### Master's Thesis Overview

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**Title:** Airbnb: A Competition for Traditional Hotels in Copenhagen, Denmark

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AIRBNB: A COMPETITION FOR TRADITIONAL HOTELS IN COPENHAGEN, DENMARK

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ABSTRACT

The Sharing economy has opened doors to many business concepts within the hospitality industry but at the same time distressed long-standing industries. Airbnb is one of the companies that form of the sharing economy which introduced this concept in the hotel industry. Currently, different researchers and hoteliers have considered that there is an effect of the emergence of Airbnb on traditional hotels. The study aim is to analyse the effect of Airbnb on the traditional hotels in Copenhagen, Denmark. This study was conducted with the help of different consumer behaviour theories and models such as Customer satisfaction model, Kano model and traditional macro model of customer satisfaction. The research has collected relevant literature focusing on the sharing economy, Airbnb, online reputation and customer satisfaction. The study is based on primary and secondary data, where the primary quantitative data have been collected from 100 tourists in Copenhagen, Denmark with the help of a questionnaire, and the secondary quantitative data have been collected from the website of Airbnb as the review of 1000 customers at 30 sites. The qualitative data was collected from 3 Airbnb managers and 3 traditional hotel managers with the help of interviews. The primary quantitative data have been analysed using IBM-SPSS, and the qualitative data have been analysed based on the thematic analysis. The study results show that there is a significant impact of Airbnb on the traditional hotels in Copenhagen, Denmark as the price structure has changed, revenue has decreased and there is a considerable difference in the occupancy rate. The study results also show that the average rating of the Airbnb is 4.1, which is high, and it can be a threat to traditional hotels. Managers of the traditional hotels should focus on improving their quality of service, promoting their unique selling promotion, using digital marketing and analysing the data to identify the pattern of visits of guests.

Key Words: Sharing economy, Airbnb, Hotel Industry
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FOREWORD

The study conducted through this research delves into finding the economic effect of hotels industry from introduction of Airbnb service. The research was conducted through studying various Customer Satisfaction Models, both qualitative and quantitative data collection and analysing it using IBM-SPSS and thematic analysis technique. This research has given me an insight into the Airbnb’s socio-economic effect on the already well-established hospitality industry. I have learned while the younger demographic of accommodation seeker opt for Airbnb due to It’s affordability, the older generation still prefers to book into a hotel as they prioritize convenience over price. This thesis study also helped me to understand, how to conduct qualitative and quantitative data collection and analysis in the master’s level. Through this journey, I had the opportunity to meet many people from the hospitality industry which helped expand my academic and professional network.

Along the way of completing this paper, I have received help, suggestions and inspiration from a number of people. First of all, I would like to thank my supervisor Leif Selstad. This work would not be possible without his constructive critique, expert tips and guidance as well as the time and energy he spent on me. I would like to express my gratitude to all my friends living in Denmark who helped me collect data and conduct interviews as part of the quantitative research. I want to take the opportunity to thank my elder brother Tabraiz Ahmed and younger sister for giving me courage and inspiration to complete this masters program. I also want to thank my Significant other for her unconditional love and support during all this. Finally, I want to dedicate this work to my parents. None of this would have been possible if they didn't bring me to life, caring and
nurturing me to where I’m now. I hope this work will inspire my next generation, especially my little angel Tahreem Fatima to accomplish her goals and make us proud.
INTRODUCTION

Background

Sharing economy is a peer-to-peer economic model, where the goods and services are shared with the community. In the sharing economy, the use of the internet is extensive. The reasons for the popularity of the sharing economy are technology and supply flexibility. Due to the continuous innovation in technology, the concept of sharing economy is a success. There exist some sharing economies like, Uber, where people share the cab, M-Pesa, where the mobile application is used for loans, Kiva, which facilitates crowdfunding and Airbnb, which connects hosts to the renters of the room. The use of internet facility, which connects the service seeker and service provider, is common among each company in the sharing economy. The utilization of the internet as a payment method in sharing economy is one of the reasons behind the low transaction cost. In addition to this, the negotiation on the internet and virtual communication also reduced the communication cost. Furthermore, the consumption of goods and services on a share basis reduces the utilization and allocation of resources which result in increasing the profit base for goods and service seeker as well as the provider (Hira & Reilly, 2017).

Airbnb is a concept of sharing economy in hotel industry launched by Brian Chesky and Joe Gebbia in 2008. Initially, the company's website was launched with the name of airbedandbreakfast.com, where the consumers had convenient and economical options to stay. The company aims to empower millions of people around the world economically and to unlock and monetize their space so that they can reap the benefit of being the entrepreneurs in the hospitality industry. In addition to this, the mission of the company claims to create a world, where everyone can have healthy travel, which should be local, authentic, inclusive, diverse and sustainable. The company has existed in 81,000 cities, 191 countries and have more than 5
million Airbnb's accommodations (Airbnb, 2019). The directors of Airbnb preach that their vision is not just to rent a place, but to improve the experience of travellers. They believe that their company not only rents a place to travellers but provide them with the sense of belonging in the place. The business model of the company provides revenue to each of its stakeholders. It provides supplement income in the form of rent to the hosts, and guests get access to the economical accommodation (O'Rourke, IV, M., W., & Kenney, 2016). Based on the research of Boston University, Airbnb is growing since 2011. In 2011, the revenue of the company was approximately $80 million, but in 2015 it was $900 million, with rapid increase in the number of nights booked, which was nearly 4 million in 2011 and increased to 78 million in 2015 (Morgan, 2016). The reasons behind the tremendous growth of Airbnb in the international market are claimed to be the passion for growth, hard work on the brand image, internal growth, culture and relentless focus on the calculation of revenue.

![Airbnb Logo](www.airbnb.com)

There exists little evidence to claim that the sharing economy, such as Airbnb has a negative impact on the traditional market. Some of the authors claim that the influence of sharing economy on the traditional market is disruptive and affects the traditional business, affecting the occupancy rate and price structure. However, other authors claim that the sharing economy is in a growing phase, and it has a low impact on the traditional market. The government also has low information about the sharing economy, based on which they cannot regulate the sharing
The research on Airbnb also claims that the sharing economy market in the hotel industry represents the case of entrepreneurial activities and it is not accurately regulated by the government as the taxes due to entrepreneurial activities are not applied to the hosts of the company (Ključnikov, Krajčík, & Vincúrová, 2018).

**Research aim**

The specific aim of the research work is to identify whether the massive growth of Airbnb for the past few years poses a major threat to the traditional hotel industry of Copenhagen, Denmark.

**Research questions**

The following are the key research questions which have been formulated based on the objectives of the research.

*Primary research question*
- Do you see the rise of Airbnb as a competition to the traditional hotel business?

*Secondary research questions*
- What is a sharing economy and how it has endorsed the business concept of Airbnb?
- Whether the emergence of Airbnb has affected the pricing policy, occupancy rate and revenue of the traditional hotels in Copenhagen, or not?

**Significance of the study**

The research is significant for the existing traditional hotels, from where they can know about the functioning and customer review on Airbnb. Furthermore, it is also essential for the Airbnb, as it provides them with the reasons behind customer satisfaction. In addition to this, they will also gain knowledge about the areas in which the company can improve. The research will also be substantial for the researcher to research the traditional hotels and Airbnb as the potential competitor.
Outline of the project

The research focuses on the sharing economy in the hotel industry. It evaluates the impact of Airbnb on the traditional hotel industry of Copenhagen, Denmark. First, the Customer satisfaction model, Kano theory and Macro model of customer satisfaction have been evaluated based on the hotel industry. Furthermore, the literature available on the impact of Airbnb on the traditional hotel industry has been evaluated. Then the research methodology has been explained, where the research philosophy, research approach, research design, data collection method, data analysis and ethical considerations have been elucidated. The collected data has been analysed utilising the IBM SPSS and thematic analysis. The analysed data have been compared with the literature in the discussion section, and the findings have been explained. Finally, the research report has been concluded with recommendations.
THEORIES FOR CUSTOMER SATISFACTION

Customer satisfaction model

The customer satisfaction model has been developed by Haifa & Christian Bach in 2014. The customer satisfaction model is based on product pricing, product quality, services and trust. Product quality is one of the significant factors, which can affect customer satisfaction. The attributes of poor-quality products are poor material, bad design and incompetent employees. The growth of the business is dependent on customer satisfaction, which implies that for the existence and growth of the business, the customers should be satisfied. However, the continuous, high-quality product can be available only with a repetitive attempt for improvement. It also includes empowering the employees, so that their skills can be applied effectively. Product price is also one of the factors, which influence the level of customer satisfaction. The ineffective marketing and high cost of material are the factors related to the pricing of the product, which hurt customer satisfaction. The application of appropriate product pricing strategies and automation process
improves the efficiency and hence, customer satisfaction. The trust of customers in the company and the product is also an aspect of customer satisfaction. The improvement in the trust of customers on the product is dependent on the website of the company and product quality. If the product sold by the company is of high quality, then the customer review will be positive, which will influence other customers also. This also helps in retaining the customers and increasing the customer base. Furthermore, customer satisfaction is also dependent on customer service, which implies that the contribution of employees in the company and other online services have an impact on the customer satisfaction level. Customer satisfaction is the core determinant factor for the survival of the business, which is based on product quality, customer service, trust and, product price (Haifa & Christian, 2014).

**Kano Model**

Kano model of customer satisfaction is valuable to understand the importance of customer needs. It was developed by Noriaki Kano in 1984, who was a professor at the University of Tokyo and was an expert in the total quality management. The model identifies that the retention of the customer is more important than increasing the customer base. The model has developed a non-linear relationship between customer satisfaction and product performance. The classification based on the product performance also signifies when the available services and goods are good enough and when the improvement is required. The four attributes which signify the Kano model are the threshold, performance, excitement and indifferent.
Threshold attributes: these are the attributes which are must for the product, such as availability of a bed in hotels. The improvement in the performance of this attribute generally does not increase customer satisfaction but increases the cost of production. However, the absence of these attributes could result in great dissatisfaction.

Performance attributes: these attributes are a significant part of customer satisfaction and can result in improved satisfaction, with service improvement. For example, an improvement in customer service by employees will improve customer satisfaction, and they are also ready to pay higher for better services.

Excitement attributes: these attributes are those factors which do not decrease with the satisfaction of customers due to the non-availability but generally excites the customers with the presence. The marketers with the excitement attribute gain a competitive advantage in the market and can result in more satisfaction of the customer. The better location of hotel improves the satisfaction level of customers. However, these are the attributes which are not currently important but will evolve in the future to be a threshold attribute.
Indifferent attribute: these attributes do not affect customer satisfaction; however, they do influence the decision-making process of customers.

An ideal product should have a threshold, performance and indifferent attributes and the company should incorporate as many “excitement” attributes as possible, so that the customer satisfaction can improve (Dominici, Palumbo, & Basile, 2015).

**Traditional macro model of customer satisfaction**

The macro model of customer satisfaction defines customer satisfaction as a consumer's fulfilment process. This model was developed by Woodruff & Gardial in 1996. It is a judgement by the consumer of a product or service which provides the pleasurable level of consumption-related fulfilment, which can vary from under fulfilment to over fulfilment. The definition of customer satisfaction is dependent on the consumer, instead of customers. It also defines satisfaction as a feeling and a short-term attitude. In addition to this, the level of lower and upper-level threshold of satisfaction is also being defined. Keeping customer satisfaction in consideration, the model underlines that:

- The perceived performance of the product is different from the technical performance and objective of the product. The actual performance of the product or service cannot be
comprehended when the product is complex, intangible, and the consumer does not recognize the product.

- The comparison standards of the product or service arrive from different sources which can vary based on the individual, the situation, and the product type.
- Perceived disconfirmation is based on perceived performance and comparison standards. Disconfirmation can have a positive, negative or zero effect. Where the positive effect is the satisfying result, and negative effect is the non-satisfied result.
- Satisfaction is the feeling of the state of mind, and the consumer may have a different level of satisfaction based on their knowledge and experience with the different part of the product.
- The outcome of the satisfaction is dependent on the consumer review, the intent to purchase and the complaints received by the customers (Almsalam, 2014).

**LITERATURE REVIEW**

Sharing economy is the change in the business model, resource allocation and consumer behaviour. Frenken and Schor (2017) deduced that the sharing economy involves the consumers providing access to others because of the underutilisation of resources and also to earn extra income. In addition to this, the research of Zhu et al. (2017) reports that collaborative consumption, such as sharing economy can result in hyper-consumption, poverty and pollution as the cost of consumption decreases. However, Dredge and Gyimothy (2015) concluded that the sharing economy is highlighted due to the internet, as it provides ease of doing work. Furthermore, the research also reports that it encourages suppliers with extra resources to share it with people who require it. This also helps them in entering the entrepreneurial business with low risk and extra income (Dredge & Gyimóthy, 2015). Ert et al. (2016) argued that the sharing
economy in tourism is flourishing and the travel frequency and other range of activities are increasing due to the availability of shared resources. In contrast to the research of Dredge and Gyimothy (2015), the research of Schor (2016) claims that the concept of sharing economy is risky. Historically, people were not inclined towards sharing the product and services with each other and today with the incorporation of online platform; they are sharing goods and services with strangers, which includes a high degree of risk. The risk is high in the sharing economy as the users trust the rating provided by other consumers, whereas, the ratings are not genuine and being inflated by the company or service providers (Schor, 2016). So, with the emergence of sharing economy, the opportunities and threats for the users have been evolved.

**Impact of sharing economy**

<table>
<thead>
<tr>
<th>Positive</th>
<th>Negative</th>
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<tbody>
<tr>
<td>Economic welfare</td>
<td>Risk of sharing goods and services</td>
</tr>
<tr>
<td>Social values</td>
<td>Transactional risk</td>
</tr>
<tr>
<td>Improvement in social interest</td>
<td>Risk related to society</td>
</tr>
<tr>
<td>Social strengthening</td>
<td>Influence on the traditional market</td>
</tr>
<tr>
<td>Entrepreneurship as social sustainability</td>
<td>Focus on individual development</td>
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<tr>
<td>Economic sustainability</td>
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<tr>
<td>Low emission of greenhouse gases</td>
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<td>Efficient resource allocation</td>
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<td>Innovative investment</td>
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*Table 1: Impact of sharing economy based on literature (table self-sourced)*

The research of Westerbeek et al. (2016) reports that sharing economy influences economic welfare and social values. The establishment of social contacts, the development of social ties and the strengthening of social cohesion are the various concepts which are influenced
by sharing economy in society. The research of Sung et al. (2018) is supported by the research of Westerbeek et al. (2016) and deduced that the sharing economy reduces the waste and improves the common interest of society. However, Abramova et al. (2015) explain that with social strengthening, the issue of trust also arises where the risk of sharing the goods and services with strangers is a major concern. The study of Westerbeek et al. (2016) also states that the risk related to the consumers and society is a negative influence of the sharing economy in the market. In addition to this, the research of Abramova et al. (2015) supports the research of Westerbeek et al. (2016) and describes that the transactional risk without the geographical boundaries is a risk in sharing the economy with the use of the online platform.

The impact of sharing economy on urban sustainability has also been analysed by Wu and Zhi (2016) that explains it has influenced social, economic and environmental factors. The social sustainability includes the increase in entrepreneurship, reduction in unemployment and better allocation of resources. Moreover, economic sustainability takes into account the low transaction cost and search cost. However, economic sustainability also incorporates a negative impact on the traditional market. Furthermore, the researchers also analysed the influence of sharing economy on environmental sustainability where the ecological sustainability, resource saving and also reduced the emission of greenhouse gases are the attributes of sharing economy (Wu & Zhi, 2016). The study of Westerbeek et al. (2016) has also been supported by Daunorienè et al. (2015) and explained that the economic sustainability had been achieved by the sharing economy as it provides financial stability, reduced unemployment and also innovative investments with the fair distribution of resources. The research also indicates that the environmental sustainability in sharing economy focuses on the balance between biological and physical system, with the sustainable consumption and redistribution of resources (Daunorienè et al., 2015). However, the
study of Geissinger et al. (2019) contradicts the studies of other researchers on sustainability in sharing economy and reports that the sharing economies such as Uber and Airbnb have less emphasis on the sustainability and focus on the development of individual development rather than overall development of the society.

**History of Airbnb**

The study of Ert et al. (2016) states that Airbnb is an online sharing economy, where the ‘host’ rent their residence for short term accommodation to other individuals who require it. The business model of Airbnb is based on trust, where the company presents the online reviews of hosts to the individuals who want to rent the place. The study also indicates that the trustworthiness and reputation are the factors which affect the business of sharing economy in the tourism industry (Ert et al., 2016). The company has enjoyed moderate success in 2008, and after that, the company re-launched its website and the services were improved from shared accommodation to the full residence rent. The business model of the company has been reported as disruptive innovation, as the company works on the internet and attracts tourists and customers from its website promotions. In addition to this, it has also been described as a trusted marketplace for booking accommodation around the world. In 2012, the company reported that 57% of its accommodations are apartments, 41% are private rooms, and 2% are shared rooms. The company has also expanded majorly in America and Europe and approximately have 40% of customers in these countries (Guttentag, 2015).
According to the Airbnb report on Denmark community, the tourism landscape in the country is proved to be assets for the company. The company has 31,000 active users in the country with an annual income of DKK 14,600 per host. Each host typically hosts 22 nights per year. In addition to this, the report also describes the profile of an average host as 38 years old, living in the town from the last 21 years and rate 4.7/5 to their guests. 84% of the total hosts are sharing permanent homes, with 94% of hosts engage in eco-friendly activities, and 95% of the host recommends a local business to their guests.
The company had 730,000 guests in 2016 in Denmark, and only 18% of the guests are Danish. The average stay of a guest is 4 nights. 90% of the guests on Airbnb Denmark rated their experience as 4.9 out of 5, and they also saved money while using Airbnb. The guest registered on Airbnb also reported that 31% of them would not have travelled without this company. The report also adds that the 81% of the travellers are from Europe, 18% from Denmark, 13% from the UK, 11% from Germany, 1% Latin America, 4% Asia, 12% from North America and 2% from Australia. From the total Danish guest, 35% are from Copenhagen. The total economic activity due to Airbnb in Denmark is DKK 5.18 billion (Airbnb, 2017).

**Impact of Airbnb on the traditional hotel**

Airbnb has changed the market structure of the hotel and accommodation industry. The online platform for the reservation with a lower cost has an impact on the traditional hospitality industry. The research of Aznar et al. (2018) explains that with the emergence of the Airbnb in the hotel industry, the cost structure of the traditional hotel industry, which was non-flexible, has transformed to be variable cost structure, due to which the revenue of the hotel industry has been
affected. However, the research also assumed that the impact on the traditional hotel is dependent on their internet reviews and valuation. Aznar et al. (2018) also report that while comparing the hotels with Airbnb based on internet valuation, the online reputation is a factor which has an impact on the decision of consumers. The price of the Airbnb is dependent on the internet valuation and other variables such as location, photographs and comments of the users. The negative impact of the Airbnb can be reduced with the help of better online reputation and consistently high quality (Aznar et al., 2018).

The research of Choi et al. (2015) contradicts the research of Aznar et al. (2018) and elucidate that the Airbnb is not influencing the prices and revenues of many countries due to its late emergence. In many countries, the company has stepped in late due to which the impact of the Airbnb on traditional hotels in negligible and the low negative impact can also be due to the increasing number of tourists. In addition to this, the research also explains the reason behind the decrease in the revenue of the traditional hotel. Choi et al. (2015) shows in his study that if the economy is not stable, the unemployment rate in the country will be high, which will result in low tourist and low revenue of traditional as well as the modern hotel in the tourism industry. Furthermore, the researchers have also explained that the positive exchange rate has a positive impact on the traditional as well as modern hotel revenue structure, as positive exchange rate increases the number of international tourists in the country. The researchers also address the issue of weather and its impact on the hotel industry (Choi et al., 2015). However, the study of Zervas et al. (2017) favors the study of Aznar et al. (2018) and contradicts with the research of Choi et al. (2015). The research of Zervas et al. (2017) stated that Airbnb has a negative impact on the hotel industry and mainly the lower-end hotel and hotels which were not rated as high quality are vulnerable. The study also comments on the substitution pattern provided by Airbnb, which is
viable, imperfect and alternative for the traditional overnight accommodation. In addition to this, the researchers deduced that the company, Airbnb is different from the traditional hotels due to its supply-side flexibility and low prices when compared to high priced hotels (Zervas et al., 2017). Blal et al. (2018) analysed in their study that the Airbnb is influencing the traditional hotel industry, but not the volume of the accommodation but the pricing and price-to-value perceived by the customers.

**Measurement of online reputation**

According to Hollenbeck (2018) a company manages its online reputation based on the name, images, logo and the online marketing they do. However, the researchers deduced that the relationship between the revenue of the firm and the online reputation of the hotel chain is weak, whereas, while analysing the correlation between the firm revenue and the individual hotel chain, is reported to be high. Manaman et al.(2016) discussed that there is a significant relationship between the reputation of the company and the revenue. The tweets related to the company have resulted in generating a positive and negative impact on the reputation of the company. The study of Moreno and Terwiesch (2014) reports that sellers respond to the change in their online reputation in different ways, such as they increase their price with an increase in reputation, negative shocks result in seller exit, whereas, the exit is moderated with the increase in investment. Moreover, the study of Rice (2012) also affirms that reputation mechanism and specific reputation information are related to the online business. The researchers deduced that the reputation mechanism is related to the buyers' transaction in the marketplace, whereas, the specific reputation information is related to the buyer decision related to a specific seller. However, the study of Moreno and Terwiesch (2014) has been contradicted by the study of Rice (2012) which shows that with the increase in noisy reputation of the online sellers, the customers give them the benefit of the doubt and react less likely to the negative online review.
The research conducted by Priporas et al. (2017) on Airbnb and the factors affecting customer satisfaction in the accommodation provided by the company reports that the guests of Airbnb have a high satisfaction level with better service quality and loyalty of staff. The research explains that the factors which influence customer satisfaction in Airbnb are like traditional hotels and the managers should focus on the service quality for the post-consumption behaviour and to attract potential customers. Moreover, the study of Liang et al. (2018) adds in the factors which result in customer satisfaction and deduced that the managers and the company should not ignore the transaction-based satisfaction. The transaction-based satisfaction, as described by the researcher, is the contentment a customer has during the online transaction, which is different from overall satisfaction. Experience-Based satisfaction is measured based on the experience of the guest during the stay. The researcher also adds that transaction-based satisfaction significantly affects the experience-based satisfaction, and the company should consider this as a factor of
customer satisfaction. Finally, the researcher stated that the trust is also an important attribute of customer satisfaction which determines the re-purchase intention and is derived through the transaction based and experience-based satisfaction (Liang et al., 2018). Furthermore, Morvay (2017) the study on the satisfaction of Airbnb determines that the customers of Airbnb are concerned about prices and they select it due to low prices, whereas, the location of Airbnb accommodation is also a factor which has an impact on the decision-making process of customers. The selection of different categories of accommodation by the guest is based on their age and monetary value, where the employer’s book high-quality accommodation as the discounts are provided by the company (Morvay, 2017). So, customer satisfaction is dependent on the quality service, trust, transaction-based satisfaction, loyalty of staff, experience-based satisfaction, lower price and location.

**Future of Hotel industry**

The emergence of the sharing economy has proved to be a threat to the traditional market and posed to be a competitor in the hospitality industry. Airbnb is a sharing economy and has been reported as a challenge to the traditional hotel in future by (Oskam & Boswijk, 2016). They reported that Airbnb, bed and breakfast should be regulated to protect the traditional market, whereas banning the concept of the sharing economy in the hotel industry will result in disruption of innovation. Airbnb has been described as the future of networked hotels in the research of (Salvioni, 2016) which also supports the research of Oskam and Boswijk (2016) and explains that the technology has changed the way of doing business in the hotel industry, and the governance structure of different hotels should address the requirement of information technology in the business for interacting with guests and business developers as well (Salvioni, 2016).
RESEARCH METHODOLOGY

The rationale behind the study

In the literature review, it has been analysed that there is no research available on the impact of Airbnb on traditional hotels in Copenhagen, Denmark. So, to analyse the factors influencing the growth of Airbnb and traditional hotel industry, this study has been conducted.

Problem statement

Based on the literature review, it has been identified that Airbnb, a type of sharing economy has proved to be a threat to the traditional hotels. So, the research focuses on the Airbnb as a competition to the traditional economy and the factors influencing the growth of Airbnb in Copenhagen, Denmark.

Research objectives

The objectives of the research can be stated as follows,

- To obtain a broader insight into the concept of sharing economy and how it has given rise to the business-like Airbnb.
- To determine the impact of the rise of Airbnb over the traditional hotel industry.
- To determine whether the emergence of Airbnb has affected the pricing policy, occupancy rate and revenue of the traditional hotels in Copenhagen.

Research design

The research philosophy defines how the data has been gathered. There are different types of research philosophies which are utilised for the research. First is positivism and others being interpretivism, pragmatism and realism. The positivist researcher believes that the research can be explained with the help of an objective viewpoint and can be concluded without the use of phenomena. This research strategy is based on the use of hypothesis development and data collection. This research philosophy is based on the structured methodology, and it is established
on the quantitative data. On the other hand, the interpretivism philosophy focuses on the incorporation of phenomena for the interpretation of results. This research philosophy is based on interpreting the social actions. This research philosophy results in conducting a qualitative study. Furthermore, pragmatism is a research philosophy, where the researchers believe that there are more methods to explore the research (Dougherty, Slevc, & Grand, 2018). The pragmatism research philosophy is accepted when the study is based on the qualitative and quantitative study. The importance of the research question in the pragmatic research philosophy is excessive. The pragmatic research philosophy has been adopted by the researcher, as the research includes qualitative as well as quantitative research.

The function of the research design is to ensure that the conducted research is logical, and the research problem is addressed unambiguously. There are three main types of research design; they are descriptive, experimental and exploratory. The descriptive research design is accepted when the data is quantitative, and the research is used to obtain a certain phenomenon. The researches with descriptive research design have a significant tool when the research is case study based. Furthermore, the experimental research design is incorporated when the researchers want to predict something. The current research design allows the researchers to establish the relationship of cause and effect between the variables. Moreover, the exploratory research design is accepted when there is less research conducted on the research topic to rely upon. The research design aims to gain insights into the topic. This design guides the researchers in adopting the correct methodology. This research design also helps in the generation of new ideas and the development of a new hypothesis (Creswell & Creswell, 2017). This research has conducted with the help of exploratory research design as the research on the selected topic is few, and it will result in the development of new hypotheses and theories.
Research approach concerns the plan how to conduct the research which consists of the method of data collection, analysis and interpretation. There are three types of research approach; they are inductive, abductive and deductive. The inductive research approach is based on the known premises to produce the conclusion. In this approach, results are generated from specific to general. With the inductive approach, the qualitative method of data collection is used. The deductive research approach is utilised when the research must progress from general to specific. The deductive approach uses the data analysis method based on the hypothesis and existing theories. The deductive approach is based on the logic that the conclusion will be true if the premises are true. With the deductive approach, the quantitative method of data collection is often used. However, the logic behind the abductive approach is to utilise the premises for the generation of testable conclusion. The utilisation of collected data in the abductive approach is done based on exploring a phenomenon, identification of pattern and testing this with the data collection. With the abductive approach, the data is collected with a qualitative and quantitative approach (Woiceshyn & Daellenbach, 2018). In this research, the abductive approach has been selected, as the research has incorporated the quantitative as well as qualitative research type for the collection of data.

There are three types of a research plan, qualitative, quantitative and mixed method. The qualitative research deals with the phenomena, which cannot be transformed into mathematical formulae, such as beliefs, manners, symbols etc. This type of research is conducted to understand human behaviour in depth and to find the valid reason behind these behavioural changes. The qualitative research collects data from various sources such as interview, observation, task completion technique and others. However, quantitative research is the systematic investigation of the data based on statistical and mathematical techniques. This type of research method is
utilised when the researcher aims at the generation of models and theories. In addition to this, when the researcher intends to manipulate the variables, the quantitative research method is used. The third method is the mixed method, where the research is based on qualitative and quantitative study. This method is utilized when the researcher aims to study human behaviour as well as to incorporate the mathematical phenomena in the study for accurate results (Bryman, 2017). This research employs a mixed method of research for analysing the behaviour of managers and the data based on numbers.

**Sampling plan and data collection**

There exist two types of data collection methods, primary and secondary. Primary data are the data which is collected for the first time; however, the secondary data have already been collected. The primary data are the real-time data collected with the surveys, experiments, interviews, questionnaire, observations etc. However, the secondary data is historical data which is collected from government websites, books, internal records and others (Guerra-Santin & Tweed, 2015). In current study, the primary, as well as secondary data, are collected. The primary quantitative data are collected from the 100 customers of Airbnb residing in various Airbnb hotels. The data have been collected by visiting those locations and providing them with the developed questionnaire (attached in the appendix). Moreover, the secondary quantitative data have been collected to review the online response of the guests for Airbnb in Denmark, the rating of 30 Airbnb places by 1000 people, which are randomly selected has been analysed. The average rating of the Airbnb has been computed. Due to privacy issues, the name of the randomly selected reviews has been changed to 1,2, and so on. The online review has been selected from the website of Airbnb.
However, the primary qualitative data have also been collected from the 3 managers of Airbnb and 3 managers of traditional hotels, after taking an appointment with each one of them. The selection of customers and managers was based on random sampling. Mail for the request of the interview with the interview questions was sent to 15 Airbnb managers and 15 traditional hotel managers (questions attached in the appendix). The first 3 responding managers from each category were interviewed. The secondary data is collected from online sources, where the information related to the research topic has been extracted.

**Pilot testing**

The pilot testing plan was implemented on 10 people to verify the feasibility of the questionnaire. During the pilot testing, it has been analysed that some of the questions were not answered by the people as they were open-ended. Based on the pilot testing, some of the open-ended questions have been changed into closed-ended questions to improve the feasibility of the test. The question of "What is your overall rating for the stay in Airbnb hotel?" and "What is the reason behind staying in Airbnb?", Were open-ended questions, which developed the issue of possible answers from the respondent. So, these questions have been changed to close-ended questions. In addition to this, the pilot testing was also done on one manager of traditional hotel and Airbnb hotel to analyse the feasibility of the interview questions. Previously, there were only 5 questions for each manager, which resulted in less exaction of information. So, to increase the extraction of information from the manager, the number of interview questions has been increased from 5 to 14.
Analysis tools

Data analysis - Quantitative
The collected quantitative primary data have been analysed using IBM SPSS. Response to each question has been analysed using the software with the help of bar graphs. The average rating has been computed by using the MS-EXCEL.

Data analysis – Qualitative
The collected qualitative secondary data has been analysed using the thematic analysis, where each interview question has been changed into one theme, and the collected data from each respondent has been analysed. Finally, the data which have been collected from primary sources is compared with the secondary data to analyse the reliability of the research. For privacy reasons, the name of Airbnb managers has been named as A, B and C and the managers of 3 different traditional hotels in Copenhagen, Denmark have been named as manager X, Y and Z.

Ethical consideration
For confidentiality, the name of each respondent of questionnaire and interview has been changed. The recordings of the interview have also been protected. In addition to this, each respondent was pre-informed about the research. The principle of beneficence has been followed, as no respondent has been harmed, and the results of the research will be beneficial for the managers of Airbnb and traditional hotels (Greenwood, 2016).

Limitation of the study
The study is limited to only Copenhagen, Denmark, and it does not apply to any other state or country. In addition to this, the research focuses on the hotel industry in Copenhagen only, so current study results are not useful for any other industry. Finally, in the world, there are different types of sharing economy in the hotel industry and other industries; however, the
research is focused on only Airbnb and no other type of sharing economy in the hotel industry or any other industry.

**Justification of questions in the questionnaire**

<table>
<thead>
<tr>
<th>Question</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>Research of Božić and Tomić (2016) reported that the tourist within the age group of 25 gives more importance to good hospitality and promotion of the hotels.</td>
</tr>
<tr>
<td><strong>Sex</strong></td>
<td>The Study of Yfantidou (2008) deduced that the difference in sex has a significant difference between tourism choices.</td>
</tr>
<tr>
<td><strong>Occupation</strong></td>
<td>Research of Shahrivar (2012) on the factors influencing the tourist satisfaction reports that occupation is one of the factors affecting the tourists’ satisfaction.</td>
</tr>
<tr>
<td><strong>What is your frequency of travelling?</strong></td>
<td>The research of Losada et al. (2016) showed that the travel frequency of tourists has a negative effect on the hospitality industry, whereas, the travel industry is benefited by this.</td>
</tr>
<tr>
<td><strong>Where do you mostly travel?</strong></td>
<td>The research of Govers et al. (2007) also inferred that the promotion strategies at different tourism destinations influence the travelling frequencies, based on which the hospitality industry of that state flourishes.</td>
</tr>
<tr>
<td><strong>What are the features which influence your</strong></td>
<td>The Study of Li et al. (2013) describes that there are different factors which affect the hotel selection, and the managers should analyse those factors.</td>
</tr>
<tr>
<td>Question</td>
<td>Answer</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>What is the average number of days you spend in this hotel?</td>
<td>Barros and Machado (2010) related their research to economic theory and deduced that the stay of tourist in the hotel is influenced by socio-demographic profile and characteristic of destination.</td>
</tr>
<tr>
<td>Have you ever stayed in someone else’s house or apartment through Airbnb?</td>
<td>According to the study of Richards (2013) there are issues related to sharing such as sustainability and interpersonal space, that may affect people’s choice of Airbnb.</td>
</tr>
<tr>
<td>During the holidays, where will you prefer to stay?</td>
<td>The selection of tourist between Airbnb and traditional hotel is based on the difference in choices, such as the purpose of travel, market segment and others.</td>
</tr>
<tr>
<td>Do you have information about sharing economy?</td>
<td>Research done by Yaraghi and Ravi (2017) on sharing economy defines that the people have shown a positive attitude towards the range of services provided by the different sharing economy.</td>
</tr>
<tr>
<td>What is the reason behind staying in Airbnb?</td>
<td>According to Guttentag (2015) there are various reasons behind people’s preference towards sharing economy; it goes from cost saving to sustainable development.</td>
</tr>
<tr>
<td>What is the primary purpose of your visit, when you</td>
<td>The study of Lin (2018) defined that people do prefer Airbnb while travelling with family for the personal connection; however, the stay in Airbnb during the official visit is uncertain.</td>
</tr>
<tr>
<td>Question</td>
<td>Answer</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Would you recommend Airbnb to your friends and relatives?</td>
<td>The research done by Dhanokar et al. (2017) stated that the recommendation of users is based on the sales and the experience of the users. This implies that to analyse the services and preference of consumers, this question is important.</td>
</tr>
<tr>
<td>What is your overall rating for the stay in Airbnb hotel?</td>
<td>Based on the study of Teubner et al. (2017) it has been inferred that the reputation of the sharing economy is based on user ratings and payoffs. So, to analyse the future of sharing economy in the hotel industry is relevant.</td>
</tr>
</tbody>
</table>
DISCUSSION AND RESULTS

Quantitative analysis

*Questionnaire*

*Question 1:*

![Figure 8: Frequency table of hospitality concern based on age group](image)

Based on the collected data, the result shows that people from age 21-30 years are the major tourists. The above result is according to the study results of Božić and Tomić (2016) that showed the tourists from age 25-30 years are more concerned about hospitality. The results are also as stated in the study of Morvay (2017) that the selection of the accommodation is based on the age of the tourists.
Question 2:

The data has been collected from 51 females and 49 males, which can help in determining the preference of the tourists.
Question 3:

The data was collected majorly from self-employed people. Moreover, the data have also been collected from the professionals, the salaried people, students and tourists employed in other ways, so that the results can be applied to each type of tourist in a different occupation.
Question 4:

![Bar graph showing frequency of travel](image)

*Figure 11: Frequency table of hospitality concern based on travel frequency*

The results of the question four show that nearly the frequency of travelling of tourist is twice a year, which directly affects the hospitality industry, an increase in the frequency of travelling will increase the revenue of different hotels (Losada et al., 2016).
Question 5:

Figure 12: Frequency table of hospitality concern based on destination

The destination of travelling affects the national and international revenue of the hotel industry. As the data has been collected majorly from the tourists who travel domestically, the research will be more focused on the domestic revenue and Copenhagen, Denmark. The research results are not by the research report of Airbnb in Denmark.
Question 6:

![Figure 13: Frequency table of hospitality concern based on selection features](image)

From the data analysis, it has been revealed that the tourists are more concerned about the price of the hotel, based on which they select the hotel. Here, the results are as reported by to the study of Liang et al. (2018) where the main focus is on transaction-based satisfaction, which influences the experience-based satisfaction. However, in addition to the price as the factor affecting the preference of hotel, the cleanliness, room size, catering offer and cleanliness are also identified as the factors affecting the selection of hotel, whereas, these factors are not the leading factors. The results from the question six slightly agree with the study of (Priporas et al., 2017) while computing that the cleanliness and staff politeness are also the factors which affect the selection of the hotel. Also, the research results support the results of (Morvay, 2017) while determining that the tourists are also concerned about the price of the hotel.
The results show that the average number of days a person spends in a hotel, either in Airbnb or in the traditional hotel is 3 to 5 days. It is conferring to the research of Airbnb (2017) which stated that the average stay of a guest is 4 nights.
Question 8

Figure 15: Frequency table of hospitality concern based on the previous stay through Airbnb

Here, the result reveals that more than 50% of people stayed in someone’s apartments through Airbnb, that also proves the growth of Airbnb in the last 4 years (Airbnb, 2017). In addition to this, the results of the research compute that the disruptive innovation strategy of the company has worked, as more than 50% of tourists have used the accommodations provided by the company (Guttentag, 2015).
More than 55% of the respondent expresses that they would prefer Airbnb hotels more than traditional hotels. Results deduced that the increment in the emergence of the Airbnb had affected traditional hotel. The research results are pursuant to the study of Aznar et al. (2018) which states that the Airbnb has influenced the cost structure of the traditional hotel industry. Moreover, the result also contradicts the study of Choi et al. (2015) as Airbnb in Denmark has been established, and it is influencing the price and revenue of the many traditional hotels. Furthermore, the study of Zervas et al. (2017) is also conferring to this research as the Airbnb has a negative impact on the hotel industry and majorly the lower-end hotel and hotels which were not rated as high quality are vulnerable. The reason behind the preference of the tourist for Airbnb can be supply-side flexibility and low prices.
Question 10:

Figure 17: Frequency table of hospitality concern based on knowledge about sharing economy

The results from the question ten show that most of the respondent does not have knowledge about the sharing economy; however, in the last question, it is evident that people prefer Airbnb accommodations over traditional hotels. So, it is a possibility from the investigation that people do not have any information about the term ‘sharing economy’ and their preference of the Airbnb over traditional hotel is due to the online promotion by the company and the business model of the company which is disruptive innovation, as the company works on the internet and attracts tourists and customers from its website promotions (Ert et al., 2016).

Additionally, the results also favor the study of Schor (2016) that specified the concept of sharing economy is risky with the incorporation of online platform; they are sharing goods and services with strangers, that include a high degree of risk.
Question 11:

![Frequency table of hospitality concern based on the reasoning for Airbnb stay](image)

Based on the results of this question, it has been reported that the tourists prefer Airbnb because of price. The tourists have shown that they prefer lower prices over private accommodation and give preference to share the neighbourhood. The results are supporting the study of Guttentag (2015) which concluded that there are various reasons behind people’s preference towards sharing economy; it goes from cost saving to sustainable development.

Moreover, these results are also in accordance with the research of Morvay (2017) that specified the customers of Airbnb are concerned about prices, and they select it due to low prices. However, the results of the study are not according to the results of Morvay (2017) where the location is not an additional factor influencing the selection of accommodation.
Question 12

Based on the investigation results of the question, the primary reason for staying in Airbnb is that they are on vacation. The study is supporting the results of Lin (2018) that shows people do prefer Airbnb while travelling with family for personal connections. However, the stay in Airbnb during the official visit is uncertain. Moreover, the existing literature also provides the reason behind the selection of traditional hotels while on official visits, as the companies are paying for their accommodations (Morvay, 2017).
Question 13

Figure 20: Frequency table of hospitality concern based on future recommendation

The study results show that the Airbnb has influenced the traditional hotels' revenue, that is confirming to the research result of Blal et al. (2018) which inferred that the Airbnb is influencing the traditional hotel industry, but not the volume of the accommodation but the pricing and price-to-value perceived by the customers. The study of Zervas et al. (2017) is also supporting to the research results that described Airbnb has a negative impact on the hotel industry and majorly the lower-end hotel and hotels, that were not rated as high quality are vulnerable as people are recommending Airbnb over traditional hotels. However, the study results contradicts the research of Choi et al. (2015) which elucidated that the Airbnb is not influencing the prices and revenues of many countries due to its late emergence, whereas the emergence of Airbnb in Denmark is evident with the knowledge of tourist about Airbnb, their preference for Airbnb accommodation and further recommendation.
Here, the results show that the overall rating of tourists for the Airbnb hotel is satisfactory or okay, that shows they can prefer it again, which directly affects the revenue and demand of traditional hotels. This rating shows the negative impact of sharing economy, that is the influence on the traditional market (Wu & Zhi, 2016). The dissatisfied and very dissatisfied view of the tourist can be due to the other negative impacts of sharing economy, such as risk of sharing goods and services, transactional risk, risk related to society and focus on individual development (Abramova et al., 2015; Westerbeek et al., 2016; Geissinger et al., 2019). However, the satisfactory and very satisfactory results can be as a result of the economic welfare and social values of sharing economy as deduced from the study of (Westerbeek et al., 2016). In addition to this, the results can be due to improvement in the social interest, social strengthening and reduction in waste as reported by the investigation of (Sung et al., 2018). The reason behind the
positive response for Airbnb can also be as the increase in entrepreneurship, reduction in employment and the allocation of resources as stated by (Wu & Zhi, 2016).

**Customer Review**

The data on the online review of Airbnb has collected from 1000 people. The data has been collected from the website of Airbnb. The Airbnb stay has been rated out of 5 stars. The result shows that the people provided only 4 types of rating to the Airbnb stay. Majorly customer reviews the Airbnb stay as 5 stars, 4.5 stars, 4 stars or 3 stars. No location has been identified with the rating lower than 3. Most of the customers have reviewed the stay as 4 stars. Based on the weighted calculation, the average rating for the Airbnb hotel in Copenhagen, Denmark, is 4.109 (Appendix 4).

The rating results are not following the Airbnb report on the review of the inbound guest. The Airbnb report shows that the average rating is 4.9 out of 5. However, the study results reveals that the average rating is 4.1 out of 5. The research result not being in accordance with the Airbnb report shows that there can be the possibility of the negative shocks in the business which resulted in bad reputation, thereby hampering the online reputation (Moreno & Terwiesch, 2014). The lower rating can also be considering the fake ratings provided by the customers which are not genuine, and that resulted in affecting the rating and company’s profile (Schor, 2016).

Overall, the rating is high.

**Qualitative analysis**

Six managers are interviewed, and they are being identified as A, B, C, X, Y and Z for privacy reasons. The Airbnb managers are given the name of A, B and C and the traditional hotels’ managers are being named as X, Y, Z. 14 questions were being asked from each manager,
and then the answers are developed in the form theme. The thematic analysis of the interviews is below:

**Theme 1: Difference in services and business style of Airbnb and traditional hotels**

The manager A of Airbnb says that "We provide an entire home at the price of a room; this is the specialty of the Airbnb". He also states that Airbnb is a different market as it is based on the principle of sharing economy. The comment of manager A is supported by manager C by quoting that Airbnb works on the principle of sharing economy where the people have more space to relax, and they are charged based on per night charges and not per person. The manager C also added that the Airbnb is a different concept, and the competition of Airbnb with hotel industry is another media story. Moreover, manager B added that “even if we do not provide all the amenities, our customers are still satisfied with lower prices”. However, the traditional hotel managers have countered the statements of Airbnb managers and quoted that they have all the amenities which are required by guests. Manager Y added that “we have the perfect location for sightseeing and we also guarantee everything from arrival to exit”. Additionally, the manager Z also says that Airbnb is different market, it is based on sharing economy, and the comparison of Airbnb with traditional hotel should not be made, because the use of each is based on the customer requirements with highly different choices and Airbnb is popular due to the emergence of the internet.

The above research result shows that the Airbnb is a sharing economy, which is based on the trust and mainly on the online reviews of guests (Ert et al., 2016). The investigation result also supports the study of Morvay (2017) that believed Airbnb satisfaction is dependent on the lower prices, as according to manager the guests prefer Airbnb accommodation due to low prices.
However, the results are also contradicting the research of (Morvay, 2017), as the manager of traditional hotels quote that their hotels are preferred due to the esteemed location, where the location of Airbnb is generally in the residential areas. The above research results deduced that Airbnb is a different market, and it flourished due to the internet. Moreover, the results also support the research of (Dredge & Gyimóthy, 2015) that quotes the sharing economy has emerged due to increase in the use of the internet.

**Theme 2: Challenges in the hotel industry**

The challenges as being described by manager X is “we are facing the challenge of growth in the sector, with growth comes more competition.” Additionally, manager B also added that keeping the valued customer is similarly a challenge, whether it is Airbnb or traditional hotels. The manager Y and C supported the statements of manager X and B and said that the cost of operating is increasing day by day as the penalty rates, taxes and fees are being increased day by day by the government.

The result of the research shows that there is growth in the industry with the emergence of Airbnb; however, this contradicts the study of Blal et al. (2018) that inferred the Airbnb is influencing the traditional hotel industry, but not the volume of the accommodation but the pricing and price-to-value perceived by the customers. With the increase in operating cost due to increase in taxes, the study of Ključnikov et al. (2018) denies the results as currently there are no taxes on the entrepreneurial activities and Airbnb is safe from an increase in the costs.

**Theme 3: Business in terms of profit and future**

The Airbnb manager C said that “Airbnb has provided us self-employment and its future is bright because people prefer to be self-employed”. However, manager Y quoted that to improve the sales; the traditional hotels are trying to be more active on social media and different
online services, as the future of the hotel industry is dependent on the internet. Furthermore, the manager B and Z supported each other’s statement by reporting that as the way of doing business is changing the hotel industry, either Airbnb or traditional hotel should focus on the interacting online and the network should be improved as most of the revenue is dependent on the online reputation. Finally, the manager of the traditional hotel also added that "with an increase in the use of internet, we are expecting the increase in the rules and regulations by the government."

The result of this study supports the study of Wu and Zhi (2016) that describes with the emergence of Airbnb, social sustainability has increased and there is an increase in the entrepreneurship. The results are also according to the research of Westerbeek et al. (2016) who reported that with the sharing economy, there is an increase in financial stability and unemployment have decreased. Moreover, the statement of manager B and Z is according to the study of Manaman et al. (2016) that assumed there is a significant relationship between the reputation of the company and the revenue. The tweets related to the company have resulted in generating a positive and negative impact on the reputation of the company.

**Theme 4: Airbnb vs traditional hotels**

The manager A has quoted that "with an increase in the quality of Airbnb services, there is a direct and inverse effect on the performance of traditional hotel performance.” Also, manager C added that “Airbnb is not a competition for the traditional market, whereas, they are the supplementary services, no one can compete with the services provided by traditional hotels.” The manager Y contradicted by saying “traditional hotels are sternly affected by Airbnb presence as guests consider both the options and compare the benefits before booking the accommodation” Moreover, the manager Z added that Airbnb is disrupting the hotel business and the users of Airbnb are more satisfied with the facilities provided by them.
The statement of manager A, Y and Z is according to the study of Aznar et al. (2018) and Blal et al. (2018) that elucidates the emergence of Airbnb, cost and the revenue structure of traditional hotels have been affected. However, the study results are not according to the research of Zervas et al. (2017) as the research results show that no one can substitute the traditional hotels; however, the literature assumes that there is a development of substitution pattern with the introduction of Airbnb.

**Theme 5: Steps taken to sustain**

The managers of Airbnb hotels quoted that they have increased their sales with the use of product improvement and different marketing strategy. Manager B says that “we improve our services and search by analyzing the data”. Manager A said that "we use the data analytics to analyse the accommodation request, host preferences and preference coefficients". With the information available with traditional hotels, the manager Y quoted that "we are taking steps toward analysing the data so that we can work towards the development of our business and we are also analysing the data based on the emergence of guests." The manager Z also added that "we have introduced the rating strategy after the services so that it can help us in improving our shortcomings."

The step taken by manager Z is contradicting the study of Schor (2016) which deduced the user rating could be false; however, manager Z is using the user rating to improve the quality of services in the hotel. In addition to this, the research done by Salvioni (2016) has explained that the technology has changed the way of doing business in the hotel industry and the governance structure of different hotels which is shown in the comments of managers for using the data analytics for increasing the sales.
Theme 6: Duration of business

The managers of traditional hotels said that they have been in this business since last 12-15 years; however, the Airbnb managers have said that they are operating with Airbnb from last 3-4 years and they are also earning well. There is no current literature available which relates the duration of business and profits, however, the research reports of Airbnb (2017) shows that within 10 years only, the business has scored high revenues and has a huge customer base, which proves that with the right techniques, business does not need many years to grow.

Theme 7: Customer Satisfaction and loyalty

The manager A and C of Airbnb replies that customer satisfaction at Airbnb is not that high when compared to the traditional hotels; however, as a growing brand, the company is doing good. Also, the customers who are utterly satisfied with the travelling style Airbnb provides, they become loyal to the company and refer it to their friends. However, in contradiction of manager A and C, the manager B says that the customers are not satisfied with the service provided by the host and the company is not able to ensure the quality services by the host. We regularly receive complaints from customers about their host. So, Airbnb must do better as the reviews of customers are also not true, and the quality of service provided by the host cannot be ensured.

Moreover, the manager of traditional hotels reports same by saying that most of our customers are satisfied and they are loyal to us because of the reputation of our hotels, our business and also the customers have trust in the traditional hotel as they will ensure the quality and we all have a department for this too.

The conducted study reports that the review of the customer for Airbnb is mixed, which is supported by the research of (Geissinger et al., 2019). The study of Geissinger et al.(2019) stated that the sharing economy focuses on individual development, which is evident in the cases of the quality provided by the host. In addition to this, the traditional risk is also described by
Abramova et al. (2015) that is less in the traditional market. In the case of the risk, the study of Abramova et al. (2015) illuminated that there exists an issue of trust in the sharing economy. The existing literature also shows that customer satisfaction is based on the price and monetary value, which is true in the case of Airbnb. Moreover, Airbnb also addresses transaction-based satisfaction due to online transactions, whereas, the experience base satisfaction in the Airbnb stay is dependent on the host (Liang et al., 2018). However, as reported by the managers of the traditional hotel, the loyalty and satisfaction of the customer are based on the service quality (Priporas et al., 2017).

**Theme 8: Customer review**

The manager A of Airbnb has quoted that “we have received the negative feedback related to the refund policy of our company; however, I am just a manager and cannot take steps related to refund policy.” Additionally, manager B also quoted that there were some issues from the side of guests, as according to them, hosts are not reliable and charges for irrelevant issues. For resolving this issue, manager B has said that "we are trying to get full information about the hosts registered in Airbnb so that the guests do not face any issue." Moreover, manager C also added that they have received negative feedback related to host cancellation policies and the charges applied to them from guests. Manager C said that "we have received issues from guest where host cancels and they do not get any refund."

The managers of traditional hotels revealed the negative feedback they are receiving from their customers as well. Manager Z said that we sometimes receive feedback from customers related to quality. For this, we have integrated the rating strategy so that the quality can be improved. Manager X also said that “We sometimes receive the feedback from consumers that we are charging a higher price. The customers mean that they are paying more than the value of
the services, whereas we are charging for the location as the hotel is in one of the most expensive and beautiful places in Denmark."

The negative feedback received by the managers from the customers can be related to the research of Schor (2016) which deduced that some of the time, the rating provided by the users are not genuine and hotels should not fully rely on them for taking the steps for the improvement of the quality of hotel services. The study results about the negative feedback of host and guests can also be related to the research of Schor (2016) that the concept of sharing economy is risky, and people were not inclined towards sharing the products and services. The feedback of cost structure of traditional hotels can be due to the flexible cost structure of Airbnb as also explained in the study of Aznar et al. (2018) that inferred with the emergence of the Airbnb in the hotel industry, the cost structure of the traditional hotel industry, which was non-flexible has transformed to be variable cost structure, due to which the revenue of the hotel industry has been affected.

Theme 9: Quality, safety and regulations

Managers of Airbnb reported that currently, there are some changes has been done in the regulations for Airbnb by the Danish government. The government has appreciated the emergence of the sharing economy in the country, but they also applied the rule that a host can only rent for 70 nights in a year. Manager C added that now the company will report the taxes of hosts to the government directly and there are also rules and regulations for the privacy and safety of the guests. Regarding the quality, manager B added that the quality is dependent on the hosts and the guest can judge the quality by online ratings. However, the managers of traditional hotels informed that they have to abide by the laws developed by the government for any other business, such as tax payment, competition act and other. Besides, the manager Y added that they
also have to abide by the rules and regulations developed by the hotel regarding the quality service, privacy of the customer and safety of each employee and customer in the hotel. This study shows that there is an increase in the rules and regulations for the sharing economy in Denmark, however, the hotels in the country are being regulated by the government as well as by the management.

Theme 10: Green practices

All the managers of Airbnb agreed on one statement that the Airbnb is a sharing economy, which is sustainably developing. In addition to this, Manager B also quoted that “developing business which uses shared spaces is a type of green practice.” Moreover, Manager C also added that “we are trying to reduce the waste of energy and water.” For informing about the green practices in a traditional hotel, manager Y said that ”we are using robust recycling methods which helps in sorting the waste into recycle bin and trash bin.” Furthermore, manager X informed that currently, they do not have any green practice, but they are moving towards changing the whole hotel into a green hotel. Manager Z also updated that ”we are using organic food in our restaurant so that we can move towards the eco-friendly production.”

The research done by Wu and Zhi (2016) supports the results of this research as Airbnb is sharing economy, that influences the economic, social and environmental factors. Additionally, with the proper allocation of resources, the sharing economy also reduced the emission of greenhouse gases as also reported by the managers of Airbnb. The statements of Airbnb managers have also been supported by Daunoriene et al. (2015) which stated that the environmental sustainability in sharing economy focuses on the balance between the biological and physical system, with the sustainable consumption and redistribution of resources. However, the statements of managers of traditional hotels are focused towards green practices as the study
of Afzal et al. (2012); Salvioni (2016), deduced that the traditional hotels could grow with the change in governance and change in the way of doing business.

CONCLUSION

From the above research, it has been found that there is a significant effect of Airbnb emergence in Copenhagen, Denmark, on the revenue and pricing structure of traditional hotels. The research shows that most tourists are in the age group of 25-30 years, and they are self-employed, whereas there was no difference identified based on sex. Most of them travel twice a week and go vacation either alone or with family, and mostly they travel within the country. The hotel selected by the tourists is mainly dependent on the price structure, and the effect of room size, catering offers, cleanliness and staff politeness is approximately the same. Moreover, they stay mainly for 3 to 5 days in hotels, and more than 50% of them have stayed in Airbnb previously and would prefer to stay in Airbnb in future as they all wanted to save money. These travellers also agree to refer Airbnb to their friends and family due to various reasons, and most travellers say the reason behind referrals is satisfaction with the services. However, they do not have knowledge about the term sharing economy. Moreover, the average rating of Airbnb stay is 4.1, which is lower than 4.9 (quoted by Airbnb report) can be due to the fake rating or the effect of the difference in the quality and location when compared to the traditional hotels.

The managers from Airbnb and traditional hotels also added that with the emergence of Airbnb in Denmark, people are comparing their choices online and then booking for the selected accommodation. They also described that Airbnb is a different business from traditional hotels. However, the traditional hotels have perfect sightseeing and have all amenities which can be provided to guests, unlike Airbnb. Moreover, there are some challenges which are faced by both
Airbnb and traditional hotels such as the challenge of competition, increase in the choices of customers and increase in the operations costs due to different charges and taxes applied by government. However, Airbnb has been praised for providing self-employment to hosts and for future growth, internet and digital marketing have been identified as viable options and sources. Also, it has been construed that there is a significant effect of Airbnb on traditional hotels as the cost structure of traditional hotels have changed. The steps which have been identified to sustain in the market are the dependency on data analytics and the rating given by the guests. In addition to this, it has been deduced that the duration of business does not have a significant effect on the revenue of the business. The study also identified that customers have a complaint against the refund policy of Airbnb, and traditional hotels have been accused of charging higher than the value. Also, the customer satisfaction and loyalty about Airbnb are respectable; however, some customers do face issues related to the quality as it is based on the host of the stay. Also, from the research, it has been concluded that Airbnb is already contributing to green and sustainable development; however, traditional hotels need to take a step towards sustainable development.

Finally, while discussing the rules and regulations for Airbnb, the country is developing the rules for the Airbnb which can restrict the growth but can improve the customer satisfaction when it comes to safety and quality of stay.

In conclusion of the above research, it can be inferred that the impact of the massive growth of Airbnb over the traditional hotels in Copenhagen, Denmark, is significant. Tourists prefer Airbnb over traditional hotels due to lower prices, and they are holding the traditional hotels responsible for the high prices. From the research, it has also been deduced that sharing economy is the change in the business model and resource allocation model, which is focused on sharing the resources for the economic, social and environmental sustainability. The sharing
economy has endorsed the concept of Airbnb by renting the accommodation of hosts to the guests for some days in lower prices, and this business model is based on trusts and online image of the accommodation. From the study, it has been assumed that with the emergence of Airbnb in Copenhagen there is an impact on the pricing policy, occupancy rate and revenue of the traditional hotels as tourists prefer the Airbnb accommodations more than traditional hotels due to lower prices.

RECOMMENDATIONS
The future researchers should focus on searching valid reasons other than cost behind the negative influence of Airbnb on the traditional hotels. For example the focus should be on larger area and more wide data for the analysis. Furthermore, the research shows that Airbnb customers have complaints against the refund policy of the company, so the company recommended to revise the refund policy which in turn benefits them, their registered hosts as well as the customers. Moreover, as the negative influence of Airbnb has been recorded on the traditional hotels in Denmark, traditional hotel industry should put more emphasis on the development of their hotels and the facilities they provide. In addition to this, they need to upgrade digitally and should be registered online for the ease of customer, which also helps in increasing the customer base. Also, they are recommended to develop good governance by incorporating the rating system so that the shortcomings in the hotel services can be reviewed and steps can be taken. The hotels should also take logical steps to be as authentic as Airbnb accommodations, which is one of the reasons behind the increase in Airbnb demand. Finally, The hotels should highlight their unique selling proposition such as safety, security and cleanliness, which are not promised by Airbnb accommodations.
REFERENCES


Božić, S., & Tomić, N. (2016). Developing the cultural route evaluation model (CREM) and its application on the Trail of Roman Emperors, Serbia. Tourism management perspectives, 17, 26-35.


APPENDICES

Appendix 1: Questionnaire for 100 customers of Airbnb Hotels

1. Age
   a) Up to 20 years
   b) 21-30 years
   c) 31-40 years
   d) 41-50 years
   e) Above 50 years

2. Sex
   a) Male
   b) Female

3. Occupation
   a) Salaried
   b) Self-employed
   c) Professional
   d) Student
   e) Others

4. What is your frequency of travelling?
   a) Once a year
   b) Twice a year
   c) Every month
   d) Once in two years

5. Where do you mostly travel?
   a) Within the country
b) Abroad

6. What are the features which influence your selection of hotel?
   a) Cleanliness
   b) Price
   c) Staff politeness
   d) Room size
   e) Catering offer
   f) Additional activities at the hotel (pool, sports, entertainment and others)

7. What is the average number of days you spend in this hotel?
   a) Less than 3 days
   b) 3 to 5 days
   c) 1 week
   d) 1 to 2 weeks
   e) 1 month
   f) More than 1 month

8. Have you ever stayed in someone else’s house or apartment through Airbnb?
   a) Yes
   b) No

9. During holidays, where will you prefer to stay?
   a) Airbnb hotels
   b) Traditional hotels

10. Do you have information about sharing economy?
    a) Yes
    b) No
11. What is the reason behind staying in Airbnb?
   a) Wanted short term stay in private accommodation
   b) Wanted to save money
   c) Wanted to explore the neighbourhood
12. What is the primary purpose of your visit, when you stay in Airbnb hotels?
   a) Vacation
   b) Visiting family/friends
   c) Business
   d) Conference
   e) Interview
   f) Study
   g) Short term re-allocation
13. Would you recommend Airbnb to your friends and relatives?
   a) Yes
   b) No
14. What is your overall rating for the stay in Airbnb hotel?
   a) Very satisfactory
   b) Satisfactory
   c) Okay
   d) Dissatisfied
   e) Very dissatisfied

Appendix 2: Questions for an interview with 3 Airbnb managers
1. How do you distinguish your services from the traditional business?
2. Do you face any regulatory issues, which are different from the traditional hotel business?

3. How do you perceive the future of this business in terms of profit?

4. How do you see the rise of Airbnb as a threat to the traditional hotel business?

5. What are the steps taken by you to sustain in the hotel industry?

6. How long you have been renting Airbnb accommodation?

7. What are the main challenges in the hotel industry?

8. What type of negative feedback do you receive from your customers?

9. What steps you have taken to improve customer satisfaction?

10. What are the green practices followed by your company?

11. Do you think Airbnb is a different market or business?

12. Do you think the customer's satisfaction is different in Airbnb and traditional hotels?

13. Is there any difference in customer loyalty for hotels and Airbnb?

14. It there a difference in Quality, Safety and Regulations between Airbnb and traditional hotels?

Appendix 3: Questions for an interview with 3 traditional hotel managers
1. How do you see the rise of Airbnb as a threat to the traditional hotel business?

2. How long you have been engaged in hotel management?

3. What are the main challenges in the hotel industry?

4. Which online platform do you use for advertising of a product?

5. What is the importance of the online reputation of your hotel?

6. What type of negative feedback do you receive from your customers?

7. What are the strategies you have accepted for increasing sales?

8. What steps you have taken to improve customer satisfaction?
9. What are the special facilities provided by you, which are not provided by Airbnb hotel accommodation?

10. What are the green practices followed by your hotel?

11. Do you think Airbnb is a different market or business?

12. Do you think the customer's satisfaction is different in Airbnb and traditional hotels?

13. Is there any difference in customer loyalty for hotels and Airbnb?

14. Is there a difference in Quality, Safety and Regulations between Airbnb and traditional hotels?

**Appendix 4: Calculation of the average ratings**

<table>
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<th>No. of people</th>
<th>Rating</th>
<th>Results</th>
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<td>5</td>
<td>965</td>
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<tr>
<td>4.5 rating</td>
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<td>1170</td>
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<tr>
<td>4 rating</td>
<td>333</td>
<td>4</td>
<td>1332</td>
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<tr>
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<td>642</td>
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<tr>
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<td><strong>1000</strong></td>
<td><strong>16.5</strong></td>
<td><strong>4109</strong></td>
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</table>

Average Rating = \( \frac{4109}{1000} \)