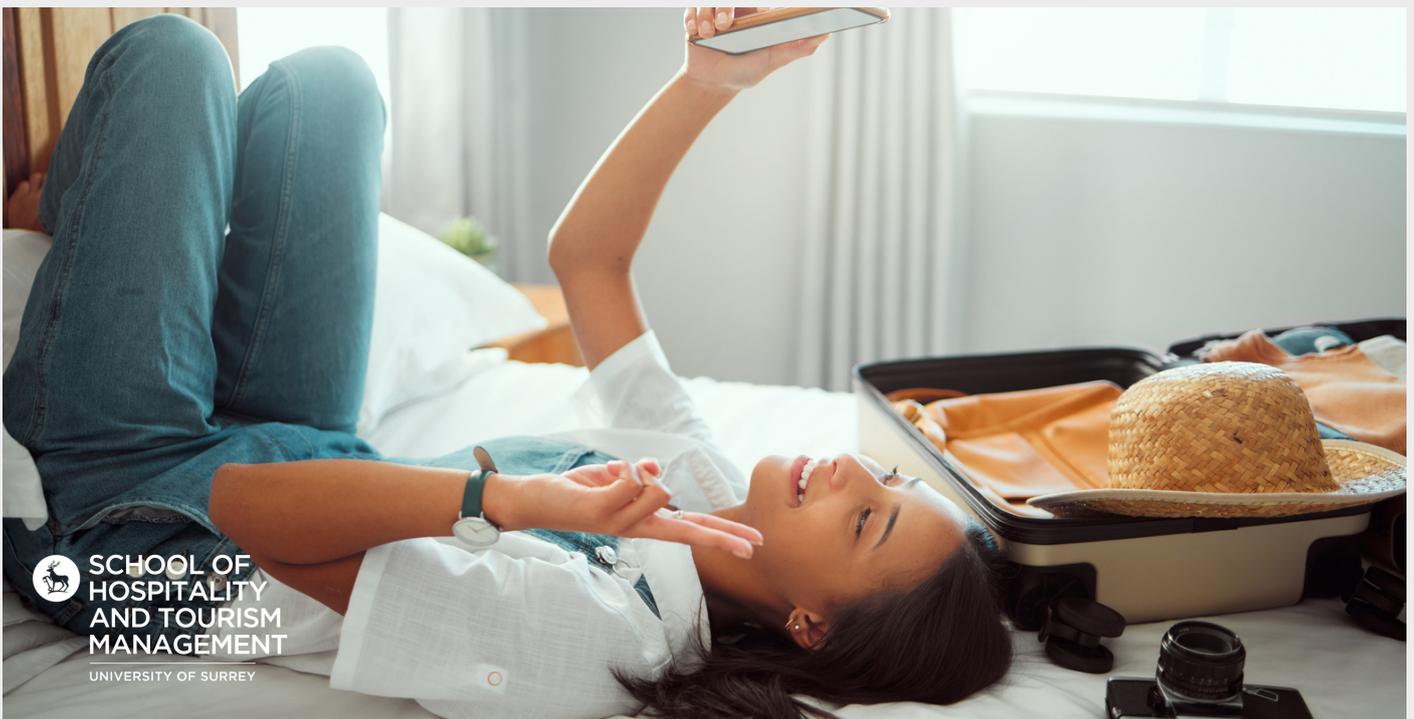


ACADEMIC WEEKLY DIGEST

YOUR WEEKLY DIGEST OF KEY RESEARCH FINDINGS



 SCHOOL OF
HOSPITALITY
AND TOURISM
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UNIVERSITY OF SURREY

QUANTIFYING THE RIPPLE:

Behavioural Economics Unveils the Substitution Dynamics Between Sharing Accommodation and Hotels

This study done by [Gabrielle Lin](#), [Jason Chen](#) & [Gang Li](#) explores the competition dynamics between sharing accommodation and hotels and illuminates the complex substitutive relationships at play.

It offers fresh insights into demand influenced by travel companionship and customer groups. Delving into the elasticity of demand across different hotel categories, the research unveils strategic implications for hoteliers and sharing accommodation platforms.



SUBSTITUTION BETWEEN SHARING ACCOMMODATION AND HOTELS: A BEHAVIOURAL ECONOMIC DEMAND CURVE ANALYSIS

Gabrielle Lin, Dr Jason Chen & Prof Gang Li

In the study, researchers examined how sharing accommodation and various hotel categories (economy, midscale, upscale) substitute for each other from the perspective of demand curves. Utilising behavioural economic demand models, the study constructed own-price and cross-price demand curves for hotels and sharing accommodation to quantify their substitutive relationship. Key findings include:

1. The entry of sharing accommodation into the market makes hotel demand curves more elastic.
2. Sharing accommodation is a substitute for hotels, but the degree of substitution varies across different hotel categories. Economy hotels are most affected, followed by midscale and upscale hotels.
3. An asymmetric substitutive relationship exists between sharing accommodation and hotels.

While sharing accommodation is most substitutable for economy hotels, midscale hotels are the strongest substitutes for sharing accommodation.

4. The presence of travel companions significantly affects the substitutive relationship, with sharing accommodations becoming more attractive for travellers in groups than solo travellers.

5. The substitutive relationship and the influence of travel companions also vary across customer groups, with differences observed based on gender, age, income, and customer preferences.

The study effectively describes the substitutive dynamics between sharing accommodation and hotels and highlights the need for managers to develop targeted strategies to compete effectively in the evolving lodging market landscape.

There is an asymmetric substitutive relationship between sharing accommodation and hotels that varies across different customer groups and travel companionships

Lin, G., Chen, J. L., Li, G., & Song, H. (2024). Substitution between sharing accommodation and hotels: A behavioral economic demand curve analysis. *Annals of Tourism Research*.

Link: bit.ly/3PnPxOu