

# Impact of airbnb and energy consumption on the hotel sector

[Environment](#), [Air](#)



## 1. Introduction

The hotel sector is one of the leading tourism industries. With an industry that is continuing to grow, the hotel sector faces some major problems. Problems they must overcome to continue to be a successful industry. The first of these problems is the rise of other lodging companies, like Airbnb. As the hotel industry cannot compete with their prices and experiences that they offer. The second problem that the hotel industry faces is the amount of energy that they use. While many hotels are going green, there is still a lot of work to be done to become more sustainable. With these two major issues standing in the way of success for the hotel industry, they have a lot to change if they want to stay in business.

## 2. Impact of Airbnb on the Hotel Industry

### 2. 1 Competition of Airbnb

The rise of Airbnb and other companies like Home Away from Home and VRBO, have made a significant impact on the hotel industry. While Airbnb is “ great for tourism, it is bad for hotels” (Oskam and Boswijk, 2016). There are many reasons why travelers choose to book with Airbnb rather than hotels, with the biggest reason why being the price; as an average Airbnb is 40% cheaper than a hotel (Patel, 2018). Everyday there are new homes available through Airbnb’s website, and with varying different prices, they tend to be cheaper than a hotel. Another reason why people choose Airbnb over hotels is due to the experience you get in an Airbnb home. Airbnb caters to those who want “ to live like a local”, this appeals to younger

generations and to travelers who wants to get away from tourist areas. Many hosts of an Airbnb home reach out to help the traveler before they come to visit; it is a 1 on 1 relationship. The host is usually a local and will give tips about the area. Lastly, one of the other reasons people choose Airbnb is the experiences that go with it. Airbnb has expanded its platform to include experiences, such as cooking classes in homes, photography tours of the city and walking tours with a local. Things like this is something that the hotel industry cannot compete with. The hotel sector needs to be more than just a place to sleep, it needs to be an experience (Patel, 2018). With the rise of Airbnb and other companies, the hotel sector is in need of changing how consumers view them.

## 2. 2 Solutions

It may seem bleak for the hotel sector, but there are some solutions that they can implement to save the industry. An overall goal for them would be to make a distinction between the leisure and business traveler (Oskam and Boswijk, 2016). Making hotels appeal to all travelers is important, and the following suggestions can help with that. Firstly, is to focus and improve on hotel loyalty programs. Many chain hotels have loyalty programs, where a consumer gets points for each night they stay; making it so the customer continues to visit them again and again. If hotels were to improve and give more incentives, more people would want to join and stay at the hotel. The next suggestion is how hotels advertises their products. Many commercials for hotels contain the same thing; convenience. Check in, sleep, and check out. However, hotels tend to have more amenities than Airbnb, and the hotel

industry needs to advertise that. Most hotels have conference rooms, free breakfast, Wi-Fi, pools, and guest services. Showing the customer that these things are available, makes the customer want to book there. As one of the 7 P's of successful marketing by Kotler, he explains that promotion is a big advantage to hotels. Hotels should be working with social media and other sponsorships in order to promote their hotels (Kotler, 2014). In doing so, others will want to travel to their hotel. The next solution is to focus on customer service. In an article called *What are the Top Challenges Facing Hotels in 2018*, it states, " Airbnb has caused travelers to expect an increasingly personalized experience." (Patel, 2018). While Airbnb may have 1 on 1 customer service, consumers are not face to face with the host at all times. Hotels constantly have employees helping. Giving employee training on how to handle tough situations and give exceptional service can help immensely. With good customer service comes good reviews. Making sure that the guest knows that the employees are there to help will give comfort to the customer. The last thing that hotels can do to is find ways to personalize and create experiences for customers. Higher-end hotels have a concierge that can guide the customer. However, concierges usually recommend the tourist spots. If hotels were to partner with local restaurants and companies, more people would be drawn to book with them. This would help give consumers a more local experience. To recap, loyalty programs, advertisement, customer service and create a personalized experience, are a few ways that the hotel sector can compete with Airbnb.

### 3. Environmental Impacts

### 3. 1 Energy Consumption

The next issue that the hotel sector faces is the consumption of energy. Hotels rank among the top 5 building sectors that consume the most energy in the world (Hes. unwto. org, 2018). In most hotels' energy is the second largest spending category, just behind employment salary (Vadam, 2018). With energy being so high on the list, hotels must look at what is raising the bill to be so large. Most energy in a hotel is consumed through heating, cooling, lighting, hot water and electricity. Heating is one of the highest consumptions, with an average of 60% consumption in a hotel, while lighting is at an average of 25% (Carbontrust. com, 2018). With those statistics, heating and lighting are the main concerns the hotel sector should be looking at. However, another concern that has continued to rise is the use of electricity. In a recent study researcher found that hotel electricity consumption increased from 25% to 30% within the past decade (Vadam, 2018). This is due to the changing lifestyles of consumers. 10 years ago, most travelers did not need to use much electricity, but now due to phones, laptops and other gadgets, electricity usage has raised. In fact, one guest takes an average of 5 connectable devices while going on a holiday (The Telegraph, 2018). With rising consumption of energy, hotels need to become more green-minded and start looking for new ways to save energy.

### 3. 2 Solutions

A few key things that needs to be mentioned is that changes to reduce energy consumption is expensive. However, as many hotel managers who

have made the change can attest, it will pay off in the long run (Deraman et al., 2018). Another key thing hotels need to look at while making changes is that while many consumers want a green hotel, they are not willing to give up their tech-friendly life (The Telegraph, 2018). With that being said, here are a few solutions. As mentioned in the paragraph before, some areas that the hotel sector needs to focus on is heating, lighting and electricity. To focus on the heating solution, many hotels are seeing success with getting solar panels. Other hotels have been turning their heating off during parts of the day. Or to rooms and areas that are not being used. Finding specific times and places to turn off the heating systems can save a good amount of energy. Now to the solution for lighting. Many hotels have already changed to LED lights, reducing the amount of energy consumed by a lot. But there is still more that can be done. An option that hotels have turned to is turning lights on a timer, making it so the lights can only be used during parts of the day. Including the natural light into the hotel and turning the lights off in the afternoon is a cheap solution to help with lighting. Other hotels have turned their lights into motion sensors, making it so lights are only used when people are using them. The next solution for hotels is the use of electricity. Some hotels have been experimenting with solar charging stations in the lobby. They have seen it work, but charging tends to take time, and costumers do not want to wait. A cheap solution to this, is to ask costumers to not charge their devices longer then necessary, like overnight. Many of these things can be done in the hotel sector, and it can have a very good impact on the hotel. But one major point to go along with it, is to educate the employees on being green. A hotel can implement all of the following, but if

an employee is not on the same page, it is useless. Employees are the front line in implementing green solutions, so their training in green practices must be a top priority. Once steps are taken to become more green, hotels should promote their green techniques. Another marketing technique mentioned by Kolter is physical evidence. Showing that a hotel is green makes consumers want to go to. Promoting a hotel that has green services and facilities but can still maintain luxury, draw consumers to book there (Kolter, 2014). Taking a few of these steps can help reduce the amount of energy used in the hotels, thus helping the environment.

#### 4. Conclusion

The hotel sector is a major player in the tourism industry and will constantly have problems they need to overcome. Currently, they face the problems of competitors, such as Airbnb, and the amount of energy consumed. By taking steps such as creating an exceptional personalized service, and spending the money to become more sustainable, the hotel industry can flourish. While it may take time, any step taken can help the hotel industry continue to be a key player in the tourism industry.

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