

IN-STORE

Just how disruptive is Airbnb for luxury hotels?

January 30, 2014



By JOE MCCARTHY

Home-sharing companies led by Airbnb have raised pressing concerns for hotel brands that now have to contend with an ultra-specific, growing and disruptive trend.

Sign up now

Luxury Daily

Airbnb has clearly struck a crude oil-like vein in the consumer imagination, as more than 500,000 listings in 34,000 cities have erupted to meet the nascent demand. As more consumers consider the merits of the sharing ecosystem, luxury hotels may begin to devise some alternative strategies.

"Digital services such as Airbnb and other home-sharing platforms allow luxury consumers to be far more selective with their vacation planning," said Taylor Rains, account executive at [Rawle Murdy Associates](#), Charleston, SC.

"Consumers are able to use these platforms not only to identify locations of interest but also accommodations within those locations that are best suited for them," he said. "This poses a challenge for luxury hotels in that consumers are now more active information-seekers than ever before, making it more difficult for brands to have their message seen.

"The level at which services like Airbnb and other such platforms impact the luxury hotel industry is entirely dependent on how these brands respond and adapt to the change in

luxury consumer behavior."

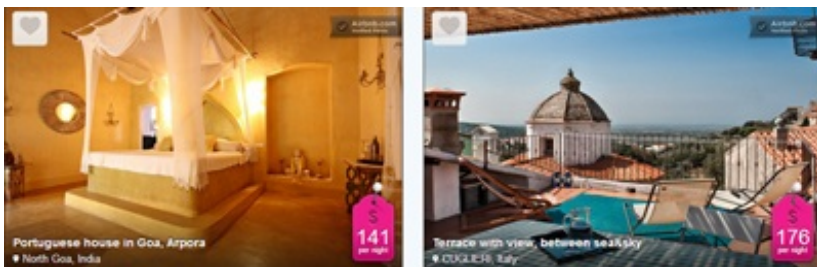
Challenges

The millions of guests who have turned to Airbnb share some core beliefs that are part of bigger trends.



Airbnb listing

Primarily, Airbnb guests appreciate personalization and authenticity. Each home, apartment, castle, tree house, train car, trailer, loft or room that is rented out is presumably infused with the personality and cultural background of the renter.

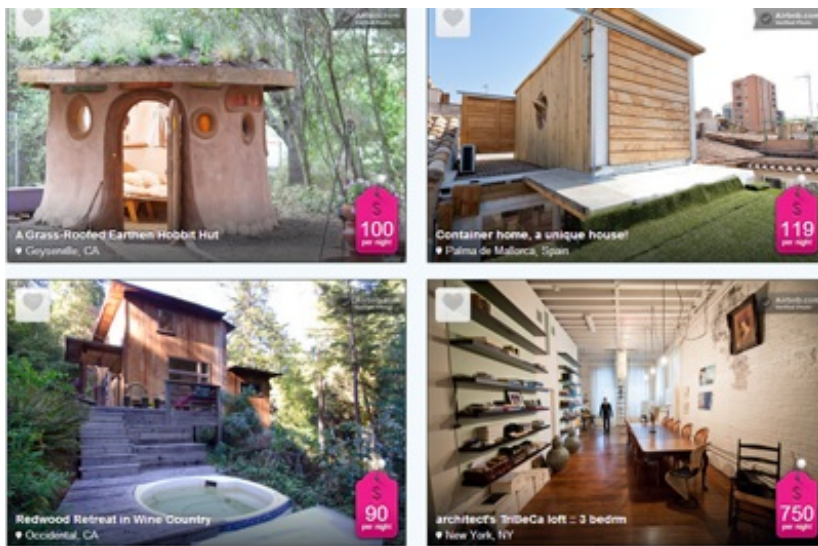


Airbnb listings

What this means is that travelers visiting a new country are afforded a rare and intimate view into another way of life. The range of property locations often extend beyond popular areas, which gives guests even further flexibility.

Also, renters occasionally act as tour guides or cooks, providing an insider's understanding of the surrounding area. Another perk is that guests may form a friendship with their hosts as the atmosphere is likely casual.

In fact, Airbnb intends to offer full-fledged local recommendations in the near future.



Airbnb listings

Travelers are able to leave with what they perceive to be an original experience, rather than a mass-produced experience, which aligns with the overarching push for more experiential travel.

Another overarching trend is conscientiousness about the economic and environmental impacts of purchases, which compels consumers to help small businesses and individuals where the impact can be readily gauged.

Since luxury consumers are not as worried about price, the reasonable rates of Airbnb do not play a major factor.

Other luxury home-sharing services that skew more toward luxury **are also emerging**.

That said, Airbnb is encountering some backlash as lawmakers rush in to regulate. **As The Telegraph reports**, food, safety, fire and many other regulatory flags are being raised, not to mention the concern over the glaring absence of taxes paid by renters.

Where luxury stands

Although Airbnb outstrips luxury brands in terms of unique details, there are still areas where hotels have the upper hand.

First, travelers know that when they book a room at a luxury hotel there will be outstanding amenities, which offers peace of mind especially to business travelers who often book on-the-go.



Trump Hotel Toronto

Next, luxury hotels likely provide better service. After all, hotel staff are hired and trained to ensure the happiness of guests, whereas Airbnb renters may not be inclined to meet every whim.

The concierge team at hotels are arguably more equipped than ordinary people to lead guests on tours of the surrounding area, since they spend time investigating hot spots and remote gems.

Many brands are making their concierge team more visible.

For instance, The Luxury Collection is leveraging the knowledge of its global concierge team with a new storytelling initiative that explores remote and culturally-rich information about certain regions ([see story](#)).



The Luxury Collection
September 3

Travel Tip: Don't miss a sunset camel trek complete with champagne at Al Maha Desert Resort & Spa #TravelTuesday



Luxury Collection's Facebook page

To surpass the level of personalization that Airbnb offers, brands should spend more time developing itineraries for guests. Some brands already partner with trip-planning companies to curate every last detail of a trip.

Also, forging relationships with local businesses and artisans will communicate to consumers that the hotel plays an integral role in the economic and cultural ecosystem.



The Ritz-Carlton Kapalua organic garden

Additionally, hotels inject money into cities and towns by paying taxes and providing far more jobs than these home-sharing services do, a dimension that is often overlooked.

"At their core, home-sharing services are valuable for two reasons," Mr. Rains said. "First, they allow consumers to cater their selection to meet their individual interests and needs.

"Second, they house information relevant to consumers looking to plan a vacation," he said.

"In order for hotels to mitigate the impact of these home-sharing services on their business, they must adapt their model to provide equal or superior services to their consumer base."

Final Take

Joe McCarthy, editorial assistant on Luxury Daily, New York

Embedded Video: [//www.youtube.com/embed/lprUcSY5_4I](https://www.youtube.com/embed/lprUcSY5_4I)

I thought on "Just how disruptive is Airbnb for luxury hotels?"

1. **Tracie** says:

January 30, 2014 at 11:11 am

I work with a luxury ski chalet manager and can speak to Airbnb's disruption from a completely different and perhaps more urgent perspective. The real disruption of Airbnb to us has been the complete lack of regulation over fraud on the site. Despite watermarking photos and monitoring listings, we find our homes fraudulently listed on Airbnb and VRBO through people who have no connection to these properties. Airbnb has been extremely difficult to work with in taking these fraudulent listings down, to the point of allowing known fraudulent renters to continue listing properties without any consequence. Thankfully, many people seeing these listings have searched for the properties online and found us to ask if the deal was too good to be true — it always is. I respect each of your points in the article, but the complete indifference toward fraud is what has made Airbnb the biggest headache to us as a professional property manager. I'm curious to know who has experienced similar problems with Airbnb.

© Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.