [section 2.3.1](#), Airbnb had difficulties on the cleanliness and safety concerns (Stewart 2022; Oliveira and Novak 2023; Zhang et al. 2018).

2.3.3. Overview and Future Outlook of the Industry

Despite the nefarious consequences of the previous few years, the Economic Impact Research of the World Travel & Tourism Council (2023) announced in July 2023, that the tourism industry is expected to exceed 2019 records by the end of the year, showing promising results for the next years.

According to TravelBI by Turismo de Portugal (2023c), August is the month with the most overnight stays, even during the pandemic years, followed by July and September. The countries that contribute the most to overnights and tourism in Portugal are maintained over the years, namely, Spain, UK, Germany, and France (Instituto Nacional de Estatística 2022; TravelBI by

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Turismo de Portugal 2023a). While in 2020 and 2021 the number of overnight stays from residents reached and even surpassed the values from international travelers, by 2022 onwards shares were back to levels of 2019, nearing 70% nonresidents; thus, both local accommodations and hotels are mainly internationally driven (Duarte, Brinca, and Ferreira 2023; Instituto Nacional de Estatística 2022).

In July 2023, hotels had hosted 26 million overnight stays, compared to 22.5 million the previous year by the same month (TravelBI by Turismo de Portugal 2023c). According to Portugal Hotel & Chains Report developed by Horwath HTL (2023) and Statista data published by Luz (2023c, 2023b), the biggest groups in terms of room numbers are Pestana Hotel Group, Vila Gale, Accor, and Marriott, in order, and regarding brands, Pestana Hotels & Resorts, Vila Gale, Tivoli, and Ibis. Accor and Marriott Hotels are the biggest international groups, whereas Ibis is the greatest international brand in Portugal; additionally, the report ranks the brands by scale, adding that Ibis ranks first in the Economy and Midscale, Pestana ranks first in the Luxury scale and Vila Gale in the Upscale & Upper Upscale (Horwath HTL 2023). Budget your Trip (n.d.) developed a study with 11,802 hotels in Portugal, which concluded that below around 70€ per night could be considered a budget hotel, 70€ to 140€ a mid-range hotel and above 140€ a luxury hotel. On the other hand, a study developed by Mabrian (2022) reveals the average price for a 3-star hotel in Portugal in 2022 was 98€, a 4-star hotel was 138€ and a 5-star hotel 258€, increasing significantly since 2019.

Nowadays, according to the report signed by Duarte, Brinca, and Ferreira (2023), to accommodate all the tourists who stay in local accommodation units, it would be necessary to increase hotel supply by around 50% so that the traditional hotel sector could accommodate all the tourists who stayed in local accommodations. Additionally, local accommodation is becoming a more prevalent

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option in Porto, Lisbon, and Algarve; in the first two cities, over 55% of revenues from tourism have roots in this type of accommodation and Airbnb, specifically (Duarte, Brinca, and Ferreira 2023). According to Inside Airbnb (2023a, 2023b), by September 2023, 81.1% and 74.1% of listings were entire homes/apartments, in Porto and Lisbon, respectively.

In the most recent years, Portugal continues to receive awards that enhance its global image and prompt tourism, with cities of Porto, Lisbon, Algarve, and Madeira highlighted (Costa 2022; Turismo de Portugal 2019, 2020). Recently, in 2023, Portugal was elected Best European Tourist Destination (Turismo de Portugal 2023). Statista also forecasts the industry revenues to continue to increase in the following years (Statista Research Department 2021), setting a positive outlook for the industry's future.

Despite the positive outlook, the COVID-19 pandemic and the more recent war in Ukraine can still have unpredictable long-term effects on the industry, as it is seen by the increasing inflation (Horwath HTL 2023). Additionally, it is of extreme importance to refer the potential future hurdles of Airbnb due to a new law approved in September 2023 in Portugal. This regulation is designed to protect the housing market and families given the extreme inflation; under this law, local accommodations will pay an extraordinary contribution, calculated based on property size, income, and urban pressure, at a 15% rate, excluding residential properties or local accommodations operating in the owner's primary residence for less than 120 days a year (DN/Lusa 2023; Presidência do Conselho de Ministros, n.d.). The law also introduces a suspension of new local accommodation registrations until 2030, though exceptions are made for specific programs and autonomous regions; to encourage a shift from local accommodation to long-term rentals, owners who make this transition by the end of 2024 will receive tax exemptions on rental income until the end of 2029 (DN/Lusa 2023; Presidência do Conselho de Ministros, n.d.). However, under this

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law, properties in the country's interior are exempt (DN/Lusa 2023; Presidência do Conselho de Ministros, n.d.).

As follows, Airbnb is at a crossroads, with ample opportunities for innovation and growth, yet facing challenges that will require thoughtful consideration and strategic planning to maintain its competitive positioning.

2.4. Consumer Behavior

The preceding review of the travel industry evolution highlights its adaptability to shifting tourist demands, emphasizing the significant impact of consumer behavior. Consequently, this chapter will delve into consumer behavior, examining the factors that influence their travel choices. This exploration aims to provide a deeper understanding of the motivations and preferences driving consumer decisions, offering essential insights for crafting tailored strategies and recommendations for Airbnb in the dynamic travel accommodation landscape.

2.4.1. Travel Behavior

Within the realm of travel and tourism, consumer behavior encompasses the decision-making process travelers go through before, during, and after a trip (Cohen, Prayag, and Moital 2013). With respect to industries with more linear purchasing routes, the tourist industry stands out due to these subtle differences in behavior patterns, as it is shaped by a set of intricate and peculiar factors. (Vijay and Ravichandran 2019). These factors include a deep emotional significance that consumers place on their travel choices, leading to high involvement and commitment in their decision-making. Additionally, due to the intangible nature of travel experiences, there is also a heightened level of insecurity, prompting an extensive search for information to reduce uncertainty (Vijay and Ravichandran 2019).

2.4.2. Factors Influencing Travel Behavior

As mentioned above, travel behavior is not an isolated phenomenon; it is heavily influenced by a mosaic of interlaced factors. This section delves into these influential components.

Sociodemographic variables play a pivotal role in influencing accommodation choice behavior. Examples of these factors commonly used by tourism experts include age, gender, education, income and household size. These variables are believed to be accurate in describing the tourism market and predicting travel behavior patterns. Age is considered to be a crucial demographic factor because leisure demand can effectively be predicted by visitors' age (Kara and Mkwizu 2020). According to Kara and Mkwizu (2020), the probability of activity participation increases when an individual is young and decreases as older as the individual gets. Moreover, economic capacity can also influence the type of travel and activities an individual can afford (Mayer and Vogt 2016). Factors such as household size and composition further refine these choices, with families possibly seeking accommodations that cater to the diverse needs of both adults and children. Similarly, a traveler's choices and preferences may be influenced by their educational background; highly educated individuals, for example, may be more likely to seek out culturally enriching experiences or historical sites (Mayer and Vogt 2016).

Psychological aspects also play an important role in travel decisions (Kara and Mkwizu 2020). Overlaying the decision-making process are both personal and external influences. Personal influences include demographic factors, individual values, motivations for traveling, and past experiences with certain travel brands or products. External influences encompass recommendations from family and friends, group dynamics, marketing efforts promoting various travel destinations and accommodations as well as the political, environmental, and other socio-cultural factors that pertain to a city destination (Kara and Mkwizu 2020). This comprehensive

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understanding highlights the complex interplay between an individual's inherent psychological makeup and the multitude of external factors that contribute to the decision-making process in travel (Kara and Mkwizu 2020).

Lastly, as stated in [section 2.2.1](#), **technological advancements** are another element influencing the tourism sector (Cohen, Prayag, and Moital 2013). Before the advancements of the internet, travelers relied heavily on travel agencies and direct word of mouth. Nonetheless, today's travelers have the convenience of having access to a wide range of online tools and platforms. These resources allow them to meticulously research destinations, compare pricing, and independently book accommodations and transport (Cohen, Prayag, and Moital 2013). Social media, in particular, has emerged as a significant influence on tourism behavior. Platforms such as Instagram, TikTok, and Facebook are now critical sources of travel inspiration (Wang, Huang, and Liu-Lastres 2022). As travelers share their experiences and recommendations, potential tourists turn to these insights to make informed decisions (Wang, Huang, and Liu-Lastres 2022). The digital shift also made room for data-driven decision-making. Through online interactions, businesses can gather valuable insights about consumer behavior and preferences, to target specific audiences more efficiently (Cunha, Correia, and Costa 2021).

2.5. Differences Between Airbnb and Hotels

Travelers harbor a set of expectations and demands for services from Airbnb accommodations that are different from those required from traditional hotel stays (Carvalho 2020). In the end of the section, Table 2 shows a summary of the differences between Airbnb and Hotels, further developed throughout this chapter.

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Variety of Accommodation Types

There are two general types of strategies used by accommodation services, an individualization strategy – in which brands offer its guests personalized services – and a standardization strategy – mostly used by hotels under the same chain to set a standard quality worldwide, enhancing customer loyalty for the brand (Bouncken, Pick, and Hipp 2006). Airbnb uses an individualization strategy to differentiate itself (Von Richthofen and Von Wangenheim 2021).

The sharing economy platform provides a diverse array of options, including urban apartments and vacation homes, where the guests have the option to rent any available offering, such as shared or private rooms, apartments, houses, as well as more unique listings such as treehouses, igloos, and houseboats (Barzilay 2016).

Property and In-room Amenities

An amenity has been characterized as a collection of elements that enhance comfort, convenience, and enjoyment of an experience; previous studies have identified amenities as a strategic tool to gain competitive advantage (Meng et al. 2020). Some traditional hotels' property amenities include all tangible facilities and intangible services including restaurants, bars and breakfast, parking, 24-hour reception where guests can store their bags in case of an early arrival or late pickup, and leisure facilities such as swimming pools and fitness gyms, while some in-room amenities include wireless internet, private bathrooms with toiletries and towels, daily housekeeping and room service, mini-bar and TV facilities (Hotels.com 2014). These hotel amenities can prove to be a very important criterion for tourists, particularly to the business travelers who may require certain specialized services (Camilleri 2018).

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Airbnb's guests might have access to other amenities that traditional hotels' guests have not. These include kitchen, washing machine and other household facilities, when available; guests may also have access to a private bathroom, TV, wireless internet, and some recreational facilities such as private swimming pools and fitness gyms (Guttentag 2013).

Furthermore, Airbnb facilitates self-check-ins, granting guests the flexibility of getting access to the place booked, without requiring the physical presence of the hosts or special timings (Airbnb, n.d.-b.; Zhang et al. 2020). In comparison, traditional hotels have a standardized check-in process, made at the front desk (Bouncken, Pick, and Hipp 2006).

Pricing Rates

One of the most discussed differences between Airbnb and traditional hotels is the price. Price could be a limiting factor for many leisure travelers, since many travel on a budget and therefore may only consider accommodation that is within their price range (Camilleri 2018). Multiple influential factors such as location, reviews, available amenities, quality, and variety of services provided play an important role to determine the price of the rental (Xie and Kwok 2017).

As aforementioned, Airbnb follows an individualization strategy; each property is unique, and hosts can take on additional roles, such as concierge, cook and tour guide, thus direct cost comparisons with hotels are not feasible; however, as one of the biggest players in the sharing economy, and by being founded on the principle of utilizing underused resources while creating value to its consumers, it is safe to assume a lower price point, when compared to traditional hotels (Nath 2022). Airbnb prices range from 10 dollars to around 50,000 dollars a night – converting to a range from 9 to 46,000 euros approximately –, due to the large variety of accommodation options (Stewart 2022; Oliveira and Novak 2023). In addition, hotels have to cover many more costs than

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Airbnb, namely operational and infrastructure costs, in which overhead expenses, such as staff salaries and advertising costs, take part, and other general management costs (Nath 2022).

Lastly, some factors directly related to the trip, such as the length of the trip and the size of the group may also influence the price perception of the Airbnb rental; short-term stays at Airbnb are often proven to be less budget friendly as the longer the trip, hence the greater the incentives offered by the hosts per night, as they prefer to have longer bookings to ensure occupancy (French 2023).

Seasonality

Hotel prices fluctuate based on seasonal variations; during high demand seasons, hotels take advantage of shortage of supply and lower flexibility from the holiday tourists by increasing accommodation' prices (Li and Srinivasan 2019). Airbnb's hosts also adjust prices according to seasonality, but unlike hotels, there is usually no big discrepancy between weekday and weekend nightly fees (Aznar et al. 2018).

A study from 2016 across different cities across the US has shown that Airbnb has saved its customers an estimated \$16.5 million dollars, compared to what they would have spent on a hotel room during major events, such as New Year's Eve, The Super Bowl and Comic Con in that same year (Airbnb, n.d.-a).

Types of Customers

One of the key differences between Airbnb and traditional hotels is the types of customers each of them attract, with Airbnb captivating more leisure tourists than business travelers, whereas hotels still have a big number of business travelers as their customers, which research suggests being due to renting costs not being as important for business travelers, as it is for leisure travelers, as they

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are usually reimbursed or directly billed to the company, whereas leisure travelers cover their lodging expenses (Kreeger, Smith, and Parsa 2021).

Location

Despite price being a major characteristic in tourists' decision when choosing their travel accommodation, travel distance to key touristic attractions also plays a big part in this decision, given that tourists will generally want to stay as close as possible to the major centers of tourist activity (Camilleri 2018). The strategic position of an accommodation facility is one of the most important factors within the travel accommodation industry (Urtasun and Gutiérrez 2006).

Different studies highlight some factors that influence the choice of location for a hotel, namely traffic circumstances, transportation accessibility, local tourism attractions, economic factors and agglomeration effects, among others (Luo and Yang 2013; Yang, Wong, and Wang 2012). Thus, hotels are mainly positioning themselves near transportation nodes, such as train stations and airports, or within the city center (Lado-Sestayo, Vivel-Búa and Otero-González 2018). For instance, if the major attraction of the destination is the sea, hotel guests may be willing to pay a premium price for a room that is on the sea front (Camilleri 2018).

On the other hand, Airbnb accommodations are more dispersed when compared to hotels, and mostly located in neighborhoods that do not typically attract many tourists, such as in peripheral residential areas (Guttentag 2013). Nevertheless, it should be noted that Airbnb can expand its offerings to wherever residential facilities exist, contrary to hotels which must follow local zoning requirements and request permits from the authorities, making it easier for Airbnb to take advantage of the highly concentrated central areas of the city (Zervas, Proserpio, and Byers 2017).

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Authenticity of Experience

Tourists have shown an increasing demand for more real experiences while traveling, involving deeper connections with residents (Paulauskaite et al. 2017). Airbnb takes advantage of this by allowing its guests to foster personal relationships with hosts, gaining more insights into local traditions, cultural facts, and key attractions to visit; in opposition, hotel employees do not usually have the opportunity to dedicate time with guests to share their native knowledge (Birinci, Berezina, and Cobanoglu 2018). Therefore, Airbnb offers a distinctive value proposition, when compared to hotels, centered around the potential for a more immersive authentic local experience.

Airbnb has been focusing on the goal of bringing people together: “It is like a social network in the physical world”, as described by the CEO, Brian Chesky (Stewart 2022; Oliveira and Novak 2023). As mentioned in [section 2.2.2.](#), Airbnb introduced an additional service, Airbnb Experiences, allowing renters to book activities with a diverse range of options to fit the broad range of the travelers’ interests, including local cuisine, art, sports, and cultural and historical events, all hosted by locals (Kokalitcheva 2016).

Reliability and Trust

Within this industry research, brand credibility has been pointed out as a critical factor in the consumer’s decision-making process; a reliable brand is able to reduce the cognitive effort required to evaluate, and consequently increases the probability of making the purchase decision (Jeng 2016).

Accommodation is perceived as a high-risk product to purchase due to its intangibility, as its experience cannot be seen or touched before the purchase decision, and displays a lack of homogeneity, due to the high variability in accommodations’ performance (Jun 2020). Hotels have

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an advantageous position due to their standardization strategy; hotels under the same chain assure a consistent quality in all the facilities, guaranteeing a sense of familiarity and reliability to their customers (Bouncken, Pick, and Hipp 2006).

A study focused on consumer's booking process of an accommodation identified different perceived risks, such as financial, performance, and physical risks; the financial risk is correlated with the monetary loss and is most associated with hotels, possibly due to the cheaper rental options available at Airbnb; performance risk is associated with the lack of consistency with the booking at question (Jun 2020). The physical risk is also more accentuated across Airbnb listings, due to unregulated environment, where no health and safety regulations have to be followed by its hosts, placing the responsibility on them to provide a safe environment (Jun 2020).

As mentioned in [section 2.2.2](#), Airbnb's platform was designed strategically in the hopes of enhancing consumers' trust and safety. Firstly, Airbnb has an identity validation system in place for both parties involved in the booking process, with currently 100 million completed verifications (Stewart 2022; Oliveira and Novak 2023). Moreover, it has created the Urgent Support Line, available 24/7 to assist guests throughout the time of the reservation, as well as the 24-hour period before and after such reservations (Airbnb 2020). Airbnb also employs online reviews, allowing hosts and guests to rate each other, which can provide valuable insights for changes in future bookings (Coelho 2021). Thus, Airbnb relies on reviews to maintain service quality; however, issues like inefficient check-ins, double bookings, and hidden fees often plague the platform, as noted by Zhang et al. (2020). The lack of guaranteed quality is a persistent challenge for Airbnb, leading to unpleasant experiences for many guests (Coelho 2021).

Cancelation Policies

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Most hotel companies adopt traditional reservations as standard policy for typical bookings; this type of reservation grants customers the ability to secure a reservation and acquire a hotel room at a predetermined time in the future for a fixed price, known as the room rate (Smith et al. 2015). Generally, the closer the cancellation happens, the harder it becomes for customers to receive the full refund; conforming practices observed in the airline industry, many hotels have imposed penalties for booking cancellations, with cancellation fees having represented approximately 8% of hotels' revenues in 2007 (Chen, Schwartz, and Vargas 2011). Marriott Hotels were the first hotels to introduce discount rates in exchange for the removal of refundable cancellation policies; following Marriott Hotels' lead, other major hotel companies have started offering discounted rates for non-refundable cancellation bookings (Smith et al. 2015).

Similarly, Airbnb presents its guests a range of cancellation policies that depend on the timing of cancellation; Airbnb allows listing's hosts to choose a cancellation policy for each of the rentals, according to their preferences; the range includes refundable and non-refundable options, including "Flexible" policies, where guests have to cancel their reservations until 24 hours before check-in for a full refund, "Moderate" policies until 5 days, "Firm" policies up to 30 days, "Strict" policies where guests must cancel within 48 hours of booking, and at least 14 days before check-in, for a full refund of the reservation, among others (Airbnb, n.d.-c.).

Table 2

	Traditional Hotels	Airbnb
Accommodation Types	Standardized offerings usually by chains offering uniform quality worldwide	Diverse options including private or shared rooms, apartments, houses, unique listings
Property Amenities	Restaurants, bars, parking, 24-hour reception, daily housekeeping	Household facilities like kitchens, washing machines
Check-in Process	Standardized at the front desk	Facilitates self-check-ins with flexible timing
Pricing Strategy	Fixed pricing, additional operational and management costs	Individualized pricing, ranges from budget to luxury, less costs
Types of Customers	Business travelers and leisure tourists	Primarily leisure tourists, fewer business travelers
Location	Near transportation nodes, city centers, tourist attractions	Dispersed, in residential areas, can be centrally located or peripheral
Experience Authenticity	Standard service model	Offers local and authentic experiences, personal interactions with hosts
Reliability and Trust	Assures consistent quality and familiarity, higher financial risk perception	Utilizes identity verification, support lines, and guest reviews for trust, higher performance and physical risk perception, lack of guaranteed quality and trust
Cancellation Policies	Different for distinct hotels, from strict to flexible	Offers a range of policies, chosen by hosts

2.6. Overview of Previous Research

Research has found that there are various reasons influencing the selection of accommodation. This section will uncover previous studies that attempt to answer which attributes are valued for decision-making, in order to tailor the following analysis and understand which features Airbnb may benefit from implementing.

Research carried out by Mody et al. (2022) during the onset of the COVID-19 pandemic established three distinct tiers in terms of importance for customers. Attributes categorized under Tier 1 hold the greatest relevance in the consumers' decision-making processes; results from the study encompassed, in this level, attributes representative of accommodation quality and service, such as hygiene characteristics – where luxury guests expect the highest standards –, guest ratings, accommodation type, and level of service. Tier 2 comprised amenities such as WiFi, kitchen and pool facilities, breakfast availability, pet-friendliness, and parking. Notably, luxury accommodation consumers value all amenities, except for pet-friendliness, which holds greater significance for lower-end accommodations. Additionally, price and location were also encompassed in this level. Lastly, Tier 3 features played the least significant role in influencing travelers' decisions when choosing accommodation; in the study, this degree included factors related to accessibility (e.g., transportation options), safety, and cancellation policies – consumers generally prefer the latter to be less restrictive.

Dogru and Pekin (2017)'s study goes hand in hand with the aforementioned research: Airbnb guests demonstrate a willingness to spend more for cleanliness. Moreover, guests value and are willing to pay more for properties with an extensive collection of photos, implying that consumers seek trustworthy hosts; the authors also explain that a rate increase of approximately 10% is justified

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and accepted by clients when Airbnb hosts offer free breakfast; this means that this feature holds significance in consumers' preferences as well (Dogru and Pekin 2017).

Despite the common perception that the sharing economy primarily creates social interactions, Airbnb guests are also willing to pay higher rates for space and privacy; this suggests that guests either prioritize privacy by avoiding living with the host or seek more space, particularly when traveling in larger groups and needing ample area (Dogru and Pekin 2017).

There have been several studies developing reasons as to why consumers opt for Airbnb over hotels, varying from practical motivations, like price, location, and type of accommodation, to experiential motivations (André 2018). Across all studies, price seems to be at the front of decision-making for Airbnb. Dogru and Pekin (2017) in fact emphasize that price might hold the most significance for consumers. Research by Chen (2023) revealed that there are four factors which lead tourists to choose Airbnb over hotel, namely, "economic", "experiential", "social" and "comfort". Additionally, the personalized service and social interactions both between the host and the customer and between different customers that Airbnb provides are also deemed as important factors within consumers' perspectives (Li, Hudson, and So 2019).

While guests may prioritize sociability, trust, and a positive host experience, there's also an evident economic aspect involved; specifically, they seem to compare Airbnb with traditional hotels for cost-saving purposes (Dogru and Pekin 2017). Guttentag (2016) also emphasizes the influence of location convenience, attesting that Airbnb has an advantage by having accommodations across various areas. Other factors deemed influential were household amenities, like kitchen facilities, and its unique non-standardized model (Guttentag, 2016).

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In line with these insights, recent findings add another dimension to the understanding of Airbnb user preferences. According to Ding et al. (2023), as prices decrease, Airbnb users show a heightened interest in exploring the surrounding areas.

2.7. Empirical Approach

Insights from literature suggest that company managers require additional information for decision-making when confronted with high levels of uncertainty in their business environment (Socea 2012). As decision-making in marketing becomes more consumer-based, there is a growing need for research techniques, as these data-driven research methods allow researchers to draw conclusions directly based on customer's preferences and perceptions (Sheth 2021).

2.7.1. Conjoint Analysis

Conjoint Analysis (CA) consists of an analysis of the trade-offs consumers make when choosing a product to buy between the competing options in the market; this technique assumes that a product is perceived as a combination of different features and attributes, being commonly used to model buyer behavior (Elrod, Louviere, and Davey 1992; Auty 1995). The CA method can be traced back to cognitive psychology, particularly associated with research focused on developing representations of observed consumer preferences based on the intended adjustment of independent variables (Mody et al. 2022). The attributes considered for the analysis should capture the distinctive features that consumers take into consideration when making their purchasing decisions. Additionally, all attributes should be divided into levels that describe the existing or prospective product (Auty 1995).

Contrary to the traditional CA (Figure 3A), where participants are required to rate or rank multiple items, each compromising a set of attributes, Choice-based CA (Figure 3B) derives from the

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respondents' selections among a set of choice alternatives (Chrzan and Orme 2000; Mody et al. 2022).

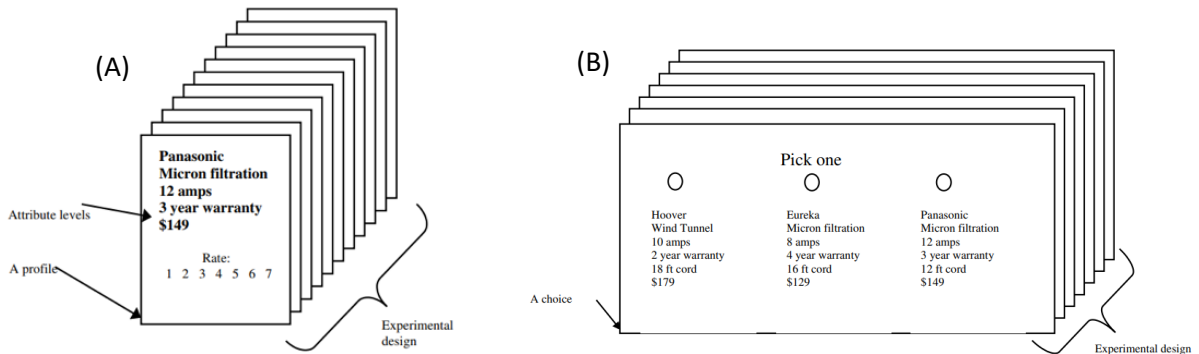


Figure 3 – (A) Ratings-Based and (B) Choice-Based Conjoint Analysis Design (Chrzan and Orme, 2000).

Choice-based CA presents some advantages over Ratings-based CA. In Choice-based CA, the values and statistical significance of the variables are easily reported and, with choice being the behavioral response of buying interest, its data allows for a more realistic scenario reflecting the choices they might have to make in real life (Chrzan and Orme 2000; Elrod, Louviere, and Davey 1992). It is also important to note that despite being a well-suited model for segmentation studies, estimation results of Ratings-based CA are difficult to capture, and the tests of statistical significance usually require more effort to be held (Elrod, Louviere, and Davey 1992).

Another way of characterizing the research technique is the study format, which can be full format where all the attributes are displayed in every product profile, or partial format where only a fraction of 5 or less attributes are subject to analysis (Chrzan and Orme 2000). It is important to note that if the study questionnaire is too lengthy, it may cause respondents fatigue, leading to biased answers (Homburg, Klarmann and Vomberg 2022). However, the researcher may decide to restrict the combination of specific attribute levels while designing the study, which can lead to

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disparities in levels; these restrictions are believed by many to decrease the efficiency of the study, particularly when they are made aiming to enhance the realism of the product alternatives (Chrzan and Orme 2000).

3. Conjoint Analysis

3.1. Methodology

The technique used for this investigation was a Choice-based conjoint analysis, which, as it was seen previously in [section 2.7.2](#), is handled in market research to determine how people value different attributes that make up an individual product or service. For this, the platform utilized was Conjoint.ly, which provides a survey software to resemble a purchase scenario with different combinations of attributes. The aim was to understand travelers' preferences of attributes when selecting travel accommodations in Portugal. Thus, the method deemed most suitable was generic conjoint, mainly since it allowed a broader perspective on preferences without being anchored to specific brands or products.

The survey offered consumers three options featuring different combinations of attributes for potential travel accommodations, encompassing all possible profiles, along with an option for 'None of the above'. This comprehensive approach aimed to ensure no market offer was overlooked, enhancing confidence in the results. Pictures were strategically included for specific attributes to enhance comprehension and simulate a real-life booking experience, intending to facilitate quicker and more confident decision-making for survey participants.

The survey concluded with additional questions about travel preferences, covering localities, seasonality, types of trips, and sociodemographic details such as gender, age, nationality, occupation, and salary. A detailed survey structure is available in Appendix 1 for reference. The inquiry was open from September 29th to October 20th, 2023, and was distributed through various channels, such as Facebook, WhatsApp, and Reddit. The latter was intentionally chosen to diversify responses globally, beyond the more accessible Portuguese audience, as the travel

accommodation industry in Portugal is mainly internationally driven (Duarte, Brinca, and Ferreira 2023; Instituto Nacional de Estatística 2022). Thus, Facebook and WhatsApp were primarily used to target the Portuguese market, while Reddit was more turned towards the international market.

The survey aimed to reflect the Portuguese market's diversity by allowing respondents from all nationalities, despite specifically targeting Spain, UK, France, and Germany – considered as major tourist sources for Portugal based on literature (Instituto Nacional de Estatística 2022; TravelBI by Turismo de Portugal 2023a). This inclusive approach ensured a broad spectrum of traveler preferences and offerings. From the same reasoning, the survey gathered data from all age groups, acknowledging that diverse life stages might lead to distinct preferences (Kara and Mkwizu 2020).

Choice of Attributes

The survey's attribute selection was based on the literature review. The latter analyzed established research and identified significant factors in consumer decision-making. As mentioned in the literature, the travel accommodation market is highly competitive and changes rapidly in response to evolving trends and demand (Castro, Ferreira, and Ferreira 2016; Gomes da Silva 2013). This study aims to assess whether the attributes identified in prior research still hold sway in the consumer's choice, particularly within the Portuguese context, while studying the potential impact of some emerging attributes.

From the literature review, the features seemingly more influential of consumer choice were **Price**, **Location**, **Cleaning Services** (cleanliness), and **Guest Ratings**. The **Accommodation Type** was also identified in prior studies as a decision-making influencer and is a key differentiator between Airbnb and hotels. Moreover, amenities such as Wi-Fi, Kitchen, Pool, Breakfast, Parking, and Pet-friendly were validated as influential as well, but only **Kitchen**, **Breakfast** and **Pet-friendly**

surfaced as highly relevant attributes. Thus, to streamline the study, Wi-Fi, Pool, and Parking were excluded as they appeared less critical to this analysis. Furthermore, **Cancellation Policies** were also highlighted in previous studies and might be in line with a post-pandemic trend. Lastly, **Check-in** flexibility has emerged as a factor differentiating Airbnb from traditional hotels, showing signs of potential impact in decision making, hence its inclusion for deeper research.

Number of Attributes

For this analysis, ten features were selected as the most relevant for decision making. While this might seem extensive and potentially discouraging for respondents, as it can cause fatigue, the complexity and diversity of accommodations across Portugal justifies this selection, creating a more realistic scenario for respondents (Chrzan and Orme 2000). The country's diverse offerings, spanning from beachside to countryside locations, each with unique amenities and experiences, necessitated a broader set of attributes to adequately capture the wide range of offerings. Furthermore, today's travelers are more exigent in their criteria for accommodation selections and may value more features (Neves 2020). Additionally, having a broad array of features allows for the examination of multifaceted traveler segments, each potentially prioritizing different attributes. To avoid potential respondent fatigue, the survey was carefully designed with clear and simple language, user-friendly illustrative pictures, and consistent attribute presentation order.

Price per Night

The price attribute represents the cost of accommodation per night, recognized as a significant decision-making factor, as mentioned in [section 2.6](#), and is one of the most discussed features between Airbnb and traditional hotels. Price ranges for all accommodation types were defined as “Below 70€”, “70€-140€”, “140€-210€” and “210€ or more”, based on studies regarding average

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prices for different segments of hotels in Portugal, spanning from affordable to luxury (Budget your Trip, n.d.; Mabrian 2022). In fact, determining a specific price point would be of extreme complexity in this industry, given that it is influenced by factors like seasonality, day of the week, location, reviews, and more, as seen in previous [section 2.5](#) (Aznar et al. 2018; Li and Srinivasan 2019; Xie and Kwok 2017).

Location

The location attribute emphasizes the geographical placement of the accommodation, noted as top priority in prior research. Being “Near public transportation” options, such as metros and buses, offers easy access to various city parts, potentially saving on taxi, Uber, or rental car expenses. On the other hand, a “Central location” doesn’t mean staying in central cities, but rather being in the heart of the city, denoting proximity to major attractions and nightlife, reducing commuting needs. Contrariwise, one can be located “Far from center”, which might appeal to those seeking more affordable options but could involve greater distances from main attractions.

Cleaning Services

This feature translates the need for hygiene and room upkeep, identified as crucial for many travelers. An “Every day” cleaning might appeal to those who appreciate constant tidiness, while in contrast, options like “Every 2/3 days” or “Weekly” provide more flexibility, privacy, and are less costly. The “No” option is presented to evaluate, within different attribute combinations, the relative importance of this feature, assessing how important it is for travelers to have some kind of cleaning service.

Breakfast

This feature offers two options: a “Closed menu” with limited choices ensuring consistency in quality and service, which might be preferred for guests who value privacy, and a “Buffet” providing variety, catering to diverse palates of guests. A “No” level is also available to uncover how much people value a breakfast service. The image sets were deliberately shown with identical foods to prevent biased responses.

Kitchen

Contrariwise, the kitchen attribute was highlighted in the literature review as an Airbnb differentiation. A “Kitchen fully equipped” provides guests with autonomy and a homely feel, while a “Kitchenette” provides basic equipment to prepare quick meals. Cooking can appear as a budget-friendly option, especially where dining out is costly. A “Shared kitchen” is sometimes found on Airbnb and might be a more affordable option, but requires comfort with shared spaces, which might not be in line with consumers that desire privacy (Dogru and Pekin 2017). Lastly, accommodations with “No” kitchen can cater to travelers who might prefer dining out, ordering in, or who do not perceive value in having kitchen facilities.

Guest Ratings

Guest ratings influence traveler perceptions of safety and trust, and, in the digital age, firsthand experiences shared by previous visitors can significantly impact potential guests (Stewart 2022; Oliveira and Novak 2023). A “Text review” offers a detailed account of a guest's experience, with nuances, stories, and specific praises or criticisms, providing clear expectations. On the other hand, a “Rating review” offers a quick, quantitative understanding of overall satisfaction on a scale, aiding in gauging the overall establishment's quality. The “No” level appears for accommodations

with no guest review system, which would indicate how important this attribute is when combined with others.

Pet-friendly

Pet-friendly accommodations have gained popularity in the travel industry. Travelers might look for accommodations where they can bring their pets, thus saying “Yes” to being pet-friendly, allowing to quantify the niche of pet owners who travel with their companions. A “No” in this category might appeal to those who prefer environments without pets.

Check-in

Check-in was another feature mentioned. A traditional “Reception Desk” is typical for hotel processes, where guests can ask questions, get immediate assistance, and feel personally welcome, whereas a “Self-check-in” is linked with Airbnb and offers flexibility, easing concerns about late arrivals or language barriers. It could also appeal to those who prefer a more contactless or streamlined process, especially in the era of digitalization and post-pandemic travel.

Cancellation Policy

Literature indicates that the pandemic amplified the importance of this feature, offering security and reassurance in uncertain times (Toader, Bode, and Rus 2020). It was specifically found valuable in prior research. “Yes with monetary refund” allows cancellations with money returned within a specific period. “Yes with rebooking option” provides flexibility by changing reservation dates or spending the money on another location. A strict “No” cancellation policy means no refunds post-booking, demanding the highest guest commitment and offering the least flexibility.

Accommodation Type

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Finally, the type of accommodation fundamentally shapes the kind of experience a traveler will have. A “Room” typically means a more traditional hotel experience, suitable for those spending more time outside and needing a comfortable resting space. An “Apartment” offers more living space and facilities, combining home comforts with the travel experience, and a “House” offers the most space and privacy, both typical offers of Airbnb (Inside Airbnb 2023a, 2023b).

3.2. Segmentation Analysis

Based on the results of the conjoint analysis, a marketing segmentation was concluded. Our collected data encompassed age range, occupation, annual salary, gender, and nationality, and all served as potential attributes for segmentation. In order to extract the most relevant information, four segments were created based on two main variables: one being demographic – age –, and the other being geographic – nationality. Age can significantly influence travel behavior as different life stages can reflect different needs (Kara and Mkwizu 2020) and exploring the impact of age on customer preferences is interesting for the study. Additionally, considering segmentation based on nationality appears relevant due to the influence of culture on customs and tastes, and someone traveling within their home country might show different travel behaviors compared to a foreign tourist.

Below, following the description of each segment's characteristics, a brief overview detailing their primary occupations, annual income, and traveling preferences is found.

Segment 1: Young Individuals in Local Market

This segment comprises individuals aged 30 or less who are of Portuguese nationality. The majority are full-time students (47.1%), then student workers (35.3%) and lastly some are employed (17.6%). Consequently, a significant proportion does not receive a salary (41.2%), and among those that do, they earn an annual income of either 10k or less (29.4%) or between 10k and 20k (29.4%).

Regarding travel accommodation preferences, the most important attribute for these individuals when it comes to choosing is the price per night (29.2%), followed by location (20.6%), and then guest ratings (9.8%). Their preferred destination is the Azores (79.6%), then Madeira (64.7%) and

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Porto (58.8%). Their favorite travel season overwhelmingly leans towards summer/spring (88.2%), and when it comes to the preferred type of trip, traveling with friends is the top choice (70.6%).

Segment 2: Young Individuals in International Market

This segment includes individuals aged 30 or younger coming from countries other than Portugal. The major part is actively pursuing full-time studies (40.0%), closely followed by those engaged in student work (35.0%). The remaining individuals are either employed (20%) or work as freelancers (5%). Thus, a substantial number do not have a fixed salary (37.5%), while those with an annual income fall into various brackets: 10k or less (35.0%), 20k to 40k (15.0%), 10k to 20k (10.0%), and finally 40k or more (2.5%).

When it comes to selecting travel accommodations in Portugal, the primary consideration for this segment is the price per night (32.2%), trailed by location (18.3%) and the availability of cleaning services (9.0%). Their preferred destination within Portugal is the Azores (52.5%), closely followed by Madeira (50.0%), and Algarve (45.0%) and Lisbon (45.0%). Summer/spring overwhelmingly stands out as their preferred travel seasons (87.5%), and the favored type of trip is by far with friends (80.0%).

Segment 3: Mature Individuals in Local Market

This segment encompasses individuals aged 31 or more who are of Portuguese nationality. A large number are employed (84.6%), while some work as freelancers (7.7%), and others are retired (7.7%). The annual salary distribution varies, with 40k or more (46.2%), 10k to 20k (30.8%), 20k to 40k (15.4%), and a few having no salary (7.7%).

Within this segment, the key attribute when choosing travel accommodation in their own country is the price per night (24.2%), followed by location (17.4%) and the availability of cleaning services

(12.3%). Their preferred destination is by far the Azores (100%), then Madeira (69.2%) and Gerês (61.5%), and the favored travel season is summer/spring (84.6%), with trip with family being the most desirable type of excursion (76.9%).

Segment 4: Mature Individuals in International Market

This segment consists of individuals aged 31 or older who come from countries other than Portugal. The occupational activity among them is quite diverse: the majority are employed (79.4%), some are unemployed (8.8%), others are retired (5.9%), and the remaining individuals include either student workers (2.9%), or freelancers (2.9%). Consequently, the annual salary distribution in this segment varies from 40k or more (41.2%), to 20k-40k (23.5%), to 10k-20k (14.7%), to 10k or less (11.8%). Finally, some do not have a salary (8.8%).

For those consumers, the main concern when selecting a travel accommodation in Portugal is the price per night (37.6%), followed by location (16.6%), and cleaning service (10.2%). Their preferred destinations include Lisbon (47.1%) and the Azores (47.1%), followed closely by Algarve (44.1%) and Madeira (44.1%), and lastly Sintra (32.4%) or Porto (32.4%). Their preferred travel season is summer/spring (79.4%), favoring trips with family (52.9%).

Table 3

Segment name	Young individuals in local market	Young individuals in international market	Mature individuals in local market	Mature individuals in international market
Gender	Any	Any	Any	Any
Nationality	Portuguese	Portuguese	Spanish, French, English, German, or others	Spanish, French, English, German, or others
Age range	30 or less	30 or less	31+	31+

Occupation	Full-time students, Student workers, Employed	Full-time students, Student workers, Employed, Freelancers	Employed, Retired, Freelancers	Employed, Unemployed, Retired, Student worker, Freelancers
Annual salary	Non-applicable, 10k or less, 10k-20k	Non-applicable, 10k or less, 20k-40k, 10k-20k	40k or more, 10k-20k, 20k-40k, Non-applicable	40k or more, 20k-40k, 10-20k, 10k or less, non-applicable
Attribute importance	Price per night, Location, Guest ratings	Price per night, Location, Cleaning service	Price per night, Location, Cleaning service	Price per night, Location, Cleaning service
Preferred travel destinations	Azores, Madeira, Porto	Azores, Madeira, Algarve/Lisbon	Azores, Madeira, Gerês	Lisbon/Azores, Algarve/Madeira, Porto/Sintra
Preferred travel season	Summer/spring	Summer/spring	Summer/spring	Summer/spring
Preferred trip type	Trip with friends	Trip with friends	Trip with family	Trip with family

Analysis

Across all segments, the importance of Price per night stands out as a consistent and crucial factor in selecting travel accommodations in Portugal. This suggests that individuals, regardless of their age, occupation and annual salary, or nationality, place a high importance on the cost of accommodation per night. This could be due to various factors. Firstly, many leisure travelers might have budget constraints, as mentioned by Camilleri (2018). The length of the trip and the size of the group also has an impact on the budget (French 2023). Moreover, market competition within the travel industry contributes to the emphasis on accommodation costs, as a wide range of options with varying price points prompts individuals to compare prices across providers and platforms (Dogru and Pekin 2017). Lastly, global economic conditions can impact travel spending, leading individuals to become more cost-sensitive, particularly during economic downturns, influencing their choices regarding accommodation expenses; the literature pointed out that this was the case during the COVID-19 pandemic and in the current war in Ukraine for instance

(Horwath HTL 2023). Thus, it is important for Airbnb owners to always remain competitive and economically attractive to consumers.

Another significant attribute is Location, which arrives in second position in all four segments as well. Travelers, regardless of their life stage, income, or nationality, often prioritize accommodations that offer a central location to enhance their overall travel experience; accessibility and convenience play a decisive role, as a prime location provides easy access to key attractions and activities, cost-effective transportation, and essential amenities, such as restaurants, supermarkets, or nightlife (Camilleri 2018). Airbnb has an advantage, since it has the ability to extend its services to any areas where residential properties are available, in contrast to hotels, and has fewer marginal costs when expanding (Coelho 2021; Zervas, Proserpio, and Byers 2017).

Similarly, there is a unanimous preference for Summer/spring as the favored time for travel, which indicates that individuals tend to favor seasons associated with outdoor activities, vibrant landscapes, comfortable temperatures, and favorable weather conditions during the travel experience. As affirmed by the existing literature, the demand and consequently the prices are likely to rise during this season (Li and Srinivasan 2019). Furthermore, the destination of Azores emerges as the top choice across all segments, followed by Madeira in second place. This once again proves that the latter has gained visibility and popularity in recent years, also among younger individuals compared to predominantly senior tourists in the past (Drumond 2022). On the other hand, Azores resulting to be the top destination in our research comes about as a new and interesting information that adds to the existing literature, as this was not found in other papers. However, it corroborates published works' findings, where more places outside the popular cities of Lisbon and Porto are gaining prominence (Drumond 2022). This could be attributed to the unique natural beauty, diverse landscapes, mild climate, cultural attractions, and experiential appeal that Madeira

and Azores offer and that resonate with both local and international audiences. The consistent ranking of these destinations could be reflective of a desire for unique travel experiences away from more traditional tourist spots (Gomes da Silva 2013). Additionally, it represents a positive result for Airbnb since the new law enacted in September 2023 in Portugal, aimed at protecting the housing market amid extreme inflation, exempts the autonomous regions (DN/Lusa 2023; Presidência do Conselho de Ministros, n.d.). Overall, the shared preference among all segments for the timing of travel (summer/spring) goes hand in hand with the choice of destinations (Azores, Madeira), and understanding this correlation allows for more targeted and effective marketing strategies.

In terms of differences among segments, the preferred trip type diverges; while Trip with friends holds significance in both young segments, the mature segments place a greater emphasis on Trip with family. This could be explained that the fact that younger individuals are typically in life stages where they often place a higher value on social connections and shared experiences, explaining their preferences for Trip with friends, while mature individuals often prioritize family-building and stability, preferring Trips with family (Kara and Mkwizu 2020). Nevertheless, both types of trips are leisure-oriented, which is a positive outcome for Airbnb; it can thus cater to all age segments in this aspect.

Additionally, the younger Portuguese segment considers Guest Ratings as more important than Cleaning Service, ranking them in 3rd and 4th position respectively. Local individuals, especially younger ones, might prioritize guest ratings as they may value trust and reliability particularly. This is different from the preferences of the other segments, where the importance of these attributes is reversed, indicating a higher priority for Cleaning Service over Guest Ratings, except for young international individuals. Among this latter segment, Cleaning Service is also placed in 3rd position,

but Kitchen is valued more than Guest Ratings, ranking them in 4th and 5th position respectively in order of preferences; for young international travelers, cleanliness and kitchen facilities are more important than previous guests' opinions. Additionally, they might prioritize kitchen facilities more, in comparison to the other segments, as they may be seeking greater convenience during longer stays and for budget constraints' purposes. As found in prior research, home-like features are especially associated with Airbnb, thus those tourists will most likely choose this type of accommodation for their trip (Guttentag 2016). Nevertheless, for three out of the four segments, Cleaning Service ranks in the 3rd position in the order of attribute preferences, indicating its importance, aligning with prior research; cleanliness positions as one of the most crucial attributes in customers' decision-making for travel accommodation (Mody et al. 2022). However, it is traditionally associated with hotels, since it is typically a service offered daily, unlike stays in Airbnb accommodations. Again, this underscores a feature that Airbnb could consider focusing on to increase its market share.

When analyzing the relative preference for various levels across all segments, apart from Price and Location, the absence of Cleaning services and Breakfast offerings emerged as the two least favored options. Interestingly, individuals aged 30 and below, particularly Portuguese respondents, express a higher disapproval for the absence of breakfast compared to the absence of cleaning services. Moreover, guest ratings hold significant value, especially among the Portuguese audience aged 31 and above. Different segments exhibit varying preferences regarding text or rating reviews, implying that the review format should depend on the target audience. For instance, Portuguese individuals over 31 display a strong preference for text reviews, whereas other segments demonstrate a less pronounced but more directed preference toward rating reviews.

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All things considered, although there are some slight differences, the preferences for features and other specifics appear to be relatively similar across the different segments. This suggests that Airbnb has the opportunity to attract a wide range of consumers, of different nationalities and life stages, by emphasizing these attributes in particular.

4. SWOT Analysis

To ensure a data-driven approach to decision-making, a SWOT analysis was conducted as a precursor to the recommendation phase of this study. This serves as a tool for evaluating the internal and external factors that are instrumental in shaping the company’s strategic direction.

The SWOT analysis presents a structured method to assess Airbnb’s Strengths and Weaknesses - factors inherent to the company and under its control - alongside Opportunities and Threats, which are influenced by external market conditions and consumer behavior trends; by examining these dimensions and comprehensively gathering the insights from the analysis done, it is possible to grasp the company’s competitive standing and the dynamics of the travel accommodation industry (Sammut-Bonnici and Galea 2015).

Moreover, by conducting this analysis before formulating recommendations, it is possible to pinpoint the areas where Airbnb excels and where it can leverage its advantages. It also alerts to the challenges and obstacles that the company must navigate or overcome.

Table 3

Strengths	Weaknesses	Opportunities	Threats
Personal and authentic experiences	Inconsistent service quality	Leveraging technology for better services	Regulatory challenges and legal restrictions
Flexibility in pricing	Safety and trust concerns	Diverse consumer appeal	Competition from hotels
Wide geographical spread, including rural areas	Limited amenities compared to hotels		Economic downturns affecting travel
Lower costs	Type of offerings		
Affordable perception			

4.1. Strengths

- **Personal and Authentic Experiences:** Tourists have shown an increasing demand for more real experiences while traveling (Paulauskaite et al. 2017). Airbnb takes advantage of this trend, providing opportunities for personal connections between hosts and guests, offering authentic local experiences which are valued by consumers.
- **Flexibility in pricing:** Airbnb's variety of offerings allows for a wide range of options that can suit different budget travelers (Stewart 2022; Oliveira and Novak 2023).
- **Wide geographical spread, including rural areas:** The service is available in a wide range of locations, not just major cities but also in rural areas, which traditional hotels often do not serve (Guttentag 2013). After the pandemic, rural tourism gained more visibility which Airbnb could take advantage of (Tourism Economics 2020). Moreover, location emerged as an extremely important attribute of the conjoint analysis, highlighting Airbnb's strength in this area, since it can expand its offerings to wherever residential facilities exist, contrary to hotels, making it easier for Airbnb to be in highly concentrated central areas of the city (Zervas, Proserpio, and Byers 2017).
- **Lower costs:** Compared to hotels, Airbnb has relatively low costs, since the platform does not need to allocate resources into infrastructure, operations, salaries, and other management costs, which is translated into a competitive advantage of Airbnb (Bashir and Verma 2016; Chen 2023; Coelho 2021; Nath 2022).
- **Affordable perception:** Airbnb is perceived as an affordable option, appealing to cost-conscious travelers, which given the importance of price gathered in the conjoint analysis, translates into a strength of Airbnb.

4.2. Weaknesses

- **Inconsistent service quality:** The guest experience can vary widely depending on the individual host, leading to inconsistencies in service quality, which has been a persistent challenge for Airbnb (Coelho 2021; Zhang et al. 2020). This lack in service quality is translated into negative guest reviews, which can influence choice significantly (Forgács and Dimanche 2016; Stewart 2022; Oliveira and Novak 2023).
- **Safety and trust concerns:** Airbnb often falls short in ensuring guest security and providing consistently accurate property descriptions, which has an impact on its reputation (Forgács and Dimanche 2016; Stewart 2022; Oliveira and Novak 2023).
- **Limited amenities compared to hotels:** Airbnb's properties lack amenities that are standard in hotels and were found valuable in the present work, namely, cleaning services and breakfast offerings. The analysis and prior research found that Airbnb's consumers show a willingness to pay more for cleanliness (Dogru and Pekin 2017).
- **Type of offerings:** Despite Airbnb providing a diverse range of offerings, the room type was found highly preferred over apartments. Given that Airbnb's main offerings on their platform are houses/apartments, contrariwise to hotels, the brand potentially poses a disadvantage in this department (Inside Airbnb 2023a, 2023b).

4.3. Opportunities

- **Leveraging technology for better services:** The rapid advancement of technology in the travel industry, such as digital payments and review sites, revolutionized how tourists accessed information and organized trips, increasing their demand for a digital guest experience (Cunha, Correia, and Costa 2021; Drumond 2022; Neves 2020). Therefore, there

is an opportunity for Airbnb to enhance its service offerings to meet this increasing demand and personalized travel planning.

- **Diverse consumer appeal:** The segmentation analysis highlighted the importance of price, location, cleaning services, and breakfast as main concerns across all age segments, with different nationalities and income levels. This means that with similar values regarding attributes, these pose an opportunity to capture a wider range of the market.

4.4. Threats

- **Regulatory challenges and legal restrictions:** New laws and regulations, such as the prohibition of new local accommodations until 2030 in main areas and the incentives for hosts to turn their offerings into long-term rental (DN/Lusa 2023; Presidência do Conselho de Ministros, n.d.), could significantly limit Airbnb's growth and operations.
- **Competition from hotels:** Hotels are still the preferred option for many travelers (TravelBI by Turismo de Portugal 2023c), and they offer a consistent standard of quality service, enhancing customer loyalty, that Airbnb might struggle to match (Bouncken, Pick, and Hipp 2006).
- **Economic downturns affecting travel:** Changes in the economic landscape, namely economic impacts such as inflation of the pandemic and war in Ukraine (Horwath HTL 2023) can reduce the number of people traveling and thus the demand for Airbnb accommodations.

5. Conclusion

5.1. Study Findings

The project explored and provided strategic recommendations tailored for Airbnb to enhance its competitive position in the Portuguese travel accommodation market, in order to answer the question “What features can Airbnb implement to enhance its competitive edge in the Portuguese market?”. By identifying consumer-valued features, the research addressed several key questions, such as understanding Airbnb's consumer perception and positioning, and drivers influencing accommodation choices in Portugal. These subsidiary goals aimed to dissect consumer preferences, leading to data-backed recommendations for Airbnb to adeptly navigate the Portuguese market, broaden its customer appeal, and capitalize on emerging trends.

The literature review section covered a comprehensive range of studies within the accommodation industry and helped obtain a good understanding of the existing research relevant to the topic. It started with an overview of the tourism sector to then delve specifically into the accommodation landscape in Portugal. Furthermore, it examined the differences between Airbnb and hotels, consumer behavior factors, previous research, and detailed the empirical approach employed to understand consumer preferences.

The empirical methodology employed for this study was choice-based conjoint analysis, and key insights emerged regarding factors influencing travelers' accommodation choices in Portugal. Based on the results of the analysis, a marketing segmentation was created, providing deeper insights into consumer preferences. The main takeaways were that, across all traveler segments in Portugal, the importance of price, location, cleaning services and breakfast remained consistent, and that summer/spring represented the peak season in the country, with Azores and Madeira as

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top destinations, showcasing a growing interest in unique experiences away from popular tourist spots.

5.2. Discussion

The study's insights led to a SWOT analysis and the creation of key recommendations for Airbnb. The first recommendation for the brand focused on enhancing trust, which will be achieved in three different ways: by putting into effect a virtual tour program with 360-degree videos to showcase rental properties, by integrating a cancellation policy filter for refund options, and by allowing chats between future and past guests for transparency purposes. Secondly, opting for price optimization, by implementing a "Best Deals" feature for lower-priced options during off-peak seasons. Lastly, reinforcing services' quality, by offering customizable cleaning schedules for guests, and through a partnership with Uber Eats to facilitate breakfast deliveries for guests.

The recommendations were directly refined from the research findings and will address consumer preferences such as price and amenities, and consumer's perceptions, providing solutions to seemingly perceived shortcomings in Airbnb's offerings compared to traditional hotels. The proposed actions aim to tackle issues related to trust and safety, substandard service quality, and lack of valued amenities. By recognizing the significance of cleaning services and breakfast to consumers, as found in the conjoint analysis, Airbnb would ensure cleaning services tailored to individual needs and breakfast deliveries for consumers. Implementing these recommendations would enhance the perception of service quality and trustworthiness. Lastly, the segmentation analysis of the conjoint study revealed a marked preference for a specific travel season, across all segments. Addressing this directly and considering consumer inclinations towards cost-effective options, a price optimization strategy for off-peak seasons was provided, aligning with research emphasizing price as a pivotal factor in choosing accommodation in Portugal. Ultimately, these

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suggestions aim to strengthen Airbnb's competitive position against traditional hotels by appealing to a broader market segment, especially important with the new restrictive law.

5.3. Further Research

Based on the study's findings and associated limitations, it was possible to identify potential avenues for further research in this field. These research possibilities aim to contribute to a more nuanced and reliable understanding of consumer preferences, thereby informing more effective strategies for Airbnb and similar accommodation providers operating in the Portuguese market.

Expanded Sample

Having a larger sample size for the conjoint analysis would offer more comprehensive insights into the varied points of view within the industry. Since the sample was relatively small, the entirety of the Portuguese market may not have been captured. For instance, subtle distinctions observed in the segmentation analysis could have been more significant with a larger sample size. Thus, exploring various segments may be relevant for further research and targeted marketing strategies.

Conjoint Analysis Refinement

Refining the conjoint analysis approach by utilizing specific price points instead of ranges. This could provide clearer insights into consumer's price sensitivity, helping understand exact price levels impacting choices and the willingness to pay for specific features. This would also better simulate a real-life booking experience for consumers. Additionally, while including price points, seasonality is also a feature worth including, to understand how much consumers are willing to pay in different seasons, or even on different days of the week. Finally, streamlining the survey design might mitigate survey fatigue by reducing the number of attributes or combinations presented to respondents, which might lead to more accurate results.

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Validation Studies

Conducting follow-up studies to validate the insights and recommendations proposed in the research could involve implementing the recommended strategies within a subset of the Portuguese market and analyzing their actual impact on consumer perception, preferences, and booking behavior. Doing so would allow an assessment of the effectiveness and real-world applicability of the proposed strategies in enhancing Airbnb's competitiveness.

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7. Appendix

Appendix 1: Conjoint Analysis

4.1. Survey Structure

Welcome to this study! Thank you for your time, we appreciate your participation!

Our research is about travel accommodation preferences and what attributes consumers value the most when travelling to Portugal.

The survey will take no longer than 10 minutes to complete, it is anonymous and will not be shared.

In the following pages you will encounter 3 different options of potential travel accommodations.

You should choose the one that best suits your preferences.

Thank you so much!

Question: Imagine you are booking your accommodation to travel. Which combination of attributes would you choose?

Attributes	Levels
Price per night	Below 70€
	70€-140€
	140€-210€
	210€ or more
Location	Central location
	Near public transportation
	Far from center
Breakfast	Buffet
	Closed menu

Group part

	No
Kitchen	Kitchen fully equipped
	Kitchenette
	Shared kitchen
	No
Guest Ratings	Rating review
	Text review
	No
Pet-friendly	Yes
	No
Check-in	Self-check-in
	Reception desk
Cancellation Policy	Yes with monetary refund
	Yes with rebooking option
	No
Accommodation Type	Room
	Apartment
	House

Pictures:

Group part

Buffet



Closed menu



Kitchen fully equipped



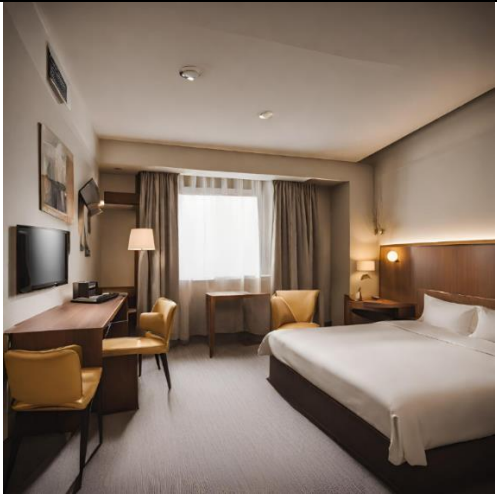
Kitchenette





Shared kitchen



Room








Group part

<p>Apartment</p>	
<p>House</p>	

Additional questions:

Which localities in Portugal would you rather travel to?

<p>Porto</p>	
---------------------	--

<p>Lisbon</p>	
<p>Algarve</p>	
<p>Madeira</p>	
<p>Azores</p>	

Gerês



Serra da Estrela



Évora



Ericeira



<p>Coimbra</p>	
<p>Nazaré</p>	
<p>Aveiro</p>	
<p>Óbidos</p>	

Group part

Sintra



Other (Input text)

When would you rather travel to Portugal?

- a. **Summer/Spring**
- b. **Winter/Autumn**

Select the kind of trips you are most likely to go on to Portugal.

- a. **Trip with friends**
- b. **Trip with family**
- c. **Work trip**
- d. **Solo trip**

Which gender do you identify with?

- a. **Female**
- b. **Male**
- c. **Other**

How old are you?

- a. **20 or less**
- b. **20-30**
- c. **31-45**
- d. **46-60**
- e. **60+**

Group part

What's your nationality?

- a. **Portuguese**
- b. **Spanish**
- c. **French**
- d. **English**
- e. **German**
- f. **Other (Input text)**

What's your occupation?

- a. **Full-time student**
- b. **Student worker**
- c. **Employed**
- d. **Retired**
- e. **Unemployed**
- f. **Other (Input text)**

What's your annual salary?

- a. **10k or less**
- b. **10k-20k**
- c. **20k-40k**
- d. **40k or more**
- e. **Non applicable**