



Hello HFTP Dubai Chapter members,

The Dubai HFTP Research and Innovation Center at the Emirates Academy of Hospitality Management has decided to briefly discuss two relevant topics: Airbnb and its influence on OTAs and Blockchain's influence on the hospitality industry. The HFTP Research and Innovation Center hopes this sparks conversation amongst HFTP Dubai Chapter members.

## OTAs vs. Airbnb

*By Dyno Duque, Research Scholar*

The sharing economy has witnessed a significant growth in recent years, enhanced by the development of information and communication technologies (ICTs). Airbnb's contribution to the travel and tourism industry has helped shape and evolve the industry, particularly in the way the internet is now represented as a new communication method and a powerful distribution channel (Amaro, Andreu and Huang, 2018). ICTs have enabled the so-called Collaborative Consumption, or peer-to-peer (P2P) services to emerge in the industry. This is a peer-to-peer-based activity of obtaining, giving, or sharing access to goods and services, coordinated through community-based online services. Airbnb has taken full advantage of this and have been making giant strides in capturing market demand in a global scale from other hospitality related companies (Amaro, Andreu and Huang, 2018). Their product offerings, due to the structure of their business has allowed for the brand to represent over 4 million listings worldwide (Airbnb, 2018). Airbnb, considered to be an online community market place for people to list,

discover, and book unique accommodations around the world, has grown to a ridiculous size and scope. The company has hosted over 200 million guests in more than 65,000 cities and has generated over 80 million bookings in 2015. These figures represent over 100% growth rate from the previous year (Airbnb, 2018).

Airbnb's unique selling point has allowed for rapid growth for the company, translating in larger revenue growth over the years, but this is not the only strength the company is cultivating. Over the past year, Airbnb has started to encroach the online "rooms booking" sector of the industry (STR Inc., 2018). Airbnb's new business expansion is the "Trips" feature, which offers guests guided tours or "other adventures" for unique experiences in the cities they visit with the possibility of including flights as a future service. This new service offering can drastically influence Online Travel Agencies' current business. It's an interesting thought that OTAs can feel the effects of a disruptor while they themselves are both a disruptor of the hotel industry as well as dependent upon it for business (STR Inc., 2018).



Small business owners have complained that OTAs charge up to 30% in fees and because of this Airbnb wants to offer lower prices to these small business owners, targeting boutique hotels in particular. By offering this to small business owners, Airbnb can essentially disrupt OTAs' current influence on small business owners. If Airbnb continues on their current trajectory, they may be able to replicate this sort

of success on a larger scale, target conventional hospitality companies such as large multinational hotel companies, and provide them with a new platform to sell their rooms to at a fraction of the costs related to OTAs.

Hotel companies should try to take advantage of a possible battle between online travel agencies and the ever expanding scope of the sharing economy.

## Is Block-Chain Going to Revolutionize the Hospitality Industry?

*By Giuliana Giardina, Research Scholar*

In the past few years, the trend of using cryptocurrency has been rapidly developing (Sheivachman, 2018). This is one of the most fascinating recent IT discoveries; however, its value for the hospitality industry lies in the technology behind it rather than the currency itself: Block-chain. This new technology has been a hot topic of discussion within the hospitality industry and, according to a study conducted by Skift, it is listed as one of the discoveries that will change the travel industry, just behind AI (Sheivachman, 2018).

Indeed, the development of block-chain technology has opened the door to opportunities within the industry. Professionals from the sector have discussed the potential use of block-chain in travel and tourism. Some argue that it can help develop better loyalty programs. Others identify the value of the technology in its ability to track and authenticate transactions, potentially moderating security concerns within the sector. Some industry professionals even argue that this technology could potentially reduce hotels'

dependence on OTAs, certainly a major concern amongst hotel management companies (Bartnick, 2018; Creasy, 2018).

However, despite the growing interest in this new technology, it has yet to find its way to realistically change the hospitality industry. In fact, the issues related to its limited scalability have been discussed over the past few years, but no solution has been provided so far to overcome this challenge (Thellmann, 2018).

Undoubtedly, the topic is of great interest among hoteliers and, particularly, young hospitality professionals looking into the changes the future will bring to the sector. If implemented, the block-chain technology could result in an industry evolution affecting everyone, from hoteliers to OTAs to new employees, who will be forced to develop an entirely new set of skills. Is the scalability limitation of block-chain going to prevent this new technology from impacting hospitality, or is block-chain going to become a new disruptor? Only time will tell us.



## List of References

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