Disruptive innovation: Impact on traditional accommodation businesses

[Author Name(s), First M. Last, Omit Titles and Degrees]

[Institutional Affiliation(s)]

Author Note

[Include any grant/funding information and a complete correspondence address.]

 Disruptive innovation: Impact on traditional accommodation businesses

# Introduction

Recent trends in the hotel industry are having long term impacts because of AirBnB. It has been playing a role of disrupter for the traditional hotel industry. The latest expanding development using sustainable ways in tourism sector is contributing to the economies (Geron, 2013). Contributing in terms of attracting international tourists and generating money with online marketing. Airbnb has been contributing to the economies of communities from different corners of the world. Airbnb is facilitating people through online marketing and virtual marketing strategies and opportunities where trust is to be built between hosts and guests (Guttentag, 2015). In this era of advancement and technology, every industry has to adopt such trends to develop sustainably.

This is an era of internet and modern technology, everyone is rushing towards the usage of the internet. Advancements in internet services have made life easier and it has provided advanced facilities. Internet is leaving an effective and stronger impact on the tourism sectors like accommodation services and bookings. The long term strategic planning for AirBnB is important otherwise it would not be able to make it for a longer period in the existing period. The traditional industry which provides taxi services, tour operators and hotels. Over these few decades, the definition of travelling has been changed, travelling would mean staying at hotels and resort and getting accommodated in a traditional way (Fissha & Shrestha, 2017).

One cannot deny the growth of Airbnb and its latest technologies in the business community. They have developed very speedily. But there are some jurisdictions and illegal services they provide to the customers. Airbnb is not collecting the accommodation taxes, on the other hand, traditional industries are charging their customers accommodation taxes which are to be considered as the tourism promotion taxes. Additionally, Airbnb has been involved in finance lobbying efforts, and they are attending the hearings for their cases (Mesh, 2014). If these unethical means of business would continue AirBnB would not be able to continue for a longer period. On the other side, the traditional industry has to improve its services like accommodation facilities, customer services and the environment. Traditional industry has to make proper strategies.

 Strategy means taking such actions and decisions in any organization, group or by any individual which will take you to destiny and a theme. Proper strategic planning is important because a company has to invest and utilize too many resources in planning and implementation. For planning a strategy whole organization has to be involved, guidelines are to be given by top management to the workers and the stable environment while planning a strategy is important (Grant, 2005). The strategies which are needed to be adopted by hotel management are:

Strategies within an organization are important, an environment favouring the strategic planning has to be improved. The external environment of a firm is important and there must be an effective screening system of the environment and the challenges and problems being identified should be handled properly. The organizations have tackled the problems and effectively solve them because it is the organizational analysis quality which attracts the customers to avail the services of the hostel industry. If not tackled properly it will be considered as poor quality services and environment provided by the hotel management. Travelers and tourist prefer to live in such environments where there are attraction, peace and better facilities (Hennessey, 2014). Environment including workers behaviours, hotel management, services and an attractive destination has to be improved to compete in the environment and with other competitors. The traditional industry has to bring innovations and attractive trends in their services. The services could be fixed taxi services which are to be provided by the hotels, not by random drivers, they have to improve the quality of their services. Better facilities such as improved customer services and unique and attractive destinations would be considered in a good environment and they can be the reason for more customer attraction.

Globalization increasing day by day and it cannot be stopped. Globalization in the hotel industry means, bringing innovations, facilities and customer service. Globalization in the industry is one of the reasons for the increase in the hotel industry. Advancement in technology, communication, transportation system, political barrier elimination, changes in society and culture and development in the economy has increased the globalization, especially in the hospitality and hotel industry. The hospitality management in hotel industry needs a focus because any disturbances in hostel hospitality can be negative. If there will be a repetition of negative feedbacks it would be meant as no improvement. Customer feedback plays an important role in future experiences and improving the quality of services.

The traditional hotel industry has to bring changes in time-based competition. It can be meant as agility. Any organization or any firm cannot show too much rigidity towards change and competition, it has to compete and keep on changing the policies and strategies. Agility can be understood in different ways, as explained by Stalk & Hout (1990) agility is the changes in innovation based on quick responses and competition. Another explanation by Kidd (1994), is that agility is the introduction in the components of the business. The hotel industry has to be flexible for the organizations, people and manufacturing or other elements of business working for a common aim and goal. Agility in short terms is defined as flexibility (Christopher & Towil, 2001). To survive and to compete in the market, an organization or a firm has to welcome changes in innovation and business competition methods. Bringing new technologies, developing core competencies and positive responses towards sudden changes and uncertainties are the responsibility of strategic planning in an organization. New changes can boost the growth which will contribute to the economies.

### Recommendations

To survive in the market, hotel industries need to work on the efficiency, supply of quality services and products and these are important. There has to be a strong relation and cooperation between industries and customers. Quality services are the demand and right of customers. Efficiency in hotel services would mean that hotels are providing and facilitating the customers on time. Supply chain in the industries has become an integral part and it is the way to focus and manage core competencies and expand services and industrial activities (Christopher & Towill, 2001). Outsourcing in any industry is important and it has more responsibility for delivering the services and products to customers and other companies. This can result in developed networks all over the hotel industry. Traditional hotel industries need to improve outsourcing and improve the service facilitation to compete in the globalized market and other companies like Airbnb.

New technology can help in improving customer relationships globally and it could promote globalization in the market. Being conservative regarding innovation and technology can be a hindrance in the development of the hostel industry and it would not help grow the industry. Customer relation in various and new ways could help promote the services and work environment of the industry. A proper strategy for new development in the traditional industry including all of the workers in the industry is an important consideration. Adding to this the accommodation facilities need to be improved because no one would prefer to pay outdated products and brands.

Affiliations with the new business communities can help learn new competitive ideas and advancements in the industry and this will welcome other competitors to get affiliated for a common goal. This can also enhance the approaches based on consumers to analyze the behaviour of consumers and future strategies. Expansions in the industry by bringing more partners and customers can improve future relations and stability of the industry. Such activities help in the marketing of services in the market and attract people. Proper strategic planning in the hotel industry can improve hospitality management. The hotel industry has to show flexibility toward other industrial companies to promote their services and to achieve common goals of all partners.

Control over prices is important because higher prices will not attract the customers for bookings. Price is an important component to define the performance of the hotel establishment and price is the first thing which customers look at in the very beginning. The hotel industry is known for good quality and it is their flexibility in their prices and its prices can be a good tool for hotels to manipulate the customers. By slowing down the hotel bookings hotels can increase their prices which will benefit them to avoid those customers who are temporary. This is a way to keep the pace of loyal customers who are beneficial for long run business. Improved strategies to keep customers for the long term should be made by involving all of the people working in the industry. Accepting new trends would not challenge the traditional trends in the hotel sector, historical trends and services can be presented in an advanced way utilizing the sources which are efficient to promote the traditional hotel industry.

References

Christopher, M. and Towill, D. (2001) ‘An integrated model for the design of agile supply chains’, *International Journal of Physical Distribution and Logistics Management*, Vol. 31, No. 4, pp.235–246.

Hennessey, S. (2014, August 29). An inside view of Airbnb in New York City. *Hotel News Now.* Retrieved from http://www.hotelnewsnow.com/Article/14342/An-inside-view-of Airbnb in-New-York-City.

Grant, R. M. (2016). *Contemporary strategy analysis: Text and cases edition*. John Wiley Sons.

Geron, T. (2013). Airbnb and the unstoppable rise of the sharing economy. *Forbes*, *11*(Feb).

Guttentag, D. (2015). Airbnb: disruptive innovation and the rise of an informal tourism accommodation sector. *Current issues in Tourism*, *18*(12), 1192-1217.

Kidd, P. (1994) *Agile Manufacturing, Forging New Frontiers, Cornwall*, Addison-Wesley Publishers, Ltd.

Mesh, A. (2014, November 11). Airbnb has spent $47,000 lobbying Portland City Hall. *Willamette Wee*k. Retrieved from http://www.wweek.com/portland/blog-32447- airbnb\_has\_spent\_$.html.

Shrestha, A., & Fissha, H. (2017). Impact of Airbnb on Hotel Industry in Helsinki.

Stalk, Jr., G. and Hout, T.M. (1990) *Competing Against Time: How Time-Based Competition is Re-Shaping Global Markets*, New York: Free Press.