Airbnb: Online targeted advertising, sense of power, and consumer decisions

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**Abstract**

Social media such as Facebook are a rich source of consumer information; however, how to effectively use such big data remains a question. To that end, marketers need to develop personalized messages to enhance click-through rates and online purchases. This study explores online advertising strategies for an emerging lodging concept—Airbnb. Airbnb distinguishes itself from traditional hotels by offering guests a “feeling at home” (e.g., belongingness) and an “atypical place to stay” (e.g., uniqueness). In this research, we examine the interaction effect of advertising appeal (belongingness vs. uniqueness) and an individual’s sense of power (low vs. high) on click-through intention and purchase intention. The findings suggest that powerless individuals respond more favorably to the belongingness appeal, whereas powerful individuals react more positively to the uniqueness appeal. Furthermore, results from a mediation analysis reveal that self-brand connection is the underlying mechanism that explains these effects. Managerial implications for hospitality marketers are discussed.

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1. Introduction

“Welcome home. Rent unique places to stay from local hosts in 190+ countries.”—Airbnb.com

The sharing economy, also known as peer-to-peer economy or collaborative consumption, has gained popularity during the past decade (Bardhi and Eckhardt, 2012; Belk, 2010; Botsman and Rogers, 2010; Gansky, 2010). Airbnb is the most successful peer-to-peer model in the hospitality industry. Founded in 2008, Airbnb is an online community marketplace for renting accommodations from private individuals. As of 2016, Airbnb has obtained over two million listings in more than 34,000 cities and 190 countries, and has served over 60 million guests (Airbnb, 2016). Airbnb has become a popular lodging alternative and it is expected to strike the hotel industry (Zervas et al., 2014). The company is currently valued at $25 billion, exceeding the valuation of large publicly-traded hotel chains including Wyndham Worldwide and Hyatt Hotels (Winkler and MacMillan, 2015). It is predicted that Airbnb will “usurp the InterContinental Hotels Group and Hilton Worldwide as the world’s largest hotel chain—without owning a single hotel” (Carr, 2014).

Hospitality scholars have paid increasing attention to the rise of Airbnb, including its economic impact (Gutentag, 2015; Zervas et al., 2014), potential discrimination (Edelman and Luca, 2014), regulation issues (Koopman et al., 2015), and online reputation (Zervas et al., 2015). In spite of this, empirical research examining Airbnb from a marketing perspective is scant. To bridge that gap, the present paper examines two popular advertising strategies associated with Airbnb. We argue that Airbnb distinguishes itself from traditional hotels by offering a “feeling at home” (e.g., belongingness) and an “atypical place to stay” (e.g., uniqueness). Are these two appeals equally effective or do some consumers like one appeal better than the other? To shed light into this question, the current research introduces an important moderating factor—the consumer’s sense of power. Power is associated with individual characteristics such as social status, income, health, age, and gender—all of these can be easily retrieved from big data sources like Facebook (Tucker, 2014).

As Airbnb is an internet-based business model (Gutentag, 2015), the present research focuses on online advertising. Specifically, we hypothesize that powerless individuals tend to have a communal orientation (e.g., be more submissive and lack perceived control), and consequently, they will show higher levels of click-through and purchase intention when a belongingness appeal is displayed. Conversely, powerful individuals tend to have an agentic orientation (e.g., be more dominant and have greater perceived

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control, and as a result, they will respond more positively to a uniqueness appeal. We further propose that self-brand connection, defined as “the perceived overlap between the self and the brand” (Escalas, 2004; Escalas and Bettman, 2003), is the psychological mechanism that underlies these effects. Findings of this research contribute to the emerging hospitality literature on Airbnb and have important managerial implications on online advertising and implicit personalization strategies.

2. Background literature

2.1. Targeted advertising and personalization

The hospitality and tourism sector contributes 9% of the $49.5 billion online advertising revenue in the U.S. (Interactive Advertising Bureau, 2015). As consumers increasingly rely on social media when discovering and purchasing hospitality services, online and dynamic advertising is vital to a brand’s success. Accordingly, brand managers partner with publishers and social networking sites (e.g., Google, Facebook, Twitter) to reach out to a massive pool of potential customers. Facebook is a rich source of consumer information in the form of demographics, personal interests, connections, past behaviors, and future activities (Tucker, 2014). Using such data and complex targeting algorithms, Facebook is able to display personalized advertisements in the user’s news feed to enhance advertising effectiveness (Aguirre et al., 2015). Prior e-marketing research suggests that personalized ad content is more appealing as it aligns with the consumer’s interests and preferences (Anand and Shachar, 2009; Ansari and Mela, 2003; Franke et al., 2009; Goldfarb and Tucker, 2011a; Lambrecht and Tucker, 2013; Tucker, 2014). For example, recent research shows that personalized advertisements are twice as effective as their impersonal counterparts (Tucker, 2014). Given the rapid development of big data science and dynamic targeting technology, personalization is predicted to be the future of online advertising (Arthur, 2013; Nesamoney, 2015; Smith, 2014).

While personalized advertising is becoming a popular tool among practitioners (Hargrave, 2011; Hunter et al., 2010), its drawbacks cannot be ignored (Aguirre et al., 2015; Bleier and Eisenbeiss, 2015; Tucker, 2014). There is growing evidence to show that consumers experience feelings of discomfort and intrusiveness when personalized ads are too close to their true preferences (Tucker, 2012; Van Doorn and Hoekstra, 2013; White et al., 2008). For example, Aguirre et al. (2015) found sharp drops in click-through rates when consumers realized that their personal data were tracked and analyzed without their consent. Tucker (2014) suggests that personalized advertisements are effective only when consumers’ privacy needs are met. To overcome these weaknesses, we propose a different personalization strategy—targeting the consumer’s psychological motivations rather than using their personal information.

2.2. Psychological benefits of Airbnb

Airbnb accommodations provide guests with a feeling of “home”, thus creating a sense of belonging (Guttentag, 2015). Airbnb’s philosophy is to make guests feel at home and connect with the local people. Accordingly, the host is encouraged to “treat guests like friends or family,” “share favorite places with guests,” and “teach guests something local and unforgettable” because no one knows the place and the neighborhood better than the host (Airbnb, 2015a). Indeed, the desire for social belonging is a fundamental human need (Baumeister and Leary, 1995). In Maslow’s (1968) hierarchy of needs, the need for belongingness arises as soon as survival and safety needs (e.g., food, water, shelter) are satisfied, and takes precedence over self-esteem and self-actualization needs. Previous research suggests that many travelers feel lonely and disconnected when being away from home (Cacioppo and Patrick, 2008; Lee and Hyun, 2015). Such feelings have negative consequences on guest experiences as there is plenty of evidence to show that feeling excluded has a pervasive impact on people’s psychological well-being (Baumeister et al., 2002, 2005; Eisenberger et al., 2003; Twenge et al., 2002). Rather than staying at a traditional hotel and being served by uniformed employees, guests can experience a sense of belonging when talking with the local Airbnb host or having a cup of tea in a real home kitchen.

Airbnb also adds a flavor of uniqueness to the guest’s journey. Airbnb has over two million unique accommodations that reflect the local host’s lifestyle, personality, and culture. To attract consumers, Airbnb highlights a wide range of “atypical places to stay” in its marketing communication, such as the artist mirrored house, the seashell house on a Mexican island, and charming castles (Airbnb, 2015b). People have a fundamental need to differentiate themselves from others (Lynn and Snyder, 2002; Snyder and Fromkin, 1980), and Airbnb’s idiosyncratic offerings provide guests distinctive lodging experiences that are different from traditional hotel stays. Indeed, as individual uniqueness is highly valued in the American society (Bellah et al., 2003; Kim and Markus, 1999), consumers tend to signal their uniqueness through distinctive consumption choices (Ames and Iyengar, 2005; Berger and Heath, 2007; Chan et al., 2012; Lynn and Harris, 1997; Mead et al., 2011; Wan et al., 2014; Xu et al., 2012). Airbnb provides an opportunity to satisfy the need for uniqueness.

To summarize, the essence of the Airbnb concept is the “belongingness” and “uniqueness” brought to the guest’s experience. Recent marketing research suggests that belongingness and uniqueness play important roles in consumer judgments and decision-making processes (Liu and Mattila 2015; Loveland et al., 2010; Maimaran and Wheeler, 2008; Wan et al., 2014; Zhu and Argo, 2013). For example, Zhu and Argo (2013) suggest that circular-shaped seating arrangements can activate the need for belongingness, and consequently, lead to more favorable responses to family-oriented appeals and majority endorsement. In contrast, they show that angular-shaped seating arrangements can trigger the need for uniqueness, and as a result, lead individuals to react more favorably to self-oriented messages and minority endorsement. Liu and Mattila (2015) reveal that individuals experience heightened need for belongingness when surrounded by out-group customers in an ethnic restaurant, whereas they experience intensified need for uniqueness when surrounded by in-group customers; as a result, customer satisfaction declines when an authentic menu is not offered. Extending this stream of research, we seek to understand the relative effectiveness of highlighting belongingness versus uniqueness in the Airbnb context. Moreover, we aim to examine which of the two appeal types is more effective across consumers with varying levels of sense of power.

2.3. Moderating role of consumers’ sense of power

How would power, defined as the “perceived asymmetric control relative to another” (Rucker et al., 2012), influence consumer responses to belongingness versus uniqueness appeals? Research on power suggests that high power fosters an agentic orientation, which is associated with dominant behaviors, increased need for control, and independence; in contrast, low power is linked to a communal orientation reflecting submissive behaviors, lack of control, and dependence on others (Rucker et al., 2012; Wiggins, 1991). Prior research demonstrates that power leads people to be more self-oriented and become less likely to take the perspective of others (Galinsky et al., 2006). Similarly, power increases social distance (Lammers et al., 2012) and powerful people are less compassionate
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