



### Article Title

The effects of Airbnb's price positioning on hotel performance

### Citation

Xie, K. L., & Kwok, L. (2017). The effects of Airbnb's price positioning on hotel performance. *International Journal of Hospitality Management*, 67, 174-184.

### Abstract

This study examined the relationship between the price positioning of Airbnb listings, measured in price difference between a hotel property and the nearby Airbnb listings as well as price dispersion among these Airbnb listings, and the performance of nearby hotels.

### Methods

An exploratory analysis using field data points collected from the Airbnb listings and their hotel counterparts in the metropolitan area of Austin, Texas between Quarter 3, 2008 (debut of Airbnb in Austin) and Quarter 2, 2011 reveals intriguing findings.

### Results

The entry of Airbnb listings was penetrative to local hotels. However, the price positioning of Airbnb, manifested in higher average price as compared to nearby hotels, as well as larger price dispersion among individual listings, significantly mitigated such penetration. Important theoretical contributions and practical implications for hotels are discussed.

### Conclusion

While preliminary literature on Airbnb has discussed its impact on the hotel industry, this study is the first consequential attempt to examine Airbnb's pricing practices as it enters the hotel market. The authors found that Airbnb remains an alternative to hotels for accommodation needs. However, the price positioning of Airbnb, which is largely driven by individual hosts, significantly mitigates its penetration to the hotel businesses. This is largely because of Airbnb's significant price difference as compared to its hotel counterparts, as well as the wide price dispersion within the listings themselves.