**Case Study Report: Airbnb and Contemporary Tourism Issues**

Module Title: *Tourism Contemporary Issues*

Module Code: *BTM5TCI*

Module Leader:

Deputy Module Leader:

Your Full Name

You're Student ID

Contents

## 1. Introduction

Airbnb or Air Bed and Breakfast is a room-renting company, founded in 2008 by Brian Chesky, Joe Gebbia, and Nathan Blecharczyk, based in San Francisco. It has prima facie transformed the nature of the hospitality industry by establishing peer-to-peer models between hosts (who provide unique accommodations) and travellers who enjoy travelling around the globe. It started with air beds, thus developing overnight rentals initially and growing towards becoming a global phenomenon with millions of listings spread across 220 countries and regions. Its revolutionary idea challenges existing hotels and creates a new perception of travel (Oskam, 2020).

The report aims to analyse modern-day issues in tourism with Airbnb as the focal point. It will look into how Airbnb adapts to growing shifts in customer trends, adapts to industry challenges, and impacts the communities in which it operates. This report includes an analysis of significant contemporary issues involving Airbnb, the changes in trends evident in customers and how they shape the offerings made by Airbnb, an assessment of economic, social and environmental effects of such on host communities, and recommendations for sustainable strategies for dealing with emerging challenges (Andreu et al., 2020). Airbnb has a profound impact on modern tourism. In addition to alternative accommodations and personal travel experience, it has challenged the conservative hospitality industry leaving other issues of concern inescapable, like absorbed into sustainability and governance while causing a shift in consumer demands within the global tourism landscape.

## 2. Contemporary Issues Affecting Airbnb

Airbnb has completely changed the tourism industry around the world by providing unique, affordable options for the public. Such alternative solutions are faced with challenges on different fronts. Therefore, the present section discusses the regulatory, social, and environmental concerns plaguing Airbnb in trying to tie these with theoretical models that shall make sense of it all.

### 2.1 Regulatory and Legal Challenges

Airbnb has generated heated discussions on its conformity with local laws and regulations. Cities face a challenge in the regulation of short-term rentals as a result of their newness and disruptive qualities. The major areas of concern are zoning laws, taxation, and enforcing housing standards.

For example, there are very strict laws on short-term rentals in New York between tenants and landlords not to evade tenant protections. A host must be present if his tenant is to stay for less than 30 days, with a huge penalty for violations. It is similar in Paris, where a limit of 120 days is set for short-term rentals annually, to avoid any housing shortage for permanent residents (Huertas et al., 2021). The same, too, has happened in Barcelona, which does not give out new licenses for short-term rentals because of serious issues concerning the housing crisis.

Governance models established in tourism offer a theoretical understanding of the dynamic relationships at play. Such models emphasize the need for collaboration between stakeholder groups-government, business, and residents ensuring balanced and effective development implementation of these policies (Richards, Brown, and Dilettuso, 2020). However, such an ability to bargain with policymakers differs greatly from one region to the other, which also says a lot about governance in a globalized market.

## 2.2 Impact of Over-Tourism

Airbnb has been one of the main contributors to over-tourism in some beautiful destinations like Venice, Kyoto, and Amsterdam. This is an influx of tourists into an area most often used as a destination for developing an overcrowded system, thereby decreasing the quality of life for its residents. Over-tourism results in overcrowded city centres, traffic jams, and environmental degradation. Added to urban gentrification, where housing becomes unaffordable to rent for long-term tenants, has increased property prices and rents of short-term rentals, forcing local tenants to leave their homes (Kadi, Plank, and Seidl, 2022). Barcelona's Gothic Quarter, for example, is now mostly abandoned after population outflow boosted by such incentives created by landlords in favour of short-term rentals over traditional ones. Resultantly, it ends the community breaking up even beyond the socio-economic disintegration.

By using Butler's Tourism Area Life Cycle (TALC) framework, one is able to understand the impacts that these have. As a result, their development phase is now followed by stagnation because of what you mentioned: saturating markets and overloading infrastructure through Airbnb. Decline would be inevitable without intervention, which leads to a negative sentiment from the community and subsequently reduced journeys as a result.

## 2.3 Ethical and Social Issues

The current expansion of Airbnb brings many ethical concerns, especially with respect to community resistance and housing affordability. Transient guests can affect the neighbourhood dynamics in the following ways: noise, security, and loss of local identity. In the opinion of an ordinary resident, Airbnb is catering more to tourist needs than to those of the other communities (Caldicott et al., 2020).In addition, the housing relocation damage caused by this source of over-rented short-term rental units from previously long-term rentals has increased by the number of units that landlords keep converting to make them short-term accommodations. Rather than having housing available for residents, landlords create increased demand for spaces, which causes rental prices to rise. For instance, researchers in Los Angeles have proven that there is a positive relationship between the density of air beds within a city and high rents within that city, especially in low-income neighbourhoods (Hassanli, Small, and Darcy, 2022).Such issues make Airbnb's claims of providing a sense of community rather contradictory. These claim that, at times, the operations of the platform are not in sync with its avowed values, which bring forth ethics-related issues necessitating strong policy response and corporate accountability.

## 2.4 Environmental Sustainability

Airbnb is a greener and alternative place than a traditional hotel one. That being said, the sustainability need of Airbnb is definitely questionable. Their short-term rentals don't get the same energy-efficient benefits as large hotel chains, such as centralized water heating or advanced waste management systems. Perhaps the only benefit that may lie with Airbnb is that it enables greater travel, thus increasing global carbon emissions (Stors, 2022).There can be times when an Airbnb is just as resource inefficient as independent standalone property guests consume more energy per guest than with hotels that can benefit from economies of scale. Even, it has possible facilitation through the Airbnb platform for hosts to adopt environmentally friendly practices, such as renewable energy usage or recycling.

The Triple Bottom Line (TBL) Framework is a holistic view of Airbnb's sustainability. TBL states the need to balance all areas of economics, social, and environmental perspectives. Economically, Airbnb pushes the local economy by empowering small hosts socially (Petruzzi et al., 2020). But

on the other side, it is heavily criticized with respect to affordability and community dynamics in the houses. Environmentally, it throws up many more contributions from emissions and resource inefficiencies that need improvement.

**Conclusion of Contemporary Issues**

Airbnb is an innovative and disruptive company that faces regulatory, social, and environmental challenges. The report will assess the practices adopted by Airbnb and recommend ways for the company to achieve its growth in a sustainable manner within the community by referring to well-established governance frameworks, the TALC model, and the TBL approach. The next section of this report will analyze customer trends, measure the community impacts, and recommend an actionable pathway for a more sustainable future.

## 3. Customer Trends and Their Influence on Airbnb

The transformation that was witnessed in the travel industry is a result of the changing market patterns due to age distinctions among the travellers, increasing willingness to demand sustainable products, modern technology, and social phenomenon by peer-to-peer platforms. Airbnb will work around these trends quite often, influencing the offerings and the community itself.

### 3.1 Changing Demography of Travelers

The millennial and the newest generation-the 'Z'-are dominating all consumer bases in travel. The two generations have set standards of expectations and preferences that differ from previous generations. Unlike earlier generations, they value experiences rather than luxury-they seek their authenticity in unique experiences with different cultures and localities (Kunwar, 2020). This, however, is something that the millennial traveller appears to want in some personalized story-a story that may make Airbnb's wide portfolio of properties more preferred:

• **Millennials:** Termed as the "Experience Generation" by researchers, they love experiences and accommodation that enhances a tie to place. Airbnb's unique stays: treehouses, yurts, and homes with authentic historical backgrounds feed into this.

• **Gen Z:** The social media merchants-they value experiences in which pictures and videos can become viral. The impressive listings of Airbnb, along with the simple navigation, offer a user with ease in booking and that time-capsule moment (Hoffman and Heisler, 2020).

Changing demographics is the greatest evidence of relevance that shows Airbnb in travel today. What it does have as a challenge is a balance between maintaining an authentic image and internationalization: a tension that can greatly affect its community-driven culture.

### 3.2 Demand for Sustainable Tourism

In the world of consumers, awareness regarding the environmental impacts and aspects of travel is at a major high, with sustainability critical such that it influences people's travel decisions. Travellers can no longer be satisfied with places to stay but rather have demands ranging from ecologically friendly hospitality, reduction in energy consumption, waste management, and local economy-wide support.

Airbnb has therefore come up with the following green initiatives:

• Sustainable Stays: Encouraging hosts to adopt eco-friendly practices such as solar power, water saving, and waste recycling.

• Partnerships: Working hand in hand with organizations to promote carbon-neutral and responsible travel (Hall et al., 2022).

• Green filters: Enabling users to search for environmentally conscious accommodations

Not all have agreed with these initiatives, business models provided by Airbnb will continue to heat up and further increase carbon emissions. To give one point, the damage that is done to the environment may even multiply as short-term rental arrangements in rural or ecologically sensitive areas are available widely. This indicates that to become more attuned to the rhetoric that surrounds sustainable tourism, Airbnb needs to have strict guidelines and a wide-ranging housing advocacy about host education.

### 3.3 Technological Trends and Digitalization

Technology has been the heart of Airbnb's success; indeed, it has effectively transformed how travellers search, book, and live in accommodations. With the outstanding application of

sophisticated digital tools, increased customer satisfaction and loyalty have been achieved (Quattrone et al., 2020).

• More User-friendly: Clean and neat. Every property listed on the website is beautifully photographed and intricately described; the end-user will also find reviews from users for all of these options.

• Personalization based on data: Thus, the best use of big data at Airbnb tells customers what the best recommendations would be, making sure the customer is more likely to be satisfied. The algorithm considers various past booking factors and user preferences and takes the trend in travel into account while suggesting listings to customers (Lee et al., 2020).

In addition, it leverages AI and machine learning to figure out the best pricing and availability for hosts while providing customized search experiences to users making up what has printed Airbnb as a leader in digital evolution for transforming the tourism sector. However, with advancing digitalization comes its problems. Data usage and the bias arising out of AI for recommendation are some of the areas that one needs to be very careful working with to instil trust in the users.

### 3.4 Community Impact

Airbnb's model thrives on its peer-to-peer contact with users generated through reviews and private conversations. This community has formed feelings of belonging, and hosts and guests are in line with the brand identity of Airbnb.

• **Positive Influence:** Reviews and ratings cultivate transparency and well-informed decision-making among users while ensuring that hosts are incentivized to keep high levels. Furthermore, it teaches about cultural exchange and building communities through local activities organized by Airbnb.

• **Challenges:** Critics of Airbnb contend, however, that it turns hospitality into a trade and thus subjects hosts and guests alike to exploitation: guests will sometimes get bad experiences, while hosts in economically disadvantaged areas feel compelled to offer below-market prices to remain in the competition (Agapitou et al., 2020).

That is the real challenge: balancing community building and exploitation. Several other initiatives that Airbnb is trying, such as the Host Advisory Board and community guidelines, will most likely address these tensions, as they emphasize safety, respect, and fairness.

**Conclusion of Customer Trends**

Modern tourism is being transformed by the gradually changing tastes of travellers, with Airbnb emerging as one of the foremost leaders who have answered this. It has been setting new standards for the sharing economy in responding to traveller needs for different kinds of experiences, sustainability, technological adoption, and community interaction. However, it would be important for Airbnb to address various challenges that these trends create, like authenticity, privacy, and fairness within the community, to keep its success. The next sections of the report will analyze the impacts of Airbnb on host communities and recommend ways out of contemporary problems.

**References**

Agapitou, C., Liana, A., Folinas, D. & Konstantoglou, A. (2020) 'Airbnb is customers' choice: Empirical findings from a survey', Sustainability, 12(15), pp. 6136.

Andreu, L., Bigne, E., Amaro, S. & Palomo, J. (2020) 'Airbnb research: an analysis in tourism and hospitality journals', *International Journal of Culture, Tourism and Hospitality Research*, 14(1), pp. 2-20.

Caldicott, R.W., von der Heidt, T., Scherrer, P., Muschter, S. & Canosa, A. (2020) 'Airbnb– exploring triple bottom line impacts on community', *International Journal of Culture, Tourism and Hospitality Research*, 14(2), pp. 205-223.

Hall, C.M., Prayag, G., Safonov, A., Coles, T., Gössling, S. & Naderi Koupaei, S. (2022) 'Airbnb and the sharing economy', *Current Issues in Tourism*, 25(19), pp. 3057-3067.

Hassanli, N., Small, J. & Darcy, S. (2022) 'The representation of Airbnb in newspapers: a critical discourse analysis', *Current Issues in Tourism*, 25(19), pp. 3186-3198.

Hoffman, L.M. & Heisler, B.S. (2020) *Airbnb, short-term rentals and the future of housing*, Routledge.

Huertas, A., Ferrer-Rosell, B., Marine-Roig, E. & Cristobal-Fransi, E. (2021) 'Treatment of the Airbnb controversy by the press', *International Journal of Hospitality Management*, 95, p. 102762.

Kadi, J., Plank, L. & Seidl, R. (2022) 'Airbnb as a tool for inclusive tourism?', *Tourism Geographies*, 24(4-5), pp. 669-691.

Kunwar, R.R. (2020) 'Airbnb: Understanding the concept, recognizing the values', *Journal of Tourism and Hospitality Education*, 10, pp. 132-169.

Lee, C.K.H., Tse, Y.K., Zhang, M. & Ma, J. (2020) 'Analysing online reviews to investigate customer behaviour in the sharing economy: The case of Airbnb', *Information Technology & People*, 33(3), pp. 945-961.

Oskam, J.A. (2020) 'Commodification of the 'local' in urban tourism: The Airbnb contradiction', In *The overtourism debate*, Emerald Publishing Limited, pp. 151-170.

Petruzzi, M.A., Marques, G.S., do Carmo, M. & Correia, A. (2020) 'Airbnb and neighbourhoods: an exploratory study', *International Journal of Tourism Cities*, 6(1), pp. 72-89.

Quattrone, G., Nocera, A., Capra, L. & Quercia, D. (2020) 'Social Interactions or Business Transactions? What customer reviews disclose about Airbnb marketplace', In *Proceedings of The Web Conference 2020*, pp. 1526-1536.

Richards, S., Brown, L. & Dilettuso, A. (2020) 'The Airbnb phenomenon: The resident's perspective', *International Journal of Tourism Cities*, 6(1), pp. 8-26.

Stors, N. (2022) 'Constructing new urban tourism space through Airbnb', *Tourism Geographies*, 24(4-5), pp. 692-715.