Influence of Emerging Peer To Peer Accommodation on Budget Hotels Competitiveness in Nairobi City County, Kenya

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Abstract

There has been a rivalry between Airbnb and the hotel industry across the world, which has mostly been on media fronts. The competitive front in the hotel industry has changed after the emergence of P2P accommodation rentals and they have been criticized for providing unfair competition to the conventional businesses, reducing job security, avoid taxes and pose a threat to safety, health and disability compliance standards. The study examined the influence of emerging peer to peer accommodation on budget hotel competitiveness in Nairobi City County in Kenya. The specific objectives that guided the study were to identify the customer profile of P2P accommodation and Budget Hotel customers, establish the extent to which customer needs for P2P accommodation and Budget Hotels influence choice of accommodation in Nairobi County, determine the extent to which customer motivation for P2P accommodation and Budget hotels influence choice of accommodation hotels in Nairobi County, estimate the extent to which customer segmentation for P2P accommodation and Budget hotels influence choice of accommodation hotels in Nairobi County and to compare the choice of accommodation factors in Budget hotels and P2P accommodation in Nairobi county. The study was based on Michael Porter's five forces framework for analyzing the industry's competitive environment and Clayton Christensen's theory of disruptive innovation. The research design that was adopted by this study was the cross-sectional survey design. The targeted population of the study consisted of all the users of Airbnb, all customers of budget hotels, the owners of Airbnb listed properties and the managers of budget hotels in Nairobi County. The data was analyzed using measures of central tendencies, correlation and content analysis and the chi-square test was applied on tests for significance. The study concluded that the majority of the customers in budget hotels were married and the majorities in Airbnb were not married since the married. Also, the study found that a minority of the customers in budget hotels was single and the majorities in Airbnb were single. Likewise, the study concluded there existed an association between customer needs and the choice of accommodation in both budget hotels and Airbnb. The study also concluded that there existed an association between customer motivations and choice of accommodation in both

the budget hotels and Airbnb. Moreover, the study concluded there was an association between customer segmentation and choice of accommodation. The study recommended that Regulators of Hospitality and Tourism in Kenya ought to create a model to classify and evaluate the properties offered by P2P accommodation platforms, similar to star rating categories for hotels. The study also recommended that P2P accommodation needs to have a proper taxation scheme based on data obtained from Airbnb to make the industry healthy and promote open entrepreneurship. Further, the study recommended that Local communities should be involved in hotel activities to create authentic and unique experiences for guests.

Keyword: *P2P accommodation, Budget Hotel customers, competitiveness, Nairobi County, Kenya*

1.0 Introduction
1.1 Background of the Study
The hotel industry is a very competitive business in which customers place great emphasis on reliability and timely service delivery (Victorino, Verma & Plaschka, 2015). The vision of all such enterprises is to provide quality high class services to customers to successfully thrive and achieve their mission. The management within the hotels can establish high-performance by establishing lasting relationships with customers (James, 2011). According to Thuo (2018), hotels ranked highly for sustained excellence in terms of provision of superior services and financial performances have focused on quality performance and meeting customer needs and other stakeholders. Successful companies have quality plans characterized by high-quality goals and specific methods for implementation.

Competitiveness refers to the ability of the organizations to create products and services that customers will value more than similar products offered by competitors (Tussyadiah, 2016). Etinger and Cingula (2015) established that competitive advantage gives companies a temporary advantage as competitors seek ways of duplicating the company's market offering. For a company to gain and maintain competitive advantage it must continually defeat Porter's five competitive forces, notably: rivalry of competitors within the industry, threat of new entrants into an industry and the market, threats posed to market share by substitute products, bargaining power of customers and the bargaining power of suppliers (Gakenia, 2015). As the world economy moves towards greater integration, opportunities for actors in the tourism and hospitality industry lie in their ability to participate in the global marketplace while sustainably increasing the competitiveness (Yego, 2015).

Peer to peer platforms is networked businesses that offer user-generated solutions to buyers and sellers of hospitality and tourism products (Benoit, Baker, Bolton, Gruber & Kandampully, 2017). Consumers get to gain temporal ownership of assets or services on an individual need basis through online platforms (Proserpio & Byers, 2016). While being considered a trending phenomenon, the Peer economy is nothing new. Pesonen and Tussyadiah (2017) reported that to determine whether peer-to-peer lodging platforms are competitive or complementary to the traditional lodging industry, it is essential to recognize the different accommodation segments within the hotels. The internet has made it easier to create platforms through which providers and users interact freely from one corner to another without necessarily moving (Bocker &Meelen, 2016). Peer economy models in hospitality and tourism were built with the altruistic motive of sharing experiences rather than for profit, for instance, the Couchsurfing.com phenomena

(Oskam & Bowsswijk, 2016; Erving, 2014). Welsum (2016) argues, however, that nowadays, they have become "platform capitalism" by reaping huge profits from the technologies but still enabling micro-entrepreneurs.

Travel and Tourism industry is one of the largest industries in the world, contributing $7.2 trillion to the world GDP in 2015, representing 9.8% of global GDP (World Travel & Tourism Council, 2016). The Travel and Tourism industry supported 284 million in 2015, or 1 in 11 jobs in the world (World Travel & Tourism Council, 2016). The lodging industry segment within the Travel and Tourism industry is the focus of the study. The lodging industry consists of companies that provide traveler accommodations, including hotels, motels, resorts, casino hotels, and Bed-and-Breakfast Inns (First Research, 2015). In 2014, the global lodging industry grew by 4% and generated $678.6 billion in revenue (MarketLine, 2015). The global number of hotels and motels increased with a compound annual growth rate (CAGR) of 0.5% between 2010 and 2014, to reach a total of 444,244 establishments in 2014 (MarketLine, 2015a). The performance of the industry is forecasted to accelerate with an anticipated CAGR of 5.6% for the five-year period 2014-2019, which is expected to drive the industry to a value of $888.7 billion by the end of 2019 (MarketLine, 2015).

According to Lieberman (2017), the commercialized models include companies that enhance access to hospitality services of lodging and dining, permitting individuals to participate in arenas for hotel corporations. Sharing based businesses mostly began in Europe and America, with the two regions still with the highest concentration. Airbnb has been named as the most prominent P2P accommodation company that has disrupted the hospitality sector (Airbnb, 2017). Airbnb was started in 2008 as a collaborative consumption company when two designers, who were struggling to pay rent for their apartment, put up an air mattress in their living room and rented it out for $80, giving their guests a promise of a home-cooked breakfast and started with three guests who were coincidentally looking for a place to stay (Kandampuly, 2017).

In the hotel and hospitality industry, adoption of the technology is significant in facilitating data processing, information sharing, communication, and searching and selecting from a range of products offered by different hotels in the World (Mesko & Zatlka, 2016). ICT provides a broad spectrum of solutions influencing the increased efficiency level of the business process (Januszewska, Nawrocka, & Jeremen, 2015). The adoption of the modern technology can lead to dramatic changes in much functionality of existing businesses, including the creation of new business models, business opportunities and new methods of business processing; thereby creating alternative techniques for communication in sales, marketing and customer support (Gilaninia, Balaei, & Niyari, 2013). Obonyo, Kambona and Okeyo (2016) observed how ICT was changing how hotels were conducting their business in the global tourism market, noting that stiff competition has forced hotels to adopt ICT solutions to improve business operations. The rapid advancement of ICTs has caused sharing economy platforms to increase their presence in Africa (Welsum, 2016). According to Vries (2016) guest stays through Airbnb in Africa increased by 145% and the number of Africans using Airbnb in other regions of the world increased by 139% (Kumar, 2016)

Kenya has 5900 active listings with $970 in earnings for the average host. The platform channeled 39500 inbound guests in 2016, which was a 143% growth (Airbnb, Africa Insight Report, 2017). According to Kumar (2016), about 60% of the listings are in Nairobi. However, Luedi (2017) notes that the sharing economy has only served to formalize a practice that has

always existed in Africa. According to Erving (2014), economies could enjoy many benefits from the sharing economy by combining the ideas of collaborative consumption and profit-making motives. Regulators should establish frameworks for accommodating new platforms to enjoy the benefits of the sharing economy. The dominant firms of the sharing economy, however, have made it hard for regulators to develop such frameworks because they possess essential information about the market and their users, which they do not release to industry participants or regulators (Codagnone & Martens, 2016). According to Petropoulos (2017), the lack of clarity surrounding legal issues such as taxation and labor laws has sparked conflict over the benefits of P2P accommodation. A study was done by Boston University, however, shows that lower end hotels are significantly more impacted than higher-end hotels (Zervas & Byers, 2016). According to Zervas (2016), each 10% increase in supply on Airbnb causes 0.37% decreases in monthly hotel revenue. Moreover, Juul (2015) argues that despite the seemingly insignificant impact, the proliferation of the P2Paccommodation supply must be a phenomenon to watch out for hotels. Kandampully (2016) noted that it had taken Hilton hotels worldwide a period of 96 years to have 775,000 rooms in 104 countries. Airbnb, on the other hand, has connected 2,000,000 homes in 190 countries in less than a decade.

1.2 Statement of the Problem

According to Nguyen (2014), there has been a rivalry between Airbnb and the hotel industry across the world, which has mostly been on media fronts. The competitive front in the hotel industry has changed after the emergence of P2P accommodation rentals (Lehr, 2015) and they have been criticized for providing unfair competition to the conventional businesses, reducing job security, avoid taxes and pose a threat to safety, health and disability compliance standards(Juul, 2015). Hoteliers must take note of the sharing economy platforms and even adjust some of their products to reflect the unique and innovative ways of collaborative consumption (STR, 2017). This poses the need to be concerned about the trends and patterns of the sharing economy to diversify services and tap the market.

According to Michael Porter's Five Forces Analysis theory, businesses that provide products and services that satisfy a similar need, function and use are competitors (Porter, 2008). Various industry publications have argued on the extent of the competitive threat posed by Airbnb, and the need to include it in their strategy process (Swig et al., 2017). Scholars have also differed on its influence on the existing hotel industry (Guttentag, 2015; Guttentag, 2016; Kolar & Kovac, 2015; Lian, Joppe & Choi, 2017; Palgan, Zvolska & Mont, 2017; Zvolska &Mont, 2017). The Vision 2030 development blueprint (2007), envisioned Kenya as one of the top ten long haul destinations with unique experiences. It targeted five million tourists by 2012. The Economic Survey (2018), shows a trend of increased demand for accommodation since 2012. This demand for accommodation is competed for by conventional hotels and alternative accommodation. They seek a share of the same customer base, but on different demand criteria. This study aimed to assess the extent of Airbnb's influence as a competitive force for budget hotels in Nairobi by identifying the customer choice factors of accommodation.

1.3 .Research Objectives
  i. To identify the profile of P2P accommodation and Budget Hotel customers.
  ii. To establish the extent to which customer needs for P2P accommodation and Budget Hotels influence choice of accommodation in Nairobi County.
  iii. To determine the extent to which customer motivation for P2P accommodation and Budget hotels influence choice of accommodation hotels in Nairobi County.
  iv. To estimate the extent to which customer segmentation for P2P accommodation and Budget hotels influence choice of accommodation hotels in Nairobi County.
  v. To compare the choice of accommodation factors in Budget hotels and P2P accommodation in Nairobi county.

1.4 Research Hypothesis
  i. **H_{01}:** Customer profiles do not determine the choice of accommodation in Budget Hotel and P2P accommodation Nairobi City County.
  ii. **H_{02}:** Customer needs do not influence the choice of accommodation in Budget Hotel and P2P accommodation Nairobi City County.
  iii. **H_{03}:** Customer motivations do not influence the choice of accommodation in Budget Hotel and P2P accommodation Nairobi City County.
  iv. **H_{04}:** Customer segmentation does not influence the choice of accommodation in Budget Hotel and P2P accommodation Nairobi City County.

1.5 Conceptual Framework
Independent Variables
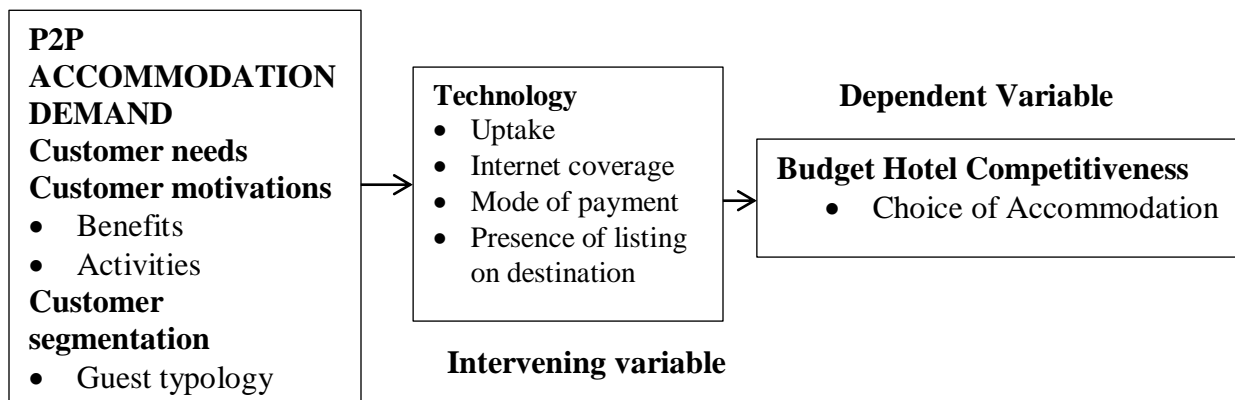
Figure 1: Conceptual framework

2.0 Literature Review

2.1 Theoretical Framework

The study was based on Michael Porter's five forces framework for analyzing the industry's competitive environment and Clayton Christensen's theory of disruptive innovation. Porter (2008) proposes that his framework should be applied at the Strategic Business Unit level, rather than the company level. In the elaboration of his theory, Porter starts from the following premises (Porter, 1990): - the nature of the competition and the sources of competitive advantage

are very different among industries and even among the segments of the same industry, and a particular country can influence the obtaining of the competitive advantage within an individual sector of industry; - the globalization of the competition and the appearance of the trans-national companies do not eliminate the influence of a particular country for getting the competitive advantage ; a country can offer different competitive advantages for a company, depending if it is an origin country or a host country; - the competitively has a dynamic character (Schumpeter); the innovations have a role of leading force in this permanent change and determine the companies to invest on order not to be eliminated from the market (Negriţoiu & Mişu, 2007).

The approach can be used to help firms to find a position in an industry from which it can best defend itself against competitive forces or influence them in its favour (Porter, 1980). This 'five-force' framework provides a systematic way of thinking about how competitive forces work at the industry level and how these forces determine the profitability of different industries and industry segments. The competitive forces framework also contains several underlying assumptions about the sources of competition and the nature of the strategy process. Available strategies are described in Porter (1980). Competitive strategies are often aimed at altering the firm's position in the industry vis-à- vis competitors and suppliers. Industry structure plays a central role in determining and limiting strategic action. Some industries or subsectors of industries become more 'attractive' because they have structural impediments to competitive forces (e.g., entry barriers) that allow firms better opportunities for creating sustainable competitive advantages.

Porters' theory is relevant to the study uniquely when identifying strategic positions for the firm to compete favourably. A firm can concentrate on particular strategies that will differentiate them from other competitors. This way, a firm can introduce certain practices that allow them to outperform their rivals in the market. For the case of hotels, individual units should do their forces analysis, rather than the chain or group of hotels carrying out an umbrella analysis. The substitute products facet of the framework is critical for this study since it proposes a review based on defining the substitute product, analyzing the relative price performance of the substitute, the switching costs that buyers incur on substituting and their propensity to substitute. The competitive threat of an alternative is, therefore, inclined towards studying the behaviour of customers to determine the relative ease and perceived benefits from using a substitute to the expense of the original product.

The disruptive innovation model is an innovation that creates a new market and value network and eventually disrupts an existing market and value network, displacing established market-leading firms, products and alliances (Christensen, 2015). The model shows how companies with few resources challenge established businesses, primarily because these established businesses focus on improving their services to the most profitable customers. By doing this, they ignore some of their customer segments while exceeding the expectations of others. The model shows that disruptive companies come in and target the ignored parts by providing functional services at a lower price (Brun, 2014). These entrants move into the market and deliver the performance that established market customers require, with success factors of low cost and high volume. By the time incumbents start adopting their strategies, disruption has taken place (Lane & Woodworth, 2017).

3.1 Research Methodology

This study was conducted through a cross sectional survey design. The target population consisted of all the users of Airbnb, all customers of budget hotels, the owners of Airbnb listed properties and the managers of budget hotels in Nairobi. The Sampling units for the study were one- and two-star hotels in Nairobi and Airbnb rentals in Nairobi. The sample size for the study was 384. Since the population was finite, the sample size was reduced to 192 for both accommodations, making the calculated sample size to be 384. To compensate for non-response, 10% of the calculated sample size was added making a total of 422 respondents for the study. This was divided into two categories to have 211 respondents for each accommodation.

4.0 Research Findings and Discussion

4.1 Customer Profile in P2P Accommodation and Budget Hotels

Table 1 presents the customer profile in peer to peer accommodation and budget hotels.

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Table 1: Customer Profile in P2P Accommodation and Budget Hotels

		BUDGET HOTELS n=183	%	AIRBNB n=181		
Status	Married	107	58.5	71	39.4	
	Single	71	39.0	104	57.6	
	Divorced/separated	2	1.0	4	2.0	P=0.026
	Widow	2	1.0	2	1.0	
	Widower	1	0.5	0	0	
Country of Origin	Kenya	79	42.9	69	37.9	
	USA	30	16.6	47	26.1	
	Tanzania	9	4.9	5	3.0	P= 0.013
	Uganda	15	8.3	15	8.4	
	South Africa	13	7.3	21	11.3	
	Rest of Africa	21	11.7	10	5.4	
	Europe	4	2.0	6	3.4	
	Australia	2	1.0	7	3.9	
	Asia	10	5.4	1	0.5	
Income Category($)	<200	36	19.5	9	4.9	
	201-400	38	20.5	45	25.1	
	401-800	25	13.7	35	19.2	
	801-1000	32	17.6	8	4.4	P=0.034
	1001-2000	20	11.2	23	12.8	
	>2000	32	17.6	61	33.5	
Amount willing to spend for accommodation (US $)	<50	135	73.7	150	82.8	
	51-100	42	22.9	29	16.1	P=0.004
	101-200	6	3.4	2	1.1	

Based on the results in Table 1, it was established that 58.5 % of the customers in budget hotels were married and 39.4% of the customers in airbnb were also married. 39% of the customers in budget hotels were single and 57.6% of the customers in airbnb were also single. Likewise, 1% of the customers in budget hotels are divorced and 2% of the customers in airbnb are also divorced. Additionally, 1% of the customers in budget hotels are widow and also 1% of the customers in airbnb are also window. Besides, 0.5% of the customers are widower in budget

hotels and none of the customers in airbnb was a widower. Additionally, 42.9% of the customers in budget hotels were from Kenya while 37.9% of the customers in airbnb were also from Kenya. It was also established that 16.6% of the customers in budget hotels were from USA and 26.1% from airbnb were also from USA. Moreover, 4.9% of the customers of budget hotels and 3% from airbnb were from Tanzania. Additionally, it was established that 8.3% of the customers of budget hotels and 8.4% were from Uganda. Further 7.3% of the customers of budget hotels were from South Africa and also 11.3% of the customers in airbnb were from South Africa. In addition, 11.7% of the customers from budget hotels were from rest of Africa and 5.4% of the customers of airbnb were also from the rest of Africa. Moreover, 2% of the customers of budget hotels were from Europe and 3.4% of the customers of airbnb were also from Europe. Furthermore, 1% of the customers of budget hotels were from Australia and 3.9% of the customers of airbnb were also from Australia. Also, 5.4% of the customers of budget hotels were from Asia and 0.5% of the customers of airbnb were from Asia. In addition, 19.5% of the customers in budget hotels had an income of less than $200 and also 4.9% of the customers of airbnb had an income of less than $200. Besides, 20.5% of the customers of budget hotels and 25.1% of the customers of airbnb had an income of between $201 and $400. Moreover, 13.7% of the customers of budget hotels and 19.2 of the airbnb had an income of between $401 and $800. Additionally, 17.6% of the customers in budget hotels and 4.4% in airbnb had an income of between $801 and $1000. In addition, 11.2% of the customers of budget hotels and 12.8% of airbnb had an income of between $1001 and $2000. Furthermore, 17.6% of the customers in budget hotels and 33.5% in airbnb had an income of above $2000. Likewise, 73.7% of the customers of budget hotels and 82.8% of airbnb are willing to spend less than $50 for accommodation. In addition, 22.9% of the customers of budget hotels and 16.1% of airbnb are willing to spend between $ 51 and $ 100 for accommodation. Lastly, 3.4% of the customers of budget hotels and 1.1% of airbnb are willing to spend between $ 101 and 200 for accommodation.

4.2 Customer Needs and Choice of Accommodation

The study sought to establish customer need and choice of accommodation in Airbnb and the results are presented in Table 2

Table 2: Customer Needs and Choice of Accommodation in Airbnb

Extent to which customer needs influence choice of accommodation
1=very small extent2=small extent 3=moderate extent 4=large extent 5=very large extent

AIRBNB (n=181)	1	2	3	4	5	Mean
To what extent does comfort influence your choice of accommodation? (quality of bed, Air conditioning, hot and cold water etc)	12	26	68	72	24	3.33
To what extent does security influence your choice of accommodation?	11	23	72	68	29	3.4
To what extent does privacy influence your choice of accommodation?	55	87	29	19	15	2.3
To what extent does convenience influence your choice of accommodation? (entertainment, wi-fi, shopping center etc)	51	81	32	21	18	2.38
To what extent does cleanliness and hygiene influence your choice for accommodation	23	26	65	64	27	3.26
To what extent does a "home away from home" influence your choice of accommodation?	4	6	11	21	161	4.62
Average						**3.2**

Based on the results in Table 2, the mean score of the statement of whether comfort influence the choice of accommodation had a mean score of 3.33 meaning that most of the respondents agreed that quality of bed, Air conditioning, hot and cold water affect the choice of accommodation in a moderate extent. In addition, the statement of whether security influences the choice of accommodation had a mean score of 3.4. This implied majority of the respondents established that security influence the choice of accommodation in a moderate extent. Besides, the statement of whether privacy influences choice of accommodation had a mean score of 2.3. This implied that majority of the respondents established that privacy influences choice of accommodation in a small extent. The statement of whether convenience influences the choice of accommodation had a mean score of 2.38. This implied that majority of the respondents reported that convenience influences the choice of accommodation is a small extent. In addition, the statement of whether cleanliness and hygiene influence choice for accommodation had a mean score of 3.26. This implied that majority of the respondents established that cleanliness and hygiene influence choice for accommodation in a moderate extend. Lastly, the statement of whether homes away from homes influence the choice of accommodation had mean score of 4.62. This implied that majority of the respondents revealed that homes away from homes influence the choice of accommodation in very large extent. The average mean score of the statement was 3.2 which implied that majority of the customers established that most of the statements of customer needs affected the choice of accommodation in airbnb in moderate extent. The results concurred with the findings of Young, Corsun and Xie (2017) who estbalished that safety, security and facilities were the most important needs for Budget hotel busines travelers, while social needs were more important for P2P accommodation customers

The study sought to establish the extent to which customer needs influence choice of accommodation in budget hotels and the results are presented in Table 3

Table 3: Extent to which customer needs influence choice of accommodation in budget hotels

Extent to which customer needs influence choice of accommodation 1=very small extent 2=small extent 3=moderate extent 4=large extent 5=very large extent						
Budget Hotels (n=183)	1	2	3	4	5	Mean
To what extent does comfort influence your choice of accommodation? (quality of bed, Air conditioning, hot and cold water etc)	1	5	12	22	163	4.63
To what extent does security influence your choice of accommodation?	7	11	24	30	133	4.32
To what extent does privacy influence your choice of accommodation?	3	9	9	24	160	4.60
To what extent does convenience influence your choice of accommodation? (entertainment, wi-fi, shopping center etc)	10	13	23	34	125	4.22
To what extent does cleanliness and hygiene influence your choice for accommodation	12	22	74	66	31	3.40
To what extent does a "home away from home" influence your choice of accommodation?	59	91	22	14	19	2.23
Average						**3.90**

Based on the results in Table 3 the mean score of the statement of whether comfort influence the choice of accommodation in budget hotels was 4.63. This implied that comfort influence the choice of accommodation in budget hotels in very large extent. The statement of whether security influence choice of accommodation had mean score of 4.32 that implied security influence choice of accommodation in large extent. Besides, the statement of whether privacy influence choice of accommodation had a mean score of 4.60 which means that privacy influences choice of accommodation in very large extent. Also, the statement of whether convenience influences choice of accommodation had a mean score of 4.22 which means that convenience influences choice of accommodation in large extent. Besides, cleanliness and hygiene influence choice for accommodation in moderate extent as presented with a mean score of 3.40. Also, the extent to which home away from home influence choice of accommodation was small extent as evidenced with a mean score of 2.23. The average mean score of the statements was 3.90 which implied that majority of the customers established that most of the statements of customer needs affected the choice of accommodation in budget hotels in a large extent. The finding of the study are consistent with the findings of Jing, Li and Law (2019) who indicated that unlike traditional budget hotels, peer to peer accommodations appeal to customers to a larger extent for their social and cultural characteristics.

Customer Needs and Choice of Accommodation in airbnb

The study sought to establish whether there exists an association between Customer Needs and Choice of Accommodation in airbnb. The findings of the investigation are outlined in Table 4.

Table 4: Customer Needs and Choice of Accommodation in airbnb

Chi-Square Tests	Value	Asymp. Sig. (2-sided)
Pearson Chi-Square	87.000a	0.017
Likelihood Ratio	104.158	0.002
Linear-by-Linear Association	13.366	0.007
N of Valid Cases	181	

Based on the findings of the study in Table 4, the computed chi-square value was 87 and the calculated p-value was 0.017. Thus, there exists an association between customer needs and choice of accommodation in airbnb since the estimated p value of 0.017 is less than 0.05 at 95% confidence level.

4.3 customer motivation and choice of accommodation hotels in Nairobi County

The study sought to establish the customer motivations in both budget hotels and airbnb and the results are presented in Table 5

Table 5: Customer Motivations

AIRBNB (n=181)	1	2	3	4	5		Mean
Low cost	6	11	17	34	113	181	4.25
Guest amenities (eg. Fridge, washing machine, stove, hair drier etc)	10	23	66	53	29	181	3.39
Homely feel of the accommodation	6	7	15	24	129	181	4.59
Local city itinerary	4	12	17	34	114	181	4.26
Host knowledge of local tips	7	9	14	34	117	181	4.23
Environmental sustainability	9	14	21	31	106	181	4.58
Reputation of the hotel brand	5	19	58	73	26	181	3.37
To what extent does the purpose of travel affect your choice of accommodation?	35	91	24	14	17	181	2.23
Average							**3.86**

BUDGET HOTELS (n=183)	1	2	3	4	5		Mean
Low cost	9	22	74	47	31	183	3.42
Guest amenities (eg. Fridge, washing machine, stove, hair drier etc)	13	17	26	31	96	183	4.29
Homely feel of the accommodation	58	81	21	14	9	183	2.26
Local city itinerary	10	13	25	34	101	183	4.17
Host knowledge of local tips	57	77	18	12	19	183	2.29
Environmental sustainability	60	71	23	12	17	183	2.20
Reputation of the hotel brand	5	9	13	29	127	183	4.57
To what extent does the purpose of travel affect your choice of accommodation?	6	14	13	26	124	183	4.21
Average							**3.43**

Based on the results in Table 5 customer motivations in airbnb and budget hotels is influenced by low cost in large extent and moderate with a mean score of 4.25 and 3.42 respectively. In

addition guest amenities influenced customer motivations in airbnb and budget hotels in moderate extent and large extent with a mean score of 3.39 and 4.29 respectively. Homely feel of the accommodation had a mean score of 4.59 in airbnb and2.26 in budget hotels. Additionally, customer motivations in both airbnb and budget hotels are influenced by local city itinerary in large extent with a mean score of 4.26 and 4.17 respectively. Moreover, host knowledge of local tips as factor of customer motivations in both airbnb and budget hotels had a mean score of 4.23 and 2.29 respectively. Moreover, environmental sustainability as factor of customer motivations in both airbnb and budget hotels had a mean score of 4.58 and 2.290 respectively. Reputation of the hotel brand as a factor of customer motivations in both airbnb and budget hotels had a mean score of 3.37 and 4.57 respectively. Lastly, the extent in which purpose of travel affect choice of accommodation in both airbnb and budget hotels was in small extent and large extent with a mean score of 2.23 and 4.21 respectively. The average mean score of the statements of the budget hotels and airbnb were 3.86 and 3.43 respectively. This implied that majority of the customers established that most of the statement of customer motivations in budget hotels were in large extent while the statement of customer motivations in arbnb were in a moderate extent.

The results of the study are in conformity with the establishments of Dolnica and Otter (2013) who established some of the factors that influences customer motivations includes price, security, service quality, facilities and staffs. Also Guttentag (2013) revealed that cost savings, value for money and a drive for community are cited as motivators for the use of P2P accommodation. Möhlmann (2015) and Tussyadiah,(2015) showed that human interactions (i.e., staff recognition, friendliness, attentiveness) have been considered an important hotel attribute. P2P accommodation introduces a different role for hosts (a parallel of hotel staff) - that of interacting with their users. According to Chen (2011), there is intimacy attached to staying at someone's home, highlighting the importance of social interactions in P2P accommodation stays and travelers express an interest in experiencing the authentic, daily reality of the local people in the places they visit.

Customer motivations and choice of accommodation in budget hotels

The study sought to establish whether there exists an association between Customer motivations and choice of accommodation in budget hotels. The findings of the investigation are outlined in Table 6

Table 6: Customer motivations and choice of accommodation in budget hotels

Chi-Square Tests	Value	Asymp. Sig. (2-sided)
Pearson Chi-Square	119.000a	0.012
Likelihood Ratio	145.158	0.004
Linear-by-Linear Association	11.739	0.187
N of Valid Cases	183	

Based on the results indicated in Table 6, the computed chi-square value was 119 and the calculated p-value was 0.012. Thus, there exists an association between customer motivations and choice of accommodation in budget hotels since the estimated p value of 0.012 is less than 0.05 at 95% confidence level.

Customer motivations and choice of accommodation in airbnb

The study sought to establish whether there exists an association between Customer motivations and choice of accommodation in airbnb. The findings of the investigation are outlined in Table 7

Table 7: Customer motivations and choice of accommodation in airbnb

Chi-Square Tests	Value	Asymp. Sig. (2-sided)
Pearson Chi-Square	113.000a	0.009
Likelihood Ratio	126.158	0.002
Linear-by-Linear Association	8.739	0.183
N of Valid Cases	181	

Based on the results indicated in Table 7 the computed chi-square value was 113 and the calculated p-value was 0.009. Thus, there exists an association between customer motivations and choice of accommodation in airbnb since the estimated p value of 0.009 is less than 0.05 at 95% confidence level.

4.4 Customer Segmentation and Choice of Accommodation

The study sought to establish customer segmentation and choice of accommodation and the results are presented in Table 8

Table 8: Observed frequencies (Oi)

Purpose of Travel	Budget Hotels		Airbnb	
	n=183	%	n=181	%
Business	48	26.3	61	33.6
Leisure	63	34.6	91	50.2
Tour	38	20.5	13	7.4
Work	9	4.9	10	5.6
Explore	25	13.7	6	3.2

Based on the results in Table 8, 26.3% of the customers in budget hotels and 33.6% in airbnb established that the purpose of travel was for the business purpose. In addition, 34.6% of the customers in budget hotels and 50.2% in airbnb travelled for the purpose of leisure. Besides, 20.5% of the customers in budget hotels and 7.4% in airbnb travelled for the purpose of tour. Moreover, the results of the study established that 4.9% of the customers in budget hotels and 5.6% in airbnb travelled with the purpose of work. Lastly, the study established that 13.7% of the customers in budget hotels travelled for explore and also, 3.2% of the customers in airbnb travelled for the purpose of explore.

Customer Segmentation and Choice of Accommodation

The study sought to establish whether there exists an association between customer segmentation and choice of accommodation. The results are presented in Table 9.

Table 9: Customer Segmentation and Choice of Accommodation

Chi-Square Tests	Value	Asymp. Sig. (2-sided)
Pearson Chi-Square	133.000a	0.018
Likelihood Ratio	125.158	0.004
Linear-by-Linear Association	16.366	0.012
N of Valid Cases	183	

Based on the results in Table 9, the computed chi-square value was 133 and the computed p-value was 0.018. Thus, a significant association exists between customer segmentation and choice of accommodation since the computed p-value of 0.018 is less than 0.05 at 95% confidence level.

5.1 Conclusion

The first objective of the study was to identify the customer profile of P2P accommodation and budget hotel customers. Based on the results, the study concludes that majority of the customers in budget hotels were married with 58.5% of the total customer and majority in airbnb were not married since the married were only 39.4%. The study also concludes that minority of the customers in budget hotels was single with 39% and majority in airbnb were single comprising of 57.6% of the customers. Likewise, the study concludes that 1% of the customers in budget hotels are divorced and 2% of the customers in airbnb are also divorced. Also, the study concludes that 1% of the customers in budget hotels were widow and 1% of the customers in airbnb were also window. Moreover, the study concludes that 0.5% of the customers were widower in budget hotels. Also, the study concludes that 42.9% of the customers in budget hotels were from Kenya while 37.9% of the customers in airbnb were also from Kenya. The study also concludes that 16.6% of the customers in budget hotels were from USA and 26.1% from airbnb were also from USA. Moreover, the study concludes that 4.9% of the customers of budget hotels and 3% from airbnb were from Tanzania. Additionally, the study concludes that 8.3% of the customers of budget hotels and 8.4% were from Uganda. Further, the study concludes that 7.3% of the customers of budget hotels were from South Africa and 11.3% in airbnb were also from South Africa. In addition, the study concludes that 11.7% of the customers from budget hotels were from rest of Africa and 5.4% of the customers of airbnb were also from the rest of Africa. Moreover, the study concludes that 2% of the customers of budget hotels were from Europe and 3.4% of airbnb were also from Europe. Besides, the study concludes that, 1% of the customers of budget hotels were from Australia and 3.9% of the customers of airbnb were also from Australia. Moreover, the study concludes that 5.4% of the customers of budget hotels were from Asia and 0.5% in airbnb was also from Asia. In addition, the study concludes that 19.5% of the customers in budget hotels and 4.9% from airbnb had an income of less than $200. Besides, the study concludes that 20.5% of the customers of budget hotels and 25.1% in airbnb had an income of between $201 and $400. Moreover, the study concludes that 13.7% of the customers of budget hotels and 19.2% of the airbnb had an income of between $401 and $800. Additionally, 17.6% of the customers in budget hotels and 4.4% in airbnb had an income of between $801 and $1000. In addition, the study concludes that 11.2% of the customers of budget hotels and 12.8% of airbnb had an income of between $1001 and $2000. Furthermore, 17.6% of the customers in budget hotels and 33.5% in airbnb had an income of above $2000. Likewise, the study concludes that 73.7% of the customers of budget hotels and 82.8% in airbnb were willing to spend less than $50 for accommodation. In addition, the study concludes that 22.9% of the customers of budget hotels and 16.1% of airbnb were willing to spend between $ 51 and $ 100 for accommodation.

Lastly, the study concludes that 3.4% of the customers of budget hotels and 1.1% of airbnb were willing to spend between $ 101 and 200 for accommodation.

The second objective of the study was to establish the extent to which customer needs for P2P accommodation and Budget Hotels influence choice of accommodation in Nairobi County. Based on the results, the study concludes there existed an association between customer needs and choice of accommodation in budget hotels since the estimated p value of 0.027 was less than 0.05 at 95% confidence level. Also, the study concludes there existed an association between customer needs and choice of accommodation in airbnb since the estimated p value of 0.017 is less than 0.05 at 95% confidence level. Based on the results, the study also concludes that most factors that influence customer needs for P2P accommodation in both budget hotels and airbnb were comfort, choice of accommodation that includes quality of bed, Air conditioning, hot and cold water, security, privacy, convenience, cleanliness, hygiene and home away from home factors.

The third objective of the study was to determine the extent to which customer motivation for P2P accommodation and Budget hotels influence choice of accommodation hotels in Nairobi County. The study concludes there existed an association between customer motivations and choice of accommodation in budget hotels since the estimated p value of 0.012 was less than 0.05 at 95% confidence level. The study also concludes that there existed an association between customer motivations and choice of accommodation in airbnb since the estimated p value of 0.009 is less than 0.05 at 95% confidence level. The study further concludes that most factors the influence customer motivation for P2P accommodation in both the budget hotels and airbnb were guest amenities that included the fridge, washing machine, stove, hair drier, homely feel of the accommodation, local city itinerary, host knowledge of local tips, purpose of travel, reputation of the hotel brand and environmental sustainability.

The fourth objective of the study was to estimate the extent to which customer segmentation for P2P accommodation and Budget hotels influence choice of accommodation hotels in Nairobi County. The study concludes that there was an association between customer segmentation and choice of accommodation since the computed p-value of 0.018 was less than 0.05 at 95% confidence level. The study concludes that the most factors of customer segmentation that influences the purpose of travel for both the budget hotels and airbnb were for business, explore, tour, work and leisure.

6.1 Recommendations

Recommendations for Policy

Regulators of Hospitality and Tourism in Kenya ought to create a model to classify and evaluate the properties offered by P2P accommodation platforms, similar to star rating categories for hotels. This would prevent opportunistic behaviors from hosts and level the competitive field. P2P accommodation need to have a proper taxation scheme based on data obtained from Airbnb, so as to make the industry healthy and promote open entrepreneurship.

Recommendations for Practice

In future, hotels, with the novelty of P2P platforms will no longer seek to just fill their rooms and achieve full occupancy. Facilitating interactions between guests and the local social-cultural environment locals will be an important part a manager's job description. Focus will shift from rooms to public spaces. The distinction between business and leisure travel is becoming blurred, as more business travelers seek to meet leisure motivations during their travel. Local communities should be involved in hotel activities to create authentic and unique experiences for

guests. There is also need for hybrid concepts like *Albergo Diffuso*, which make use of existing buildings as locations for hotels for environmental and tourism sustainability. Industry players should collaborate with cultural organizations and other businesses around their facilities.

Recommendations for further study

Economic implications: P2P income should be determined to establish taxation policies, contribution to the economy and multiplier effects. The possibility of Airbnb customers, for instance, being taxed as regular commercial accommodation guests should be explored. The information from Tourism statistics can be used. For example, Guest registers at commercial hotels provide good indicators for tourism data number of domestic tourists, hotel occupancy percentages and length of stay. With visitor streams staying at Airbnb, such data need be tapped by local cities. A study can be done on the efficacy of data mining from P2P platforms and information ownership, because Airbnb does not disclose visitor and host information.

Safety: According to the study, budget hotels adhere to regulations to ensure the safety of guests, employees and residents. A study can be done to find out how safety regulations can be enforced for P2P accommodation properties. Besides safety concerns, it should be explored whether consumers are entitled to the same kind of protection in transactions with private hosts as with commercial organizations. The traditional hospitality industry calls for a level playing field by enforcing the same type of regulation – and corresponding investments – to P2P hosts and hotels. P2P accommodation rentals give residential houses a partial or full commercial use. The effects on housing availability and pricing of houses to buy and rent ought to be studied.

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