

MARKETING RESEARCH: WHAT FEATURES CAN AIRBNB IMPLEMENT TO ENHANCE ITS COMPETITIVE EDGE IN THE PORTUGUESE MARKET?

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MARKETING RESEARCH: WHAT FEATURES CAN AIRBNB IMPLEMENT TO
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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, interviews with regular consumers and industry experts, a perceptual map, 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, Perceptual map

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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.

Secondly, preliminary interviews were conducted with industry experts and regular consumers to supplement the literature review, thus capturing the nuances of consumer behavior, brand awareness and consumers' associations with different accommodation providers in Portugal. These discussions helped refine the research focus and tailor the subsequent methodological steps to the specificities of the Portuguese market.

Following the interviews, a perceptual map was performed to understand the competitive landscape, providing a visual framework that highlighted the market positioning of Airbnb relative to hotels brands with high awareness from consumers. This visual tool was instrumental in identifying how Airbnb and hotels are differentiated in the minds of travelers and pinpoint market opportunities, thereby informing a potential strategic direction for Airbnb to enhance its appeal and better meet customer needs and preferences.

A conjoint analysis complemented the perceptual map. By presenting 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.

When developing the research design, first mapping consumers' perceptions enabled a better interpretation of the results of the subsequent conjoint analysis, as it provided context for understanding consumer preferences and expectations. Following both studies, a SWOT analysis

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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

In-depth interviews uncovered that travelers give considerable weight to location, cost-effectiveness and cleanliness when selecting accommodations. Additionally, the features that were predominantly associated with hotels included cleanliness, room and breakfast services, while Airbnb was linked with a home-like feeling, check-in flexibility, and kitchen amenities.

Perceptual mapping clarified how travelers view different accommodations based on various attributes, namely price, service quality, safety and trust, exclusivity, comfort, flexibility, and type of trip. The results revealed distinctive perceptions among brands. Airbnb and Ibis were seen as more budget-friendly options, with Airbnb facing challenges in terms of trustworthiness. Additionally, it was also perceived as leisurely and flexible but scored low in services quality, comfort, and exclusivity. Marriott and Pestana emerged as upscale options but differed in terms of business and relaxed atmosphere. Lastly, Vila Galé stood out by being perceived as both relaxed and luxurious.

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The conjoint analysis added depth to the comprehension of preferences, highlighting 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.

Based on the findings from both analyses, 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 methods 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 methods used in this study, namely the conjoint analysis and perceptual map, shedding light on how these tools were 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).

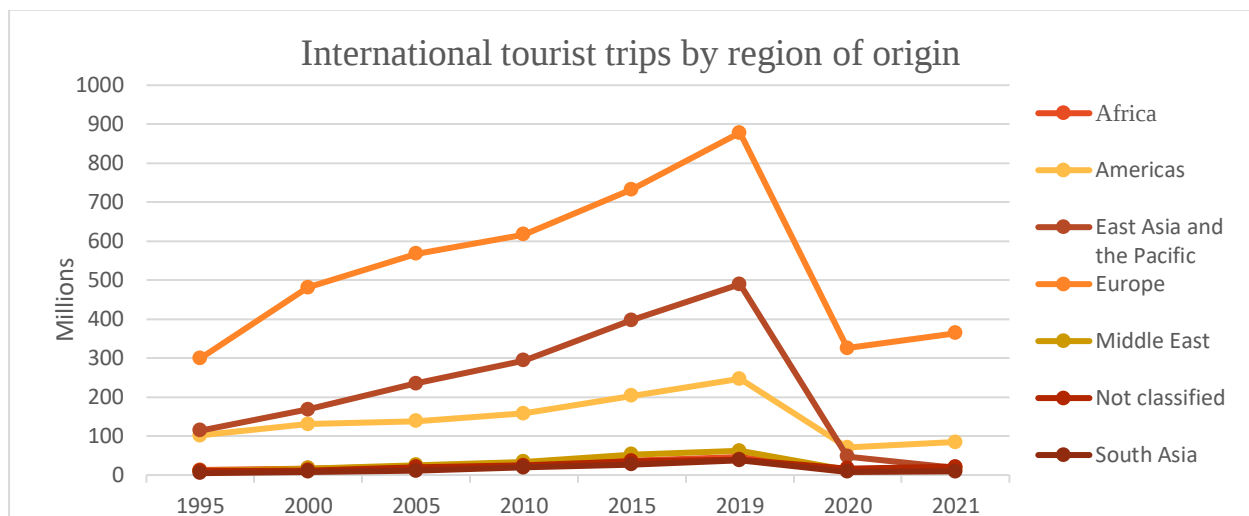


Figure 1 – Source: United Nations World Tourism Organization (UNWTO, n.d.-a).

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.

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).

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).

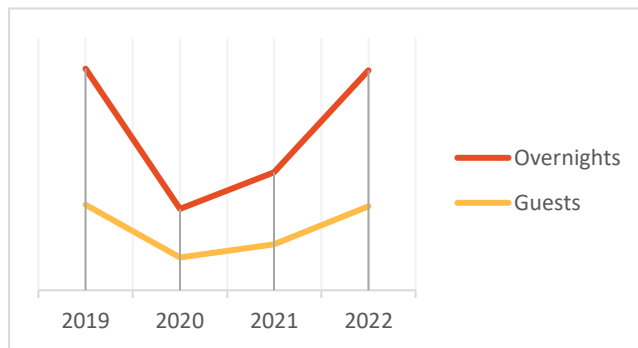


Figure 2 - Source: TravelBI by Turismo de Portugal (2023c; 2023d)

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

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

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.

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).

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. Perceptual Map

Product and brand positioning is a critical component of competitive marketing strategies. Marketers may resort to perceptual mapping techniques for two main reasons, namely, to assess the positioning of a certain brand or product relative to its competitors, and to assist in uncovering attributes that are determinant in influencing consumers' choices within the product category (Kohli and Leuthesser 1993). All products and brands are considered to occupy a distinctive position within the customers' awareness set (Narayana and Markin 1975). Thus, perceptual mapping techniques are used to visually illustrate consumer's perceptions and the attributes influencing their purchase decisions and comprehend market structure (Kohli and Leuthesser 1993).

Perceptual maps are commonly used by managers to make decisions regarding product development; a product is a combination of tangible – durability, functionality, price – and intangible – in terms of emotional appeal like feelings of joy and prestige, - characteristics;

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therefore, a big challenge for marketers relies on defining which and how many attributes to incorporate into the product, the level of quality of each attribute, and how to strategically design these attributes into the product in order to gain and sustain competitive advantage; nevertheless, it should be noted that usually only two or three key attributes are believed to hold significance in consumer's choice, which may vary across different market segments (Gigauri 2019).

When applying an attribute-based perceptual map approach, respondents are tasked with rating selected products or brands based on several attributes. The perceptual map is then drawn with the help of the SPSS Software output (Kohli and Leuthesser 1993).

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

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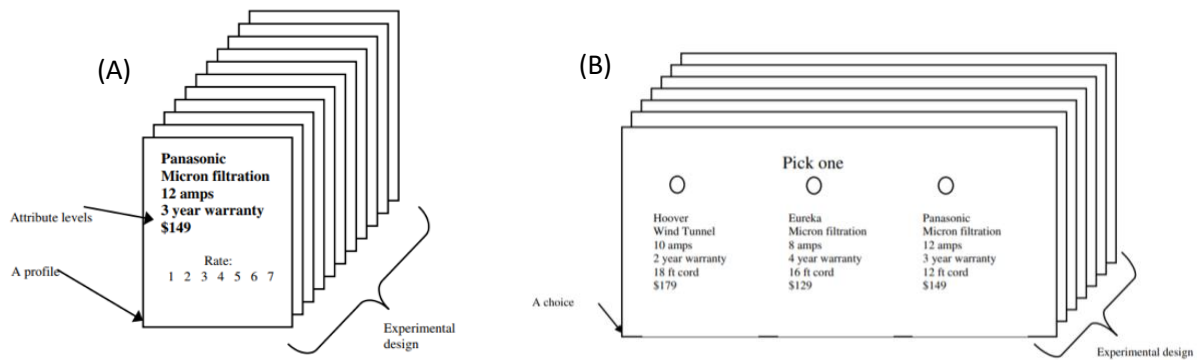


Figure 3 – (A) Ratings-Based and (B) Choice-Based Conjoint Analysis Design (Chrzan and Orme, 2000).

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 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).

4. Perceptual Map

4.1. Methodology

A Perceptual Map was conducted, and as mentioned in [section 2.7.1.](#), it contributes to understanding how consumers perceive a pre-defined group of brands based on specific attributes and their relationships. It illustrates a Cartesian plane, where the x-axis and y-axis represent correlated attributes, and brands are plotted based on their perceived positions, providing insight into how main competitors position themselves in the market. To create this representation, data from market research and customer surveys is gathered, aiming to comprehend how different brands in the accommodation market are perceived by customers.

Initially, a preliminary survey was developed to collect data. This survey, conducted via the Microsoft Forms platform, asked customers to rate, on a scale from one to five, the relevance of each attribute to each company. A rating of one indicated that the characteristic was unrelated to the brand, while a rating of five signified a strong association. This allowed consumers to express their perceptions of brands based on a selected group of attributes.

Following these rankings, additional questions were posed to gain more detailed insights into consumer profiles, including gender, nationality, age group, and annual salary – these characteristics might influence how consumers perceive brands. The full survey, along with its details, is available in Appendix 3 – 3.1. for further information.

The survey was launched on October 11th, 2023, and remained active until November 6th, 2023. It was publicized across various media platforms, including WhatsApp, Facebook, and Instagram. Leveraging these widely used communication channels enabled the survey to reach a diverse range of customers, encompassing various nationalities. This was crucial considering the findings in

[chapter 2.3.3.](#), which indicated that the Portuguese accommodation sector is primarily driven by an international clientele (Instituto Nacional de Estatística 2022; TravelBI by Turismo de Portugal 2023a). Therefore, prioritizing inputs from these markets in developing the perceptual map was logical, yet the survey remained open to all customers to ensure a comprehensive reflection of the entire Portuguese market. This rationale also underlines why all age ranges were included, which represent an influential factor, as mentioned in [section 2.4.2.](#) As individuals grow older, their perspectives evolve; what a younger person perceives might differ significantly from an older individual's viewpoint (Kara and Mkwizu 2020). Hence, including every age group facilitated gathering diverse perspectives on the accommodation sector.

Overall, the primary aim of the survey was to meticulously ensure that every distinct perspective and belief were considered, contributing to a comprehensive understanding of Portugal's accommodation industry.

Choice of Brands

The criteria of brands chosen for constructing the survey were established based on insights from the literature review and interviews conducted with both common travelers and industry experts. This approach was aimed at ensuring the relevance and accuracy of the collected data.

[Chapter 2.3.3.](#) revealed that among the largest hotel brands in Portugal are **Vila Galé** and **Pestana**, with Pestana recognized as the primary luxury scale brand and Vila Galé prominent in Upscale and Upper Upscale accommodations (Horwath HTL 2023). On the other hand, interviews with regular travelers in Portugal facilitated the acquisition of more personalized and direct data. These discussions helped identify the travel accommodation brands with which consumers are most acquainted, drawing from respondents' personal experiences. For instance, it was found that

Airbnb is quite a popular option, as eight out of ten interviewees reported having stayed in one. Additionally, these discussions provided insights into their brand awareness. When asked 'Which brands come to your mind when you think of Hotels in Portugal?' or 'Which brands come to your mind when you think of affordable Hotels in Portugal?', eight out of ten respondents mentioned **Ibis**, known for its economy and midscale hospitality offerings (Horwath HTL 2023). Similarly, the question 'Which brands come to your mind when you think of luxury Hotels in Portugal?' commonly elicited **Marriott** as a response (6/10), followed by Pestana (4/10). This finding was intriguing since, despite Pestana being the largest luxury hotel brand in Portugal, consumers often associate Marriott more frequently with luxury, prompting a comparison between the two to understand consumer perceptions better.

Drawing from this gathered information, five well-known brands in the Portuguese market, each with distinct characteristics ranging from budget-friendly to luxurious accommodations, were selected for comparison in constructing the perceptual map. The chosen brands were:

Airbnb

As already highlighted in [section 2.2.2.](#), Airbnb represents a form of tourist accommodation that emerged from the establishment and progression of the sharing economy (Coelho 2021). Over the years, it has established itself as a global leader in the online hospitality marketplace, focusing on the quality of experiences it offers (Carvalho 2020). In Portugal, Airbnb has notably influenced the tourism landscape by providing travelers with diverse lodging options choices throughout the country, marking a considerable success in Portugal due to its ability to allow guests to immerse themselves in local culture (André 2018; Coelho 2021).

Marriott Hotels

Marriott International represents a global hospitality giant which maintains a substantial presence worldwide, including in Portugal, as seen in [section 2.2.1](#); its emergence into the Portuguese market was crucial to the hospitality industry (Enz 2010). Renowned for its vast portfolio of hotel brands, such as Marriott Hotels, The Ritz Carlton, and Sheraton, the Marriott group offers a wide range of accommodations catering to various travel purposes, from business trips to leisure vacations (Marriott, n.d.-a). In Portugal, Marriott holds a prominent position, boasting resorts and hotels strategically located in key destinations such as Lisbon, Porto, and the Algarve region, offering a total of 22 different hotel options across the country (Marriott, n.d.-b). Within the survey, the focus was on Marriott Hotels since it was the most mentioned luxury brand during the interviews. Echoing their motto, “Wonderful hospitality. Always.”, the commitment to excellence, exceptional service, and a wide range of amenities does not go unnoticed, making an impression in Portugal as well, where Marriott properties aim to deliver exceptional guest experiences (Marriott, n.d.-c).

Pestana

The Pestana Hotel Group stands as one of Portugal's leading hotel and leisure chains, renowned for its extensive portfolio of hotels, resorts, and “pousadas” (properties) across the globe (Horwath HTL 2023). Founded in 1972 with the opening of its inaugural hotel in Madeira, the group has since expanded internationally, now standing amongst Europe’s top thirty biggest hotel groups; recognized for its commitment to quality, hospitality, and unique experiences, Pestana Group has established itself as a key player in Portugal's hospitality industry, seamlessly blending modern comforts with a celebration of the country's rich cultural heritage (Pestana Group, n.d.-a). With a presence in over 100 hotels globally and operating under four distinct brands – Pestana Hotels & Resorts, Pestana Pousadas de Portugal, Pestana Collection Hotels, and Pestana CR7 Lifestyle

Hotels –, the group caters to diverse segments, ranging from luxury resorts to business hotels, offering a spectrum of experiences (Pestana Group, n.d.-b). Among these four brands, the one that was chosen for comparison with other market competitors was the Pestana Hotels & Resorts, since, as referred in [section 2.3.3.](#), it is the brand with the highest number of rooms in Portugal (Horwath HTL 2023). Positioned by the Pestana Hotel Group as an upper midscale hotel and resort provider, Pestana Hotels & Resorts serves a broad customer base, including leisure-oriented individuals, couples, families, and global business travelers (Pestana Groups, n.d.-c).

Vila Galé

Founded in Portugal in 1986, the Vila Galé Group has emerged as a prominent hotel chain, with all its capital investments being national (Vila Galé, n.d.-a). Since its inception, Vila Galé has expanded its reach beyond Portugal's borders, notably across Europe and Brazil (Vila Galé, n.d.-b). Acknowledged for its diverse offerings that cater to a wide array of traveler preferences, the group manages various properties encompassing apartment-hotels, beach resorts, and urban accommodations (Vila Galé, n.d.-b). In Portugal, as highlighted in [section 2.3.3.](#), the group's presence is substantial, boasting the highest market share alongside Pestana and maintaining a significant network of 31 hotel units spread throughout the country (Horwath HTL 2023; Vila Galé, n.d.-a). Renowned for their firm commitment to quality standards, sustainability initiatives, and cultural authenticity, Vila Galé properties embody a combination of modern comforts blended with a reflection of Portugal's heritage and local traditions (Vila Galé, n.d.-a). In addition to functioning as the collective entity, Vila Galé also embodies a distinct brand, specifically referring to a chain of hotels and resorts that adhere to standardized characteristics and operate under the umbrella of the Vila Galé Group's portfolio (Vila Galé, n.d.-a). Additionally, it boasts four other smaller sub-

brands – Vila Galé Collection, Inevitável, Satsanga Spa & Health Clubs, and NEP Club – encompassing gastronomy, health, and hospitality (Interreg Europe, n.d.).

Ibis

Ibis, a brand part of the AccorHotels group, maintains a substantial global presence, operating across numerous countries, catering to diverse travelers including tourists and business professionals (Accor Group, n.d.-a). It occupies a notable position in Portugal's hospitality sector, being the greatest international brand and ranking as the fourth largest brand in terms of rooms (Horwath HTL 2023). Furthermore, as mentioned in [section 2.3.3.](#), it ranks first as an Economy and Midscale hospitality brand (Horwath HTL 2023). In Portugal, Ibis establishments are primarily situated in key cities (Lisbon, Porto, Faro) and other convenient locations, offering accessible and budget-friendly options for travelers seeking comfortable stays without exorbitant expenses (Accor Group, n.d.-b). Their commitment to delivering quality accommodation at competitive prices has positioned Ibis hotels as a favoured choice for many travelers visiting Portugal (Accor Group, n.d.-b).

Choice of Attributes

The interviews with experts also played a crucial role in determining the attributes to consider; the respondents specified the factors and characteristics they believed customers value and are most concerned about. Seven different attributes were selected based on these interviews and the literature review. It was ensured that these attributes were clear and relevant, allowing survey participants to rank them accordingly. The attributes are as follows:

Pricey- The selection of this attribute is tied to its continuous emphasis in the literature review, particularly in [section 2.4.2.](#) where the crucial influence of economic capacity on travel behavior

is highlighted (Mayer and Vogt 2016). It underscores customers' consideration of price when choosing accommodations while traveling (Camilleri 2018). Moreover, in the general interviews, this attribute was also deemed significant, emerging as the second most favored feature among accommodation attributes ([section 3.2.1.](#)). From the experts' perspective, a similar viewpoint arose, regarding price as a pivotal characteristic ([section 3.1.3.](#)). In the survey, a brand scoring five is considered expensive, while a lower score indicates affordability or even a budget-friendly option.

Services Quality- This aspect was highlighted by all interviewees, regardless of age, gender, or income ([section 3.2.1.](#)). It was even regarded as the foremost influential characteristic shaping consumer's decision ([section 2.6.](#); Mody et al. 2022). Guests universally seek overall quality, including excellent customer service (staff), high-quality food (e.g., breakfast), and top-notch cleaning services; these attributes enhance brands' preference among consumers (Bouncken, Pick, and Hipp 2006; Dogru and Pekin 2017). Consistently identified as significant, as seen in [section 1.1.](#) and [section 2.6.](#), understanding which brands are perceived to meet these quality standards becomes crucial (Dogru and Pekin 2017).

Safety and Trust- As referenced in [section 1.1.](#), safety and trust are pivotal in retaining customers (Bouncken, Pick, and Hipp 2006). A high reputation and a reliable brand are more likely to encourage repeated visits (Dogru and Pekin 2017). In line with those studies, as mentioned in [chapter 2.5.](#), the significance of brand credibility and reliability in making purchasing decisions is emphasized (Jeng 2016). Safety was also mentioned in the experts' interviews, relating it to the perspective of hotels ([section 3.1.3.](#)).

Exclusive- Exclusivity implies prestige and authenticity, achieved by prioritizing customer needs and preferences, as highlighted in [section 1.1.](#). Airbnb provides a genuine and authentic experience

(Guttentag 2013). Every consumer desires a sense of uniqueness, feeling like a part of something special or limited, as noted in the interviews and on [section 2.2.1](#). (Gomes da Silva 2013). Additionally, exclusiveness was also mentioned during the experts' interviews, concerning their perspective on hotels ([section 3.1.3](#)).

Comfort- A critical characteristic encompassing various aspects – such as emotional and physical comfort – to ensure a pleasant guest experience. It can be achieved through diverse amenities, as outlined [section 2.5](#), and is a strategical way to gain competitive advantage (Meng et al. 2020). During the experts' interview ([section 3.1.3](#)), Airbnb's accommodations were mentioned as being comfortable. Through the perceptual map, it will be inferred if that is truly the case.

Flexible- Flexibility relates to customers' autonomy and independence, concepts highlighted during the interviews, where 5/10 interviewees mentioned check-in flexibility when recalling Airbnb accommodations. It also pertains to how brands adapt to personalize and accommodate customer preferences, aligning with the individualization strategy described in [section 2.5](#). (Von Richthofen and Von Wangenheim 2021). This attribute reflects the degree of freedom guests experience during their travels, such as flexibility with check-in procedures, cancellation policies and even price all Airbnb's characteristics (Li, Hudson, and So 2019; Toader, Bode, and Rus 2020).

Type of Trips- According to [section 2.5](#), Airbnb tends to attract a larger share of leisure tourism, while hotels still accommodate a significant portion of business-related travelers (Kreeger, Smith, and Parsa 2021). Hence the aim of this attribute was to assess customers' perceptions of each brand based on the type of trips they cater to. Participants were prompted to rate from one to five, with a brand scoring one being more associated with business trips and a brand scoring five being more

oriented towards leisure. The attribute was later renamed "Leisurely" for clarity, as higher scores indicated a stronger association with leisure.

4.2. Results

The survey collected a total of 120 answers, but only 118 were considered due to flawed responses. Among these, 61 were from females and 56 from males. The main nationalities that met the goals were Portuguese (27), Spanish (25), English (22), French (22), and German (14). Regarding the respondents' age ranges, the group with the most significant representation was between 21 and 30 years old, comprising 34.75% of the sample. The next substantial portion, representing 24.58% of participants, fell between 46 to 60 years old. The smallest segment, accounting for 4.24% of the sample, comprised consumers younger than 21 years old, contributing to a more comprehensive analysis. In terms of annual salary, all options were represented, with particular emphasis on incomes between 20 to 40 thousand euros, accounting for 30.5% of the sample, and 40 thousand euros or more, representing 34.75%. All this data is available in full detail in Appendix 3 – 3.2..

With the assistance of Excel, the data was extracted from the survey results and organized to calculate the means values of each brand for every attribute. Once all the average rating values were compiled, the processed data was transferred to the SPSS Statistics platform. SPSS Statistics is specialized software designed for conducting advanced statistical analyses.

To better comprehend the positioning of the brands, it was necessary to condense the information by reducing the dimensions of these variables based on their similarities. This involved utilizing factor analysis, a method that reveals underlying variables (factors) capable of summarizing the complete dataset. Through this process, correlations among the seven attributes were identified.

Factor analysis generates a Descriptive Statistics table, which presents the means and standard deviations of each variable. It also produces a Correlation Matrix indicating the associations between attributes before any data reduction techniques are applied. In this matrix, certain trends are already visible, as illustrated in Appendix 3 Table 5 - Correlation Matrix.

Additionally, the analysis includes a Scree Plot, illustrating how much variance each additional dimension (factors) captures from the data. In this study, two factors exhibit eigenvalues substantial and positive enough to explain a significant portion of the data variance. For instance, introducing a third dimension with a considerably lower eigenvalue would account for very little data (see Appendix 3 Figure 1 - Scree Plot). The first component in the principal component analysis corresponds to an eigenvalue of five, while the second component approaches an eigenvalue of two, suggesting that SPSS recommended reducing the attributes to two components.

The Component Matrix demonstrates the correlation of each of the seven attributes with these two retrieved components, which is translated into coordinates and represented in the Component Plot displayed below.

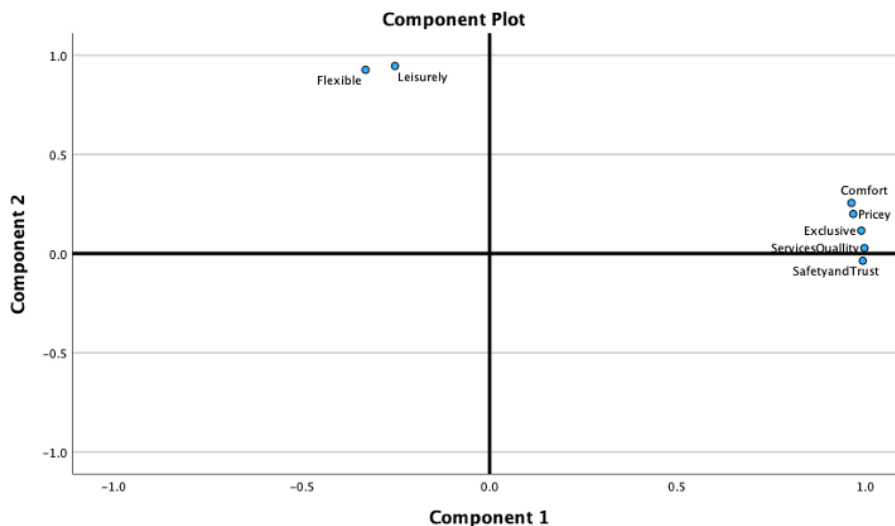


Figure 10 – Component Plot

As it can be observed on the image above, the two groups of attributes are greatly distinctive: "leisurely" and "flexible" are highly correlated, displaying values close to one concerning "Component 1" and negative values on "Component 2." In contrast, the second group comprising "comfort," "pricey," "exclusive," "services quality," and "safety and trust" also exhibits correlations, scoring inversely compared to the other group. This suggests that these two groups are independent – perceiving an accommodation brand as leisurely and flexible doesn't affect whether it's perceived as pricey or exclusive.

The Communalities table ensures that the two components correctly represent the variables, with all attribute values demonstrating a variance proportion close to one (see Appendix 3 Table 6 - Communalities). Furthermore, the Total Variance Explained table indicates that "Component 1" represents 71.510% of the variance explained, while "Component 2" illustrates 26.735%, resulting in a total of 98.245% variance explained by the factors (see Appendix 3 Table 7 - Total Variance Explained).

Following the factor analysis, SPSS added two new variables to the original data, labeled "FAC1_1" and "FAC2_1," representing the ratings for each brand. These variables express where brands are positioned on the Cartesian plane (Component Plot) analyzed earlier.

Table 3

Brand	Pricey	Services Quality	Safety and Trust	Exclusive	Comfort	Flexible	Leisurely	FAC1_1	FAC2_1
Airbnb	2.61	2.52	2.80	2.30	2.94	3.84	3.98	-1.09591	1.33850
Marriott	4.17	4.18	4.20	4.10	4.16	3.31	2.68	.96261	-.18864
Pestana	3.87	4.08	4.07	3.90	3.99	3.27	3.03	.72880	-.03707
Vila Galé	3.49	3.88	4.03	3.50	4.03	3.35	3.38	.46511	.32460
Ibis	2.09	2.50	2.93	1.98	2.45	3.10	2.46	-1.06061	-1.43739

These factors represent the coordinates of each brand on the perceptual map, aligning with the two outputted components. For clearer visualization, the components were renamed based on the

attributes they best explain by variance. "Component 1", involving "flexible" and "leisurely," is termed "Relaxed," while "Component 2", encompassing "comfort," "pricey," "exclusive," "services quality," and "safety and trust," is designated "Luxury."

Ultimately, the perceptual map was created, situating brands according to the factors returned by SPSS.

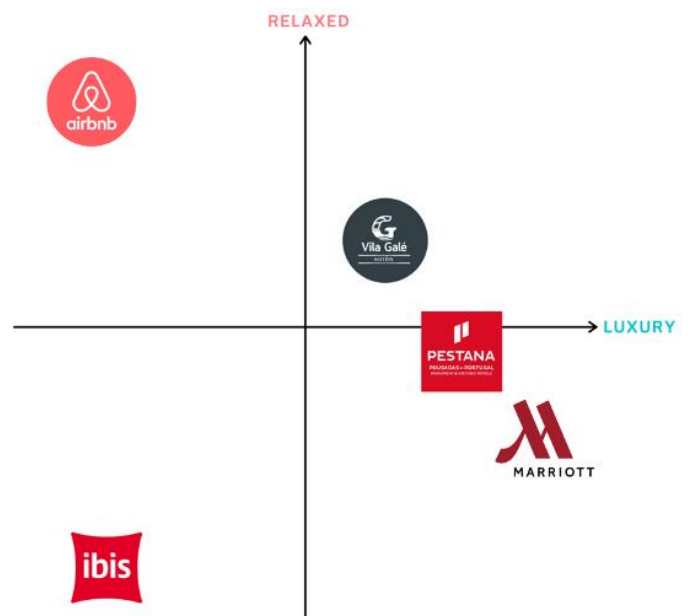


Figure 11 – Perceptual Map

4.3. Discussion

Through the Perceptual Map, it becomes evident that the accommodation market is diverse, both in its offerings and in how consumers perceive it, featuring four quadrants with at least one brand, representing a wide array of characteristics.

As anticipated, Marriott and Pestana hold a close position due to their upscale hotel status and comparable amenities, resulting in a similar perceived opinion among customers. However, a notable difference emerges: Marriott leans more towards business travel and stricter standards (-0.189), whereas Pestana exhibits a slightly more positive value on the Relaxed component (-0.37).

Marriott also scores higher in the Luxury component (0.963) compared to Pestana (0.729), possibly influenced by Pestana Hotels & Resorts including both upper midscale and upper upscale hotels. Both hotels scored the highest regarding the attribute Safety & Trust, which aligns with the findings in [section 2.5.](#), indicating an advantageous position for traditional hotels; this is explained by their standardization strategy, which relates to customers' reliability (Bouncken, Pick, and Hipp 2006). Additionally, both brands scored the highest in the Services Quality attribute (4,18 – Marriott; 4,08 – Pestana) showing that the refinements made by these hotel brands, referred in [section 2.3.1.](#), were successful (Guttentag 2013).

Distinctively positioned in the market are Airbnb and Ibis, sharing a similar score in the Luxury component (-1.096 and -1.060, respectively), implying perceptions of being cheaper, less comfortable, less trustworthy, offering lower service quality, and overall, being more commonplace. In some ways, this contradicts the discoveries outlined in [chapter 2.6.](#), which suggested that tourists opt for local accommodations primarily because of their comfort (Chen, 2023). Furthermore, for Airbnb's case, as mentioned before in [section 2.2.2.](#) and [2.5.](#), the brand aims to be associated with safety and trust by its customers through its Urgent Support Line, online reviews, and identity validation system, which has been a challenge (Airbnb 2020; Stewart 2022; Oliveira and Novak 2023; Coelho 2021). As follows, the perceptual map analysis corroborates the previous assumption that Airbnb is in fact lacking in this department, having been associated with the lowest levels of trustworthiness (2,80). Addressing this aspect could potentially enhance the brand's competitive edge, as consumer valuations confirm its importance (Jeng 2016). Furthermore, the perception regarding pricing resonates with the statements in [chapter 2.5.](#), indicating that Airbnb tends to offer a lower price point when compared to traditional hotels (Nath 2022). Positioned, from the customers' standpoint, as the second brand (with Ibis ranking first at -

2.09) with the lowest average in this attribute (2.61), Airbnb is indeed perceived as more affordable compared to most hotel brands.

Nevertheless, the two brands displayed completely opposite scores on the Y-axis. Ibis had the lowest score among all five brands at -1.437, most likely due to its standardized accommodation, offering limited adaptability or changes. This perception is especially influenced by consumers associating Ibis more with work-related travel (as indicated by its average value for this attribute at 2.46). In contrast, Airbnb scored the highest on this same component, at 1.339, being recognized and perceived as an accommodation primarily suited for leisure-related trips, which goes in line with [section 2.5](#). (Kreeger, Smith, and Parsa 2021). This positioning is also attributed due to Airbnb being considered a flexible lodging option, possibly due their overall flexible operational model ([section 2.3.1](#)); for example, guests can pursue check-ins remotely or in person ([section 2.5](#)), showcasing a level of adaptability that has been deemed valuable in the aforementioned chapters (Airbnb, n.d.-b; Coelho 2021; Zhang et al. 2020).

The only brand positioned in the first quadrant, perceived as both relaxed and luxurious, is Vila Galé. It holds a score of 0.465 concerning the Luxury factor, placing it closely alongside its competitors: Pestana and Marriott. Simultaneously, it secures the second-highest score in terms of its relaxed perception by customers, with a rating of 0.32.

The perceptual map, along with the forthcoming conjoint analysis, will determine which components Airbnb should emphasize on and in which quadrant it should reside to gain or maintain competitive advantage, given the unfavorable regulations it is facing. The strategy should not only align with customer perceptions but also cater to consumer preferences and the attributes that influence consumers' choice the most.

5. 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 4

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			

5.1. Strenghts

- **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:** As it was indicated in the perceptual map, 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.

5.2. 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 is further corroborated by consumers' perception of low service quality and low safety and trust, gathered in the perceptual map analysis. 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:** As mentioned above, Airbnb is perceived with low levels of safety and trust. In fact, 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).

5.3. 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.

5.4. 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.

6. Conclusion

6.1. 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 methodologies employed for this study were conjoint analysis and perceptual maps. However, a preliminary qualitative research method was first undertaken, in the form of in-depth interviews, to comprehensively understand the factors influencing travelers' accommodation choices and their subjective perceptions of hospitality brands in Portugal. The experts' interviews unveiled that both Airbnb and hotel guests prioritize location and price. While Airbnb was associated with "home-ish" and "budget-friendly", hotels were with "cleanliness", “breakfast”,

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“exclusive”, “expensive” and “safety”. On the other hand, hostels were linked with "friendly" and apartment-hotels with a mixture of Airbnb and hotel benefits. Moreover, hotels and Airbnb do not see each other as direct competitors due to Airbnb’s different household amenities and its budget-friendly association. It was also suggested that Airbnb’s guests value cost-effectiveness, authenticity, and the interaction with hosts, whereas hotels’ guests appreciate service quality and their amenities. On the other hand, the general interviews revealed that, overall, travelers in Portugal seek value, convenience, and reliable services when choosing accommodations. The focus was on price, location, cleanliness, service quality, guest ratings and cancellation policies. Airbnb was also associated with “kitchen”, “check-in flexibility” and “pet-friendly”. Following the interview findings, the study subsequently focused exclusively on hotels and Airbnb. Additionally, a set of personas was developed to illustrate the diverse accommodation preferences among travelers in Portugal.

The perceptual map highlighted how different accommodation brands are perceived by consumers in Portugal. Marriott and Pestana both scored high in the luxury component, but Pestana was seen as more leisurely, whereas Marriott was seen slightly as more pricey, exclusive, and comfortable. Vila Galé stood out by being perceived as both relaxed and luxurious. Airbnb and Ibis were perceived significantly as more affordable but varied in terms of flexibility and type of travelers associated. Airbnb scored low in pricey, service quality, safety and trust, exclusive and comfort, while flexible and leisurely were positively linked, which underscored possible areas of improvement for Airbnb.

In analyzing consumer preferences using choice-based conjoint analysis, key insights emerged regarding factors influencing travelers' accommodation choices in Portugal. It revealed that, as expected, price and location are at the core of accommodations selections, however traditional

Group part

hotels are preferred when it comes to valued amenities like cleaning services and breakfast offerings, which Airbnb lacks. Factors such as guest ratings, cancellation policies with monetary refund, and the room type of accommodation also are perceived with value and may sway decisions between offerings. To compete effectively, it was recommended for Airbnb to add the hotel-like amenities while keeping prices attractive, considering its appeal to price-sensitive consumers. Based on those results, 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 top destinations, showcasing a growing interest in unique experiences away from popular tourist spots.

6.2. 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 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.

6.3. 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 Samples

Conducting a more extensive and diversified set of interviews, as well as larger sample sizes for both the perceptual map and the conjoint analysis, would offer more comprehensive insights into the varied points of view within the industry. Expanding the interview pool to encompass a greater range of nationalities and of consumers for every age segment would allow for a deeper understanding of different perspectives. Since the samples were relatively small, the entirety of the Portuguese market may not have been captured. For instance, subtle distinctions observed in the

Group part

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.

Perceptual Maps Precision

Further research may implement measures to ensure more accurate results, such as time restrictions on the survey to prevent rushed responses and potentially inaccurate data. Furthermore, clearer instructions should be provided to differentiate between hotel groups and specific brands, reducing confusion and providing more precise brand-specific market positioning. Additionally, considering statistical methods beyond mean values to account for variability in consumer perceptions and ratings. It is important to note that further research could dive into the perception of “home-like feeling” and “authenticity”, which were found in prior research and the interviews to be strongly associated with Airbnb. “Privacy” was also suggested in prior research to be valued by consumers, making it worthwhile to explore how Airbnb is perceived in relation to this attribute, especially considering Airbnb's shared spaces with hosts.

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.

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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8. Appendix

Appendix 3: Perceptual Map

3.1. Survey Structure

Perception about different brands of accommodation in Portugal

Welcome to our survey on the perception of different types of accommodation in Portugal! As part of our ongoing thesis research, we are keen to understand your experiences and views regarding accommodations in Portugal.

Your responses will be confidential and crucial for our thesis research. Thank you for your valuable input!

According to your perception evaluate from 1 to 5, the different brand attributes. Where 1 is unrelated and 5 is highly associated.

1. Pricey

	1	2	3	4	5
Airbnb					
Marriott- Hotel & Resorts					
Pestana					
Vila Galé					
Ibis					

2. Services Quality - Breakfast, Cleanliness, Staff

Group part

	1	2	3	4	5
Airbnb					
Marriott- Hotel & Resorts					
Pestana					
Vila Galé					
Ibis					

3. Safety & Trust

	1	2	3	4	5
Airbnb					
Marriott- Hotel & Resorts					
Pestana					
Vila Galé					
Ibis					

4. Exclusive

	1	2	3	4	5
Airbnb					
Marriott- Hotel & Resorts					
Pestana					
Vila Galé					

Group part

Ibis

5. Comfort

1

2

3

4

5

Airbnb

Marriott- Hotel

& Resorts

Pestana

Vila Galé

Ibis

6. Flexible - Customer autonomy and freedom

1

2

3

4

5

Airbnb

Marriott- Hotel

& Resorts

Pestana

Vila Galé

Ibis

7. Type of trips - 1 being more associated with Work Trips and 5 more associated with Leisure Trips

1

2

3

4

5

Airbnb

Group part

Marriott- Hotel

& Resorts

Pestana

Vila Galé

Ibis

8. Gender

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

9. Nationality

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

10. Age

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

11. Annual Salary (in euros)

Group part

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

3.2. Results

To access the complete set of the excel results, please follow the provided link:

<https://docs.google.com/spreadsheets/d/1vWOoC5imaxTvTCwmkIP62E3JfQDGeBX3/edit?usp=sharing&ouid=101065415740522427875&rtpof=true&sd=true>

Figure 1 – Scree Plot

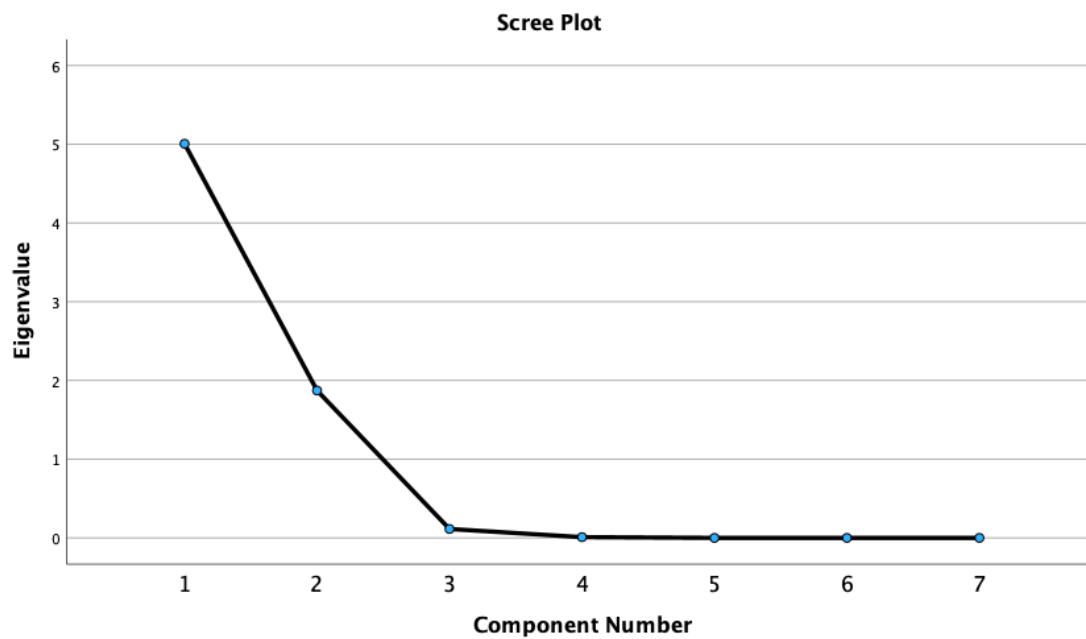


Table 5 – Correlation Matrix

	Pricey	Services Quality	Safety and Trust	Exclusive	Comfort	Flexible	Leisurely	
Correlation	Pricey	1.000	.967	.941	.993	.974	-.110	-.084
	Services Quality	.967	1.000	.995	.989	.971	-.313	-.216
	Safety and Trust	.941	.995	1.000	.972	.956	-.378	-.268
	Exclusive	.993	.989	.972	1.000	.977	-.210	-.152
	Comfort	.974	.971	.956	.977	1.000	-.092	.008
	Flexible	-.110	-.313	-.378	-.210	-.092	1.000	.921
	Leisurely	-.084	-.216	-.268	-.152	.008	.921	1.000

a. Determinant = .000

b. This matrix is not positive definite.

Table 6 – Communalities

Communalities

	Extraction
Pricey	.978
Services Quality	.998
Safety and Trust	.990
Exclusive	.994
Comfort	.994
Flexible	.966
Leisurely	.958

Extraction Method: Principal Component Analysis.

Table 7 – Total Variance Explained

Total Variance Explained

Component Extraction Sums of Squared Loadings

	Total	% of Variance	Cumulative %
1	5.006	71.510	71.510
2	1.871	26.735	98.245

Extraction Method: Principal Component Analysis.