

Competitive Advantages of Boutique Hotels in the Context of a Sharing Economy

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Abstract

The sharing economy has developed as a business model and it is about to transform many industries. In terms of the tourism industry, the hotel sector is much vulnerable to the strategic breakthrough of online platforms providing shared accommodation. As consumers become more familiar with the opportunities offered by shared accommodation, hotels face a serious challenge and must respond appropriately to the threat of losing market positions. According some recent forecasts particularly the boutique hotels will be heavily affected by the expanding force of the sharing economy. The aim of the present paper is to highlight the key competitive advantages of boutique hotels through strategic benchmarking of the product they offer and the product offered by the online platforms for shared accommodation such as Airbnb. Finally, the paper set practical guidelines how boutique hotels can benefit from the effect that the sharing economy produces.

Keywords: boutique hotels, competitive advantages, sharing economy, shared accommodation, Airbnb.

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Introduction

The sharing economy is thriving in the travel industry today, with apartment dwellers or home owners using a variety of distribution channels to rent out their unused units or spare bedrooms to travelers seeking alternatives to traditional hotel stays (NNH: 2017).

In the past, most consumers were accustomed to owning what they used. Today, more and more consumers enjoy sharing and renting things instead of owning them. This shift has driven the rapid growth and firm presence of the sharing economy around the world. In addition, IT advancement has made interpersonal relationships closer and enabled people to leverage the features and benefits brought by the internet and thus create more efficient social activities. This has given rise to online platforms that have changed people's lifestyles and operating models in the business world (Lin et al.:2017).

In Fortune's Global Top 10 Unicorns 2016, sharing economy companies have taken three places. They are Uber, China's Didi and Airbnb, which have ranked first, third and fourth, respectively. Particularly, Airbnb has reached a market value of US\$30 billion by 2016 in less than eight years since its startup in August, 2008 and expects to become a listed company in 2018 (Lin et al.:2017).

The impact of these platforms on the tourism industry over the last few years should not go unnoticed by hoteliers, and the analysis of their development is of particular importance for the prosperity of the hotel business. According some recent forecasts the boutique hotels will be heavily affected by the expanding force of the sharing economy as they offer their guests the same type of unconventional cultural-oriented experience, such as Airbnb. In this regard, the present paper aims to highlight the competitive advantage of the boutique hotel product focusing on the points of difference that are areas of weakness for sharing economy brands. On the basis of comparative analysis some conclusions and suggestions are made to help the boutique hotels managements to find alternatives for future prosperity in the strong competition of the shared economy.

1. What is a Sharing economy (SE)

The sharing economy is a fast-growing and heavily debated significant social and economic phenomenon. Discussions about the sharing economy lack clear definitions. Different opinions are encountered and much of them are controversial.

In 2015, the term "sharing economy" was introduced into the Oxford English Dictionary: „An economic system in which assets or services are shared between private individuals, either free or for a fee, typically by means of the Internet“.

Sharing is a phenomenon as old as humankind, while collaborative consumption and the “sharing economy” are phenomena born of the Internet age (Belk: 2014). According to Rachel Botsman the sharing economy is an economic model based on sharing underutilized assets from spaces to skills to stuff for monetary or non-monetary benefits. It is reinventing not just what we consume but how we consume (Botsman: 2013).

SE means organizations or individuals who own idle resources transfer the right to use such resources to others with charge and thus transferors gain rewards while sharers create value by sharing idle resources from others. The SE is a phenomenon that has become popular only in the last few years and its main feature is an IT based third party marketplace platform in which the third party can be a commercial institution, an organization or a government. Individuals, with the help of such platforms, can exchange their idle items, share their knowledge and experiences, or raise funds from companies for specific innovative projects. The SE exists in three forms: (1) based on sharing and renting of products and services; (2) based on recirculation of transferred secondhand products, which is in essence successively realized transfer of ownership of the same item among people with different needs; and (3) based on collaborative lifestyles of asset and skill sharing, which are in essence sharing of intangible assets such as time, knowledge and skills (Lin et al.: 2017).

In a 2017 paper, "Putting the sharing economy into perspective," Koen Frenken, professor in innovation studies at Utrecht University, and Juliet Schor, professor of sociology at Boston College, defined the sharing economy as "consumers granting each other temporary access to under-utilized physical assets (idle capacity), possibly for money." The authors identify the sharing economy's three defining characteristics as consumer-to-consumer interaction, temporary access and physical goods. Thus, under their definition, hitchhiking or carpooling fall under the sharing economy because the consumer takes a seat that would not otherwise be occupied on a trip that was already planned (Rouse: 2018).

Frenken and collective explain the definition by parsing it into three elements, so they can clearly distinguish the sharing economy from other economic forms (see Fig. 1).

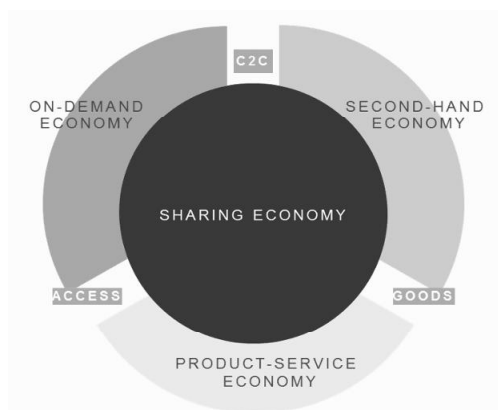


Fig.1. The sharing economy and other related economic forms

Source : Adapted from Frenken, K., Meelen, T., Arets, M., Van de Glind, P., 2015. Smarter Regulation for the Sharing Economy.

1. Sharing is about **consumer-to-consumer** (C2C) platforms and not about renting or leasing a good from a company (business-to-consumer).

2. Sharing is about consumers providing each other **temporary access** to a good, and not about the transfer of ownership of the good. Thus, the sharing economy does not include the second-hand economy, in which goods are sold or given away between consumers (as occurs on online platforms such as Ebay or Facebook).

3. Sharing is about more efficient use of *physical assets* and not about private individuals delivering each other a service. After all, physical goods can go unused, but people cannot. Internet platforms that bring consumers together to provide each other with services represent the on-demand economy (Frenken: 2018).

From a broader perspective the sharing economy has penetrated many sectors, based on or using the technological advances of the IT and Internet, where it is possible to utilize the available capacities – car sharing, bicycle sharing, neighborhood rentals and marketplaces, baby goods and toys swaps, clothing swaps, fashion rental, social landing co-working spaces, fund raising, to name the most popular (Ivanova: 2015).

The main premise of the sharing economy is the internet connection and *platform*, presented by a third party, where a community is built. The transactions take place, thanks to the community rules, digital space and the common agreement of both sides to participate. The trust between potential providers and consumers is based on the social media features, incorporated in these platform (Ivanova: 2015). Share economy platforms allows people to share their unutilized properties through websites and mobile app without any complicated challenges as compared to traditional business. The concept is two-way communications where in consumers and suppliers can both have economic, social and financial benefit from it. In particular, these platforms provide cost-saving benefits and convenience to the consumers, while allowing suppliers to generate extra income. The rapid growth has been enabled by technological convenience and choices of supply (Kapur: 2018).

The sharing economy is a rapidly growing set of platforms that permit users to gain temporary access to various assets. An estimated \$23 billion in venture capital funding has poured into the market since 2010. The total size of the sharing economy is much harder to estimate because most of the platform providers are private. But in its March 2017 funding round, Airbnb was valued at about \$31 billion, or roughly the same as Marriott International after its acquisition of Starwood Hotels and Resorts Worldwide (Wallenstein and Shelat: 2017).

While many of the most visible platforms in the sharing economy began in the United States, sharing has become a global phenomenon, both because of the expansion of platforms to other countries, and because the idea of sharing has caught on around the world. Platforms are proliferating throughout Europe, where cities are becoming centers of “sharing” practices (Shor: 2014)

According to Wallenstein and Shelat there are at least three distinct models, which differ according to who owns the asset and who sets the price and other conditions (Wallenstein and Shelat: 2017):

- *Decentralized Platforms* - An asset owner sets the terms and offers the asset directly to the user. The platform makes the match and facilitates the transaction in exchange for a small share of the fee. This is the Airbnb model. Upfront capital costs are low, but the platform must recruit providers to ensure adequate supply.

- *Centralized Platforms* - The platform itself owns the asset and sets the price. It has greater control over quality, availability, and standardization than a decentralized platform and collects a larger share of the transaction value, but costs to scale are much higher, too. This is the Zipcar and Rent the Runway model. It requires significant upfront capital and high utilization to be viable.

- *Hybrid Platforms* - Asset owners offer a service with price and standards set by the platform. Ownership and risk are decentralized, while standardization and service level are centralized. This is the Uber and Lyft model. As with the decentralized model, upfront costs are low and provider recruitment is crucial. The platform must also carefully manage its relationship with providers, since they have less control than they would under the decentralized model.

- *Motives* for participating in the new sharing economy differ, which is not surprising given the diversity of platforms and activities. Some participants are drawn by the trendiness or novelty of the platforms. Beyond novelty and the pull of new technologies, participants tend to be motivated

by economic, environmental, and social factors. Sharing economy sites are generally lower in cost than market alternatives. An Airbnb host, for example, can deliver a room more cheaply than a hotel. The platforms' fees are also lower than what established businesses extract in profits. (Airbnb's maximum fee is 15%.) The platforms also allow people to earn money in ways that had not previously been safely or easily available. In practice though, sharing is also strongly influenced by cultural learning. The desire to increase social connections is also a common motivation. Many sites advertise this feature of their activities, and participants often articulate a desire to meet new people or get to know their neighbors. (Shor: 2014).

2. Sharing economy in tourism and hospitality industry

The tourists have strong sensitivity to the prices of holiday products. This creates a strong price elasticity of demand for these products and increases the competition between the different kinds of accommodation establishments (Marinov, Ilieva:2018). The accommodation sharing economy refers to property owner who are making their homes available for short-term rentals. These rentals are becoming significant contenders in the accommodation marketplace, and the process is facilitated by the internet platforms. Marketing properties, managing bookings and facilitating payments is easier than ever.

Robert Gruman explains that on the level of CoE Congress this year it was discussed that there is a boom in the travel industry as travel becomes more accessible and affordable in the long run. The European Commission estimated in 2016 that the gross revenue in the EU from sharing economy platforms and providers amounted to €28 billion in 2015. Much of this revenue comes from tourism-related sectors, in particular the accommodation and transportation sectors (Gruman: 2018). Accommodation sector is an important consumption domain responsible for 25% of aggregated environmental impacts from households in Europe (EEA, 2013). Alternative ways of providing housing are now emerging, in which accommodation is offered to, or shared with, travellers by private people organized by business-driven or non-profit on-line platforms. We define accommodation sharing as peer-to-peer, ICT-enabled, short-term renting, swapping, borrowing or lending of existing privately-owned idling lodging facilities. Accommodation sharing offers a solid empirical base for studying a diversity of sustainability related framings used by sharing organizations that range from emerging local non-profit schemes to established global businesses that disrupt incumbent hotel industry (Palgan et al.: 2016).

The sharing economy has had a positive impact on tourism as well as a negative one. Its advocates think that it provides easy access to a wide range of services that are often of higher quality and more affordable than those provided by traditional business counterparts. Critics, on the other hand, claim that the sharing economy provides unfair competition, reduces job security, avoids taxes and poses a threat to safety, health and disability compliance standards. The response to the sharing economy remains fragmented in the EU. Some activities or aspects have been regulated at national, regional or local level. In June 2016, the European Commission published a communication on a European agenda for the collaborative economy, to offer some clarification on relevant EU rules and provide public authorities with policy guidance. The European Parliament and advisory committees have also touched upon the issue in various resolutions and opinions (EU Briefing: 2017).

The Guardian classified the most comprehensive and most trusted accommodation websites worldwide (Gardian: 2015):

Homestay - Homestay.com is an accommodation marketplace that connects guests with local hosts in more than 150 countries. With a database of 50,000 homestays, there are plenty of stays to choose from, and the site tries to match guests and hosts with similar interests so as to provide an authentic travel experience.

Couchsurfing - Backpackers' failsafe Couchsurfing has, in a few short years since its launch in 2004, transformed into a global community made up of 12 million members in more than

200,000 cities. The site allows you to stay in someone's home for free – sometimes on a couch, sometimes in a spare room, depending on the property – and experience their city or country through their eyes by maybe learning bit of their language, meeting their friends or visiting their local bar.

Love Home Swap - As the world's biggest home exchange website, Love Home Swap has been facilitating home swaps since 2011 and showcases 75,000 properties in over 160 countries.

Home Exchange - Home exchange, which began in 1992 as a printed book, has more than 65,000 properties listed and has achieved an impressive million-plus exchanges worldwide. The site allows like-minded travellers to list their houses and contact one another through a messaging system to arrange to stay wherever they are going in the world for free, allowing them to experience life like a local.

Bedycas - Founded initially as a personal blog by Frenchwoman Magali Boisseau Becerril, who hoped to offer users a more authentic, economical way of travelling, BedyCasa now has over 260,000 members. It offers anything from rooms for rent with locals and host families to guest rooms and gîtes (in France), casas rurales (in Spain and Portugal), homestays, farms and hostels, riads (in Morocco), and minshuku and ryokan (in Japan).

Airbnb - It would not be an exaggeration to say Airbnb has transformed the way millions of people take their trips. Founded in 2008, the community marketplace allows people to list, discover and book accommodation around the world – online or from a mobile phone. Market segment leader Airbnb is perhaps most well-known, its rise fueled by a seamless online booking experience and passionate community of users that's sparked exponential annual growth.

Ever since Airbnb entered the lodging scene in 2008, the hotel industry has cast a wary eye, noting its popularity with young travelers. Despite a strong year for hotels — occupancy and rates broke records in 2015, according to the data firm STR — anxiety may be creeping into those corporate suites. Airbnb, the largest home sharing network with over two million listings worldwide, is newly targeting business travelers, the bread-and-butter clientele of hotels. Phocuswright, a travel research firm, noted that one in three leisure travelers in 2015 used private accommodations, up from one in 10 in 2011, and that 31 percent of travelers who used Airbnb in the last two years had used it for business (Glusac: 2016).

With the option of Airbnb, travelers are given the chance to rent anything that suits their needs within their budget - from a single bed in an Airbnb dorm, often priced below local hostels, to entire apartments, houses, or castles. The availability of accommodations in a shared economy challenges the traditional idea of a hospitality industry, allows travelers to live like a local in areas of town that are away from touristy districts where hotels tend to cluster (Gruman: 2018).

Given Airbnb's rapidly expanding popularity, it is increasingly being perceived as a potential threat to traditional accommodations. However, the extent of this threat is a matter of much debate, as to date only very limited research has estimated Airbnb's impact on traditional accommodations. Numerous hotel industry leaders and analysts have voiced skepticism over Airbnb's potential impacts, arguing that the company is inconsequentially small, it serves a distinct vacation rental and homestay market, it appeals primarily to adventurous young budget travellers, and it fails to attract the more lucrative business travel market (Guttentag: 2017).

The sharing economy is developing against a background of rapid growth in international tourist arrivals in the world, as well as in the European Union (EU). Compared with 331 million arrivals in 2000, the 28 EU Member States hosted 478 million international tourists in 2015. Worldwide, the number of international tourist arrivals grew in the same period from 674 million to almost 1.2 billion. In the longer term, these numbers are forecast to grow both in the EU and worldwide, leading to increased demand for tourist services. Tourism in the EU as well as in many other regions of the world is also evolving in response to changes in tourist behaviour. As the OECD points out in a 2016 report, tourists are, in general, more open to self-guided holidays and look more at information from other tourists (friends and family or anonymous tourists who post

reviews on the internet) than in the past (OECD: 2018).

The business association representing hotels, restaurants, cafés and similar establishments in Europe – HOTREC – estimated during the European tourism forum 2016 that the accommodation sharing economy is more than double the size of the traditional hotel economy in Europe. The number of users and listings of some of the more popular platforms in the sharing economy gives some idea of the size of these developments (EU Briefing: 2017) (see Table 1).

Table 1. Examples of tourism-related sharing economy platforms in numbers

Source: Adapted from Tourism and the sharing economy Briefing 2017

Platform	Number of users	Value	Scope
<i>Accommodation</i>			
Airbnb (short-term accommodation rental and travel experiences platform, founded in 2008)	More than 2.5 million listings, 100 million guests since its founding as of January 2017	US\$30 billion (in August 2016)	In more than 191 countries (in January 2017)
Homeaway (vacation rental platform, founded in 2005)	Over 1.2 million listings (in January 2017)	US\$3.9 billion (in November 2015)	In 190 countries (in January 2017)
<i>Transport</i>			
Uber (short-distance ride-sharing platform, founded in 2009)	40 million monthly active riders (in October 2016)	US\$68 billion (in August 2016)	In more than 70 countries (in September 2016)
BlaBlaCar (long distance ride-sharing platform, founded in 2006)	35 million users, 12 million travellers per quarter (in January 2017)	US\$1.6 billion (in September 2015)	In 22 countries (in January 2017)
<i>Dining</i>			
VizEat (platform for cooking classes, food tours and dinners, founded in 2013)	More than 120 000 members (in January 2017)	€3.8 million (in September 2016)	In 110 countries (in January 2017)
EatWith (shared dining platform, founded in 2012)	650 hosts, 80 000 seats filled since its founding as of January 2017	Valuation figure unavailable (received US\$8 million in recent funding rounds)	In 50 countries (in January 2017)
<i>Travel experiences</i>			
Vayable (personal tours and travel experiences platform, founded in 2011)	Does not disclose total number of users	Valuation figure unavailable (received US\$2.1 million in recent funding rounds)	International (does not disclose total number of countries where it is active)
ToursByLocals (private tours platform, founded in 2008)	1 905 guides (in January 2017)	Valuation figure unavailable	In 155 countries (in January 2017)

Many tourists use digital technology and social media to plan, purchase or review travel experiences. They demand sustainable tourism products as well as more unique and personalised tourism experiences. The sharing economy concept has truly changed the accommodation business. With the rise of Airbnb and other home-sharing platforms, traditional hotels have been losing their share of the market. The platform's competitive prices and flexibility with last-minute bookings have been an attractive selling point – making the concept a big success in the hospitality scene.

3. The concept and characteristics of the boutique hotels.

The concept of boutique hotel is necessarily associated with the application of the holistic approach - all elements of the hotel product must be in sync. The boutique hotel is distinguished not only by its design, but also with an individual atmosphere, a unique material environment and an

extremely personalized service (Lukanova: 2010).

Architecture, design and culture – style, distinction, warmth and intimacy are key words in the architecture and design of boutique hotels which appear to attract a set of consumers looking for something different to fulfil their needs. Boutique hotels are not standardized, they are individual and unique. They often have a theme and this runs throughout the whole hotel even to different guest bedrooms all designed along a similar theme (Norden: 2017). The architecture and interior design of a boutique hotel is as unique as its operations, but always upscale and often combining historic details with chic elegance. The lines may be sleek and contemporary or quaint and homey – or even an artistic amalgamation. Boutique hotels convey a progressively forward style with fastidious décor. Guestrooms are individually decorated, and use upscale linens and exclusive amenities (Travel Maestro: 2016). Today, the design and architecture of these properties become even more innovative. The boutique hotels, created in recent years, present increasingly creative ideas and approaches in shaping the superstructure. The boutique hotel product adds more services and complementary elements satisfying the socio-psychological motives of the visitors (Dabeva : 2017).

Service – boutique hotels feels that what differentiates them from standard hotels is the connection that hotel guests experience with the staff. Personalized service is considered to be a key aspect (Norden: 2017). Quality of service is paramount to business success in any industry, but particularly for hotels - a perpetual client-facing industry. Rather than offer standardized service and practices with rote protocols and rigid systems, boutique hotels can really focus on providing an outstanding, memorable service experience. Service that goes the extra mile is increasingly rare, which offers independents another opportunity to stand out (Landman: 2017). In social and cultural respect: the higher people are educated, the more frequently they travel and the wilder the interest is they show for history and culture. Being good-informed and critical consumers, familiar with travelling, they want value and quality for their money (Freund de Klumbis: 2005).

Experience – most boutique hotels aim to offer the guest some type of “experience”. Bjorn Hanson, global hospitality leader for PricewaterhouseCoopers, said that experience is mostly being aimed at younger generations, with more natural materials and fabrics, food geared toward “grazing” rather than dining, a greater emphasis on technology and common areas that offer guests a variety of places to congregate (McKenney: 2015). “I think the travelers today are exposed to more,” said Dan Vinh, vice president for global marketing of Marriott’s lifestyle portfolio. “When they travel, they want an experience that they can talk about, that they can bring back and share stories about.” (White: 2016). Boutique hotels are always individual in their own way and therefore are unusual, inimitable and also, they cannot be attributed to the group of other large hotel chains (Harrison: 2018).

Food and beverage options - boutique hotels often times have adjoined eateries or are located near a number of them. This goes back to point of emphasis of being immersed in local culture. Also, boutique hotels are excellent places for couple getaways or wedding parties and making sure there are plenty of places that provide sustenance is essential (Copper Leaf Boutique Hotel&Spa: 2018).

4. Shared economy as a threat and an opportunity for boutique hotels

According to the American consultant, Carol Verret there are several key points that help developing of a marketing plan for boutique hotels And of them is defining a target market segment (Verret: 2002):

Determining the tourist target markets is a labor-intensive and very responsible task, which depends on the results. According to F. Kotler, a market segment is any special subgroup of clients selected for the purpose of reaching a certain marketing mix. The segmentation process itself he defines as a partitioning of the common market in order to aggregate potential customers into certain homogeneous groups and to link them to building an appropriate marketing mix based on the information obtained from a marketing survey (Kotler, Ph: 1998).

There are two main approaches to segmentation:

1) An approach based on an analysis of the different characteristics of the clients - geographical, socio-economic, demographic, personal, lifestyle, branding;

2) An approach based on the analysis of consumer behavior - segmentation is achieved on the way of revealing the degree of satisfaction with the services. Marketing efforts have a major impact on customers' behavior, directing them to an organization-friendly line of conduct. The individual characteristics of each customer influence his / her consciousness, prompting him / her to behave in a way that the marketing goals aim not to achieve concrete economic results but to direct attention, to shape desire and to make the right decision.

Typically, the target market for boutique hotels starts from young people, slightly over 20, reaching middle-aged people - by the mid 50s, with an average to a relatively high level of revenue. In the boutique hotels, the market that the hoteliers are aiming for, is the average wealthy people in active age, not the wealthy. The lack of reliable data on market developments, especially in the luxury segment, about the dynamics of supply and demand, the inability to carry out their own marketing studies to shed some light on the behavior of the already predictable potential contingent, the task of the managers of such hotels it becomes really more than difficult.

To examine the motivations of Airbnb users, Guttentag conducted an online survey between July and October 2015, which is completed by 844 respondents who stayed in an Airbnb accommodation at least once within the previous year. The survey asked participants, mostly from Canada and the U.S., about their motivations for choosing Airbnb, and whether they used the service as a substitute for existing accommodations.

Guttentag has drawn the main factors of the motivations to choose Airbnb (Guttentag: 2017):

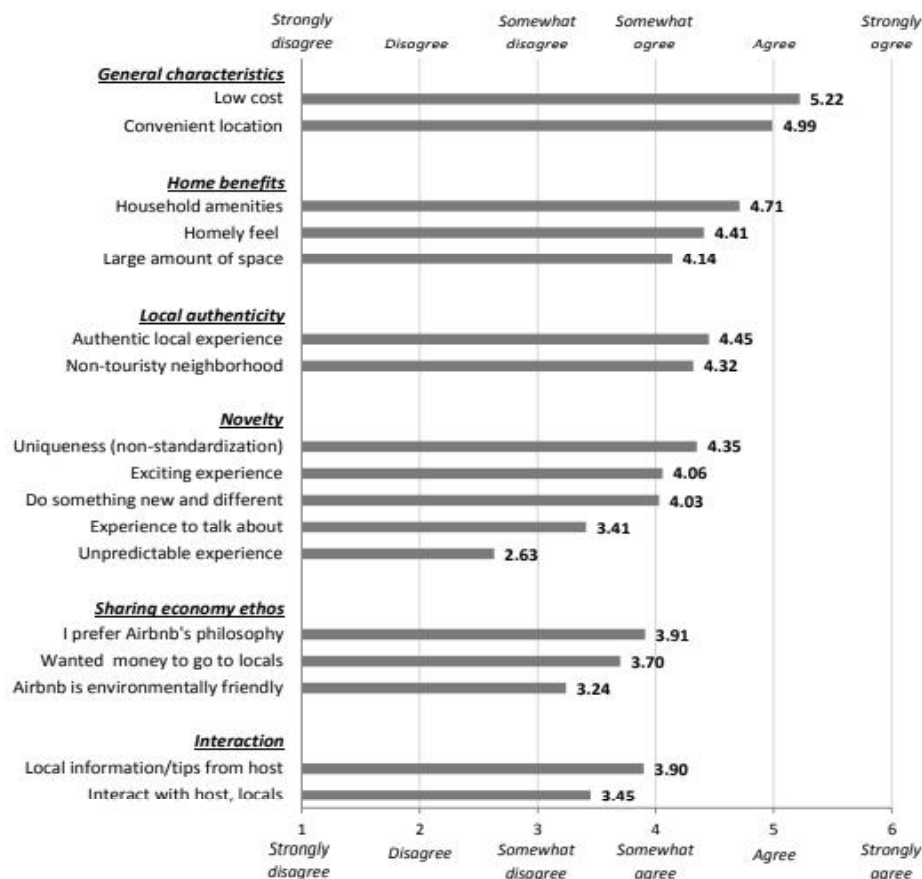


Fig. 2. Motivations to choose Airbnb
Source: Adapted from Guttentag 2017

By relying on the results, we can make the following conclusions and summaries:

People who choose Airbnb are seeking an intimate, non-manufactured experience. They want to be embedded in the fabric of a community, where they can feel the uniqueness of place. Travellers who use Airbnb tend to be motivated by the services practical benefits.

Airbnb gives you the opportunity to rent an entire home or even a room in a shared space and pay by the night, rather than per person. This usually works out a lot cheaper for big groups. Having your own space (possibly even kitchen, living room, etc) also provides you with a lot more freedom to relax, enjoy each-others' company and cater for yourself.

The top main reasons for choosing Airbnb are:

- Cheaper accommodation options;
- Convenient locations;
- Local experience;
- Rental diversity;
- Home away from home;
- Unique experience;

The main threats to boutique hotels for losing a market share are related firstly to the relatively high prices of their product, which in its identity is an unconventionally culturally-oriented experience, also offered by online platforms for shared accommodation. Those kind of travellers choose Airbnb mostly because it is affordable.

As far as the location is concerned, it is understandable that you can find a much easier place to accommodate, making it as comfortable as possible, given that the homes of people are in all sorts of places. In this respect boutique hotels cannot be built anywhere and are usually concentrated in certain regions.

According to local experience and rental diversity the travelers can live in a normal apartment or a house, they get to greet neighbors, find out where the closest grocery store is. There are plenty of non-traditional boutique hotels as well, but their variety is not as huge as on Airbnb. On Airbnb the travellers can try to live in a cabin, in a treehouse, in a plane, in a taxi cab etc.

The whole concept of shared accommodation platforms is based on the “home-away-from-home” feeling. The experience becomes more that of a traveller rather than a tourist - someone who experiences a place like a local and lives it rather than simply visits it. The travellers have the opportunity to stay at an Airbnb house where the host gives them unique local tips, to meet his family and to share home cooked meal. These are all experiences that travelers do not expect to get at hotels, where staff are simply there to do a job. Airbnb hosts claim to be true “hosts” rather than businesses. Airbnb is providing its customers with a feeling of home, which leads to a feeling of belonging. Airbnb’s aim is to make customers feel like home and interact with the community. Renters are advised to: “treat guests like friends or family,” “share favourite places with guests,” and “teach guests something local and unforgettable” because there is nobody who knows the neighbourhood and the local places better than the local population.

The experience of staying in an actual home is an authentic one, one that is hard for a hotel to replicate. These environments can be isolated, lack an element of surprise, exposure to new and interesting local people, and connecting with the surrounding culture and lifestyle.

Boutique hotels need to rethink what tourists are looking for in their accommodation experience and come up with innovative solutions. Unless boutique hotels update their strategy, Airbnb will continue to grow and steal market share.

The top reasons to stay in a boutique hotel vs Airbnb are:

The boutique hotels are the perfect place for that types of travellers who are as individual as the hotels themselves and they are looking for experiences, not just accommodation. The guests are not only paying for the comfort and location, but also for the service.

- 24/7 check in; housekeeping services and free toiletries;
- Unique design of the entire property, not only of the rooms;

- All the amenities are at hand and if they are not, there is someone to help you just a short phone call away;
- They are seemingly the better alternative when travelling with children. Whether it is a kids' club service you need, extra sheets in the early hours of the morning, a set up crib on arrival or even a theme park on site;
- Boutique hotels make sure that your comfort and entertainment are well taken care of;
- Everything is guaranteed – the customers know exactly what they are going to get when they check-in and how they are supposed to leave the hotel. It is the familiar feeling they love to have when travel;
- Cleanliness;
- Reputation;
- Added value – turn down service, pillow menu, handmade chocolates as a compliment;
- Service quality (e.g., staff friendliness and helpfulness), room comfort, security; room service; concierge services
- Hotel rooms for disabled guests;
- Less chance of discrimination;
- Ease of resolving unexpected problems;
- Possibility for payment on site;
- Fitness amenities/swimming pool; parking facilities; meeting facilities;
- Loyalty program;

Boutique hotels should take advantage of the fact that the product they offer has a lot of touch with the supply of platforms for shared accommodation. In this regard, these potential *opportunities* for winning more customers should be maximized and promoted:

- Personalized service and personal touch;
- Each hotel floor or each room are decorated thematically and provide different ambience and experience;
- Most of the boutique hotels are very modern and high-tech equipped providing tablets, laptops, docking stations and even PSP consoles in the rooms which is a perfect premise for attracting more young people;

Based on that the nowadays travelers are looking for unconventional accommodation, boutique hotels boast a variety of extraordinary services and they have to make them more popular:

- Many boutique hotels host galleries for modern art or for local art, own souvenir shops or winery;
- Many of the boutique hotels provide bicycle rental or have electric vehicle charging station;
- Most of the boutique hotels promote the best local cuisine like traditional specialties made from traditional products.

5. Guidelines to achieve competitive advantages of boutique hotels based on shared economy – using opportunities and preventing threats.

On the basis of what is outlined in this paper, major recommendations can be made to boutique hotel management how to survive in the era of a shared economy and how to use every potential threat in the tourism business as an opportunity for a new strategy to generate new customers and more profits.

The boutique hotels have to expand their portfolios by adding brands that are designed to appeal to millennial travelers and those who want less service and more connectivity — both technologically and at an affordable price:

- Entry is keyless, connected via a smartphone app;
- The lobby has a full-service bar, grab-and-go food, games and plenty of outlets for charging electronic devices;

- Own apps focused on connecting guests to the city;
- Options guests to be accommodated without breakfast at lower price;
- Price differentiation – for groups, students (discounts);
- Pricing per room, not per person;

Hoteliers can learn from Airbnb. There is a reason the platform is reporting such exponential global growth. Airbnb's founders recognized the traveling public prefer an alternative to traditional hotels and have developed a seamless platform to operate and sell that inventory. Nowadays it is about more real interactions, which are less rehearsed or checklist-oriented but authentic:

- Boutique hotels managers have to empower employees to connect with guests on a more casual basis, offering local tips not unlike an Airbnb host;
- The boutique hotels should be focused more on activities to improve the satisfaction of the customers throughout their stay;
- More attention to cosines and functionality in the rooms and common spaces rather to the explicit trendy even strange design;
- Interacting with customers and potential customers effectively;
- Boutique hotels must not provide predictable experience.

Hoteliers have to note the changes in consumer preferences, resulting in new social-oriented brands, homier settings and more functional apps. This is a more challenging event in the history of the lodging industry than almost any other is. Guests would prefer a more genuine experience and a place that is more reflective of local culture:

- Managers should try to include local cuisine restaurant, souvenir shop or winery in their accommodations;
- The interior of the hotel, and in particular lobby and hotel corridors and other common areas can include elements of local culture and traditions;
- The furnishing of the hotel rooms can be based on the traditional lifestyle and culture that are unique and remarkable in their own way;
- At the reception and in the hotel rooms, it will be very interesting for the guests to find information about the destination and all the cultural attractions nearby, interesting historical facts, as well as the opportunities the hotel offers for various activities in this direction.

Raising customer satisfaction with new benefit, service quality and new guests experience by implementation of local and cultural elements in the overall concept of the boutique hotel will also stimulate consumer loyalty and increase guests' evaluation. This desire for authenticity is driving today's hospitality design — each boutique hotel must tell a story; it must be a place of context, reflective of its neighborhood and community.

Potential guests of the boutique hotels may have easy access to the hotel information, maintain direct contact and communication and make online reservations instantly:

- Creation of a department specifically focused on online sales in hotels and employment in these departments as a result of advance in internet technologies;
- Using all types of social media;
- Direct communication with target audience;
- Advantage of transforming the opportunities to sales through a good marketing policy online;
- Using the popularity of different bloggers on Instagram for raising and improving brand recognition;
- Improving customer satisfaction and loyalty trough loyalty programs;
- Promoting the hotel through a diverse set of sale channels and ability to reach out to more potential customers;
- Focusing on the corporate travellers and their needs;

Conclusion

The sharing economy concept has truly changed the accommodation business. With the rise of Airbnb and other home-sharing platforms, traditional hotels have been losing their share of the market. The platform's competitive prices and flexibility with last-minute bookings have been an attractive selling point – making the concept a big success in the hospitality scene.

It is the responsibility of the top management of the boutique hotels to use business opportunities and to eliminate threats against the business. The goal is long-term survival and success. Good marketing, purposeful and very deliberate planning of tasks and direction of action are extremely necessary for modern hotel business. Properly chosen strategies to be put in place prepare boutique hotel managers by reducing the chances of making mistaken decisions and increasing their awareness of opportunities that would be beneficial to the organization in the future. Battle is not lost and boutique hotels have all the chances to regain their popularity and be a favorite place for rest, fun and touch with cultural heritage.

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