

Ryan Layton

Professor McCormick

Digital Technology and Disruptive Change

8 November, 2022

Airbnb's Disruptive Impact on How People Travel

Airbnb has completely uprooted how people think about relationships with strangers, the sharing economy and remote work, and the culture of travel. It has also disrupted the tourism industry and hotels, providing a low end alternative. It allows people to rent out spaces in their homes, or their entire homes, to strangers. These listings on Airbnb often end up being cheaper than hotels and other traditional forms of stays. People are also attracted to them because they can offer a more personal, intimate experience than hotels can. This allows for a unique relationship between hosts and vacationers. The platform plays an important role in the remote work movement as well, offering stays that allow for remote work. Airbnb has led to large changes in the development of relationships, changes in work, changes in culture, and changes in social institutions like the tourism industry.

Change in the Development of Relationships

Uses and Trends

Similar to many other online platforms, Airbnb is a place where strangers can meet each other. While it is in a different context, people opening up their homes and lives to strangers so they have a place to stay, important relationships can still be formed. Many hosts are very personable and want to ensure their guests have the best stay that they can. They can go above and beyond with gifts for guests, or even smaller things like letting guests know what good local places to eat are. As Mary Chayko states in her book, *Superconnected*, “social support is quite often established in digital spaces... even among relative strangers who have just ‘met’. The online experience lends itself so well to sharing, interacting, and even catharsis that people can find themselves sharing very real needs... people often assist one another simply because they want to” (Chayko 12). Airbnb aligns well with this idea that people are becoming very open to

sharing and trusting people online. The whole platform revolves around trust, and it has done very well for them. Airbnb also encourages hosts to share local activities and places to go – there is a whole space for it in listings - which can be very helpful for guests who want an authentic experience. The platform also encourages communication between guests and hosts, and chat features make this very easy. Hosts can become tour guides, and guests can become friends. Airbnb as a platform encourages the creation and growth of these relationships, as well as supports the growing trend of tourists wanting a unique, authentic experience on their travels.

Disruptive Impact

Airbnb has had a big impact on how people can connect with strangers for services like this. A decade ago, the thought of staying in a stranger's home overnight was a wild idea. However, now, Airbnb has completely changed how people see relationships with strangers in settings like this. People are now very open to staying in a stranger's home, and are quick to create discussion on local activities, stories about the home, etc. Users of Airbnb are encouraged to talk to their hosts and learn about local places to eat, unique activities, etc. Hosts are no longer thought of as strangers, but as tour guides. Airbnb has opened up the idea of meeting people while traveling, whether it be hosts or other guests, and has allowed people to realize how important and rewarding it can be to talk to them. This idea is similar to other services in the sharing and gig economy, like Uber, TaskRabbit, and more that involve strangers paying strangers to help one another. Airbnb is arguably the most radical of these services, where staying in someone else's home is most intimate and all-encompassing.

Predictions

I think Airbnb has had a huge impact on the sharing economy. It has really showed how much people are willing to share with strangers. Homes are a very personal and important asset

for people, and the fact that strangers are comfortable with sharing them means a lot. This will allow more apps and platforms to come into existence that further connect strangers. Some ideas that might not have come to fruition because of worries of people not wanting to interact with strangers can now be reconsidered as Airbnb has pioneered a space where strangers can share very personal things like homes, and the platform shows how rewarding it can be to do so.

Change in Work

Uses and Trends

Airbnb had a hugely successful rise, along with similar sharing economy apps. Its growing popularity has opened the world of the sharing economy to lots of people who have open spaces in their home or vacation homes they can rent out. More and more people can now rely on this service as a good source of income, and possibly even their only source of income. This trend of people working for themselves with these kinds of services has grown much more in the past few years. *The State of American Jobs*, a report in Pew Research Center, describes the growing trend of alternative employment arrangements. “Alternative employment arrangements’ refers to the hiring of workers who are independent contractors or sourced through contract firms, on-call workers, or temporary-help agency workers.... [in 1995] 10% of employed workers were in alternative employment arrangements... independent researchers... found that the share of workers in alternative work arrangements had risen to 15.8% in 2015” (Pew Research Center). Now, this number is much higher, and the trend of people working in these self-employed, independent contractor jobs will continue to rise as they become more ideal ways to make money. People have so many assets that can be shared with others for money, and Airbnb has a huge target audience as everyone has a home. While, of course, people with smaller

houses as their only house most likely won't list it on Airbnb, many people own second homes or vacation homes, and the number of people purchasing second homes will rise as listing them on Airbnb is a great way to make the money back.

Disruptive Impact

With the sharing economy and gig jobs, people no longer have to rely on a traditional in person job at a physical location. These jobs make it very easy to pick up something on the side to make money. Airbnb is a great example of a job in the sharing economy, and it has the potential to make users a lot of money. Some people even replace their traditional job and use Airbnb as their main source of income. Having Airbnb as a main source of income is an idea that will become more common as the app grows. An article in the New York Times by James Dobbins cites "New Yorkers who welcome strangers into their homes by becoming Airbnb hosts have found that the experience can be at turns nerve-racking, humorous and sometimes embarrassing. But for some determined hosts, it has proved profitable enough to replace more traditional revenue streams" (Dobbins). Like a normal job, hosting on Airbnb has its own struggles and ups and downs. However, not having any real boss or necessarily needing to be in a specific place to work is a huge change in how people make money. And by seeing the possibilities of how much money is in services like these, more and more people will be convinced to work for the sharing economy and stay away from traditional structural jobs. Also, Airbnb as a service plays a big part in the trend of people working their traditional jobs remotely. The platform can cater to those looking for office space in their rental and other amenities that could help with working. Airbnb is a perfect way to get a place away from home, but still be able to work remotely, and it is a huge catalyst for the working remote movement. Even within the company itself, workers are moving to remote: "Airbnb told its 6,000

employees on Thursday that they would have the option to permanently work remotely... to encourage people to use Airbnb listings as pseudo-offices.” And on Airbnb in 2021, “one in five guests... reported using Airbnb to work remotely” (Goldberg). So, not only are hosts on Airbnb part of this new remote work movement, who have flexibility while earning money from their listings on Airbnb, but so are guests on Airbnb, who use the service to work from home for their own jobs. The platform takes advantage of the fact that many people use it to work remotely, so it offers various features like showcasing listings with offices or filters for remote work and more. Airbnb knows that this new way of working will be the future, so the company said all of their employees can work remotely – most likely many of them who will use Airbnb listings to do so. The traditional in-office workplace is on the decline as technology and services like Airbnb make it more convenient to work from home. Many people now are only looking for jobs that can be remote, and traditional in-person only jobs will become less popular as people get used to working remote. Remote work for office jobs is becoming the norm.

Predictions

Gig work is becoming more and more available for anyone to participate in. All the different apps and services that are becoming more popular allow people with all types of assets or skills to work any day and have their own schedule. I think the general population, especially younger people, will prefer doing this type of work over traditional minimum wage jobs. And maybe possibly, in the future, businesses may have a hard time filling these positions. Similarly, remote work is also on the rise and most companies are now allowing office employees to work remotely. Airbnb is a platform that supports this change, and allows its employees, guests, and hosts to easily work remotely. I think it will soon be uncommon to

find office jobs that are only in-person, and people in office jobs will work remote, with going into the office for the day being at most a once or twice a week occurrence.

Change in Culture

Uses and Trends

The thought organizing a stay in a stranger's home was a wild idea a decade ago. Now, it is normal to do this with Airbnb, and the platform has changed how people think and feel about strangers wanting to help. People are realizing that opening up to strangers on platforms like this can allow to great new experiences, and Airbnb is the biggest jump for people, as staying in a stranger's home is a very intimate and all-encompassing experience. So, once people have a good experience with Airbnb, all these other sharing economy services seem very manageable and worth it. An article written by Airbnb describes this trend of people being open to connecting and staying with strangers. It says: "When Airbnb was born back in 2007, many people were unconvinced that strangers would stay in each other's homes. What we've learned over the past 14 years is that strangers really aren't that strange... today, Airbnb has more than 4 million hosts across nearly 6 million listings. And every day, Hosts open their doors to over half a million strangers" (Airbnb). In a world where the sharing economy is starting to help people in many different aspects of life, Airbnb has had a huge impact on people's thoughts about strangers and how they can help. It has a huge reach, with 4 million people hosting and half a million people staying in these listings every day. This has just further solidified the sharing economy's place in our everyday lives, and how it can truly be helpful. With Airbnb as a huge base for people interacting with strangers, the trend of trusting them for everyday activities will continue to rise.

Disruptive Impact

Before Airbnb, hotels were the go-to place to stay on vacation. To travel, people had to find a hotel or resort and stay there for their trip. These were more expensive and a lot less flexible. Now, people are shifting from wanting more corporate resorts with lots of amenities to a more personal, authentic experience, with access to the local community – something hotels cannot necessarily provide. So, Airbnbs are the perfect option for this. The platform highlights homes that have authentic experiences, and experiences in the area can be easily found, as well as stays that have that “local” feel – while often being the cheaper option. This allows users who want a more personal and complete experience on their travels to be able to find the perfect place to stay. Research done by staff Makarand Mody and Monica Gomez at Boston University found that “there are larger societal trends that are impacting what consumers seek travel... these trends include:... seeking out unique, authentic experiences.” They also stated that “Airbnb elevates the sense of community that consumers seek, particularly when sharing space with other travelers and/or with the host, and allows consumers unparalleled access to “the local” – that café or cute little store that only locals know about” (Mody & Gomez). Airbnb can cater to this huge, growing, user group who want a more authentic experience when they travel, with millions of listings all over the world. Each of these listings and their unique, local, experiences are highlighted by Airbnb and broadcasted out to the world for people to take advantage of, moving millions of users from traditional hotel stays to these unique offerings hosted by Airbnb. On most trips, a lot of people now begin their search on Airbnb rather than hotels, and Airbnb will continue to be the new best and most popular place to look for stays on vacation, as Airbnb has allowed this change in travel culture to happen.

Predictions

With Airbnb becoming a great option for users looking for authentic, local, stays, as well as a catalyst for trusting strangers in the sharing economy, the platform will continue to become more and more popular. While people are also looking for authentic stays, I think Airbnb will continue to promote places that highlight these features. The platform also solidifies the sharing economy's place in our society, and people will continue to feel more comfortable using these services after Airbnb's success.

Change in Social Institutions

Uses and Trends

Of course, the main competition with Airbnb is the tourism industry – hotels, resorts, etc. This is the traditional type of booking to make on a vacation that people are moving from for Airbnb. Pressure began to build on hotel companies as Airbnb started improving, becoming popular and shifting its focus to all kinds of travelers. Everyone's focus was on these hotel companies to see what moves they would make to counter Airbnb. One interesting answer to Airbnb is from Marriot- they “[rolled] out a new Airbnb-like rental service, called Homes & Villas by Marriott International, that focuses on upscale properties... The service will offer 2,000 “premium and luxury homes” in more than 100 cities” (Valinsky). Marriott, a hotel company, created this service for house listings to try to compete with Airbnb and their similar house listings. The tourism industry is making changes to try to cater to people looking for individual homes for a more “local” experience for their stay.

Disruptive Impact

The customers that Airbnb targets overlap with customers of institutions like hotels and resorts. In fact, a lot of these customers are switching over to Airbnb as their primary spot to book stays for vacations. This is because Airbnb offers some experiences that hotels cannot – a local, authentic, personal experience that can cost less. So, Airbnb can be seen as disruptive towards institutions like hotels. “Disruptive innovations generally have two distinct characteristics. First, they bring a new value proposition to the market... Second, disruptive innovations usually make it possible for customers who had not been able to access a service or product to acquire it... access a service or product to acquire it. The fact that the disruptive innovation is inferior does not matter to these new customers... As time goes on, the disruptive innovation gets better and better and eventually it attracts more and more customers and comes to dominate the market (Lewis 497). So, Airbnb is a great example of a disruptive innovation. The service provides customers who are looking for a more authentic stay with down-to-earth homes immersed in their local communities, something they could not find before. Also, it makes all of this accessible and affordable through an easy online booking system. What further shows how Airbnb is a disruptive technology for hotels is the platform’s beginning, through low-end disruption. “We call disruptions that take root at the low end of the original or mainstream value network low-end disruptions... they [do] not create new markets-they [are] simply low-cost business models that grew by picking off the least attractive of the established firms’ customers” (Christensen). The idea that started Airbnb was a few air mattresses in the creator of Airbnb’s house, that they rented out to strangers for a design convention nearby. These customers obviously did not care about a nice hotel or amenities or comfort – they simply just wanted a roof over their heads and somewhere to sleep – a low quality stay, but for cheap. One of the Airbnb founders proposed to the other that they should “[turn] their loft into a designer’s

bed and breakfast, complete with a sleeping mat and breakfast... [so] they created a simple site, airbedandbreakfast.com, bought three air mattresses, and arranged them in their loft” (Aydin).

At the time, this only targeted those low end customers of the hotel market that did not want to pay so much for a hotel, but needed somewhere to stay the night. So, again, this idea can be considered inferior to the competition – hotels – but this is okay for its users as they are just looking for the bare minimum, and the low price compared to the competitor is what matters to them. This is exactly what low-end disruption is. This cheap price targeted the very bottom of hotels’ customers who just wanted a place to stay for cheap and did not care how low quality it was. Eventually, as Airbnb improved, its scope widened and started incorporating nicer stays for people who were willing to spend more money. Eventually, Airbnb offers all types of stays of all qualities and all price ranges, now directly competing with hotels as most of the customers overlap. And, Airbnb still has that affordable aspect to it as a big portion of listings can be found that are cheaper than hotels.

Predictions

As Airbnb continues to expand its customers and cater to all types of travelers, I think the service will just continue to grow and get more users. It will become the norm for looking for somewhere to stay on vacation and will overtake searching for traditional hotels. As it is a true disruptive technology, with low-end disruption, I think this service will easily take over tourism institutions like hotels and become the most popular place to find stays for traveling. It is often cheaper than hotels, and offers all types of stays from luxurious, amenity-filled condos to rustic log cabins in the middle of the woods, catering to almost all possible users.

Conclusion

To conclude, Airbnb is an emerging digital technology that is a low-end disruptor to the traditional tourism industry. It has changed the development of relationships, with strangers sharing their homes, being encouraged to trust each other. These once-stranger hosts can act as tour guides and friends for travelers, providing local information and tips about their place of residence through the platform. Friendships can form between guests staying in Airbnbs, which are unique as they are brought together by a place and sharing its experiences. Airbnb has influenced change in work, being a huge step in the sharing economy; sharing something as personal as homes with strangers shows how far people are willing to go and allows other companies to follow. The platform also encourages guests to do remote work at stays, providing people looking to work away from home guidance and options for how to do so, and played a huge part in the remote work movement. Airbnb has changed the culture surrounding the sharing economy, making people realize that strangers can become friends and can help. This platform has also changed the culture surrounding travel, influencing a trend in wanting a more authentic, personal, and “local” experience when traveling, something hotels cannot cater to. Finally, Airbnb influences a change in social institutions, or the tourism industry. Hotels are trying to come up with new services to match Airbnb and cater to its customers, while Airbnb is acting as a low-market disruptor to these institutions, at first targeting the lower end market with cheaper prices and lower quality stays and now expanding to cover all ranges of cost and quality. Airbnb shows that a better experience does not necessarily mean a more expensive one. Not everyone needs a lavish hotel with all types of amenities to spend a vacation in – people want an immersive experience with that “local” feel, the ability to explore the less known about

experiences of a place. And, Airbnb shows that that experience does not have to come at a cost – Airbnb listings are often cheaper than hotels, while still offering quality stays with all the essentials needed.

References

- Airbnb. (2021, December 9). *Strangers aren't strange: Introducing Airbnb's latest ad campaign*. Airbnb Newsroom. Retrieved November 10, 2022, from <https://news.airbnb.com/strangers-arent-strange-introducing-airbnbs-latest-ad-campaign/>
- Aydin, R. (2019). *How 3 guys turned renting air mattresses in their apartment into a \$31 billion company*, Airbnb. Business Insider. Retrieved November 10, 2022, from <https://www.businessinsider.com/how-airbnb-was-founded-a-visual-history-2016-2>
- Chayko, M. (2021). *Superconnected: The internet, Digital Media, and Techno-Social Life*. Sage.
- Christensen, C. M. (n.d.). *Disruptive innovation*. The Interaction Design Foundation. Retrieved November 10, 2022, from <https://www.interaction-design.org/literature/book/the-encyclopedia-of-human-computer-interaction-2nd-ed/disruptive-innovation>
- Dobbins, J. (2017, April 7). *Making a living with Airbnb*. The New York Times. Retrieved November 10, 2022, from <https://www.nytimes.com/2017/04/07/realestate/making-a-living-with-airbnb.html?searchResultPosition=8>
- Goldberg, E. (2022, April 29). *Airbnb tells employees they can work remotely forever*. The New York Times. Retrieved November 10, 2022, from <https://www.nytimes.com/2022/04/28/business/airbnb-employees-remote-work.html?searchResultPosition=7>
- Gomez, M., & Mody, M. (2018, October 31). *Airbnb and the hotel industry: The past, present, and future of sales, marketing, branding, and Revenue Management*. Boston Hospitality Review. Retrieved November 10, 2022, from <https://www.bu.edu/bhr/2018/10/31/airbnb-and-the-hotel-industry-the-past-present-and-future-of-sales-marketing-branding-and-revenue-management/>
- Lewis, D. W. (2012). *The Inevitability of Open Access*. Retrieved November 10, 2022.
- Pew Research Center. (2021, September 28). *Changes in the American workplace*. Pew Research Center's Social & Demographic Trends Project. Retrieved November 10, 2022, from <https://www.pewresearch.org/social-trends/2016/10/06/1-changes-in-the-american-workplace/>
- Valinsky, J. (2019, April 29). *This is Marriott's answer to airbnb* | CNN business. CNN. Retrieved November 10, 2022, from <https://www.cnn.com/2019/04/29/business/marriott-airbnb-rival/index.html>