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The impact of Airbnb on the Hotel Industry of Thessaloniki.

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Abstract:

This dissertation was conducted as part of the MSc in Hospitality and Tourism Management at the International Hellenic University with the guidance of Mr. Nicholas Karachalis.

Many business ideas within the hospitality industry are based on the concept of sharing economy and its numerous options that it has create. One of these options is Airbnb, an online platform that gives the opportunity to travelers to find and book a unique accommodation in any place in the world and in a good price among many choices. As technology enters more and more households, Airbnb becomes more and more famous and travelers start to choose this type of accommodation than the traditional one, hotels. The phenomenon of Airbnb has made the hoteliers to be concerned about the future of their industry and in what way they are going to be threatened.

The purpose of this study is to find out if the hotels in Thessaloniki have been affected by the entrance of Airbnb in the hospitality marketplace, if they consider it as a potential danger and competitor and what kind of changes they have made to deal with this threat.

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1.INTRODUCTION

The sharing economy and more specific Airbnb platform has become a very important and profitable part of the hospitality industry during the last years. Individuals own the opportunity to share their private houses or apartments with travelers from all over the world and travelers rent this space or the whole apartment/house for a specific period.

Airbnb was founded in 2008 and its first idea was to help travelers find a cheaper accommodation in individuals houses, for instance renting an extra room in someone's house for some days. Nowadays many people all over the world provide spare rooms or their whole apartments or houses to guests/travelers and generate a respectable income. Also, there are businesses that have been created by many owners who buy and utilize apartments and houses for this exact reason and gain more and more money. Internet, its intrusion in people's everyday life and advertisement consist the main reasons and are responsible for the fast growth of the Airbnb platform. Additionally, something different and unique has emerged by the presence of this kind of accommodation. Travelers can be in touch with their hosts and gain information about the city and the places from the view of a local, be accommodated in a place that it is not the typical hotel room and it is decorated by the personal taste of the host and experience the local life while traveling. Airbnb is a part of the new trend of travelling that is more experiencing the local life and tastes of a destination than just visiting the popular monuments and attractions.

These days Airbnb exists in many countries and governments try to create a legal environment for the platform in order to be concluded fairly in the tourism industry. There is a very noteworthy competition not only among the Airbnb listings within a destination but also between the hotel industry and this new area of accommodation. Hotel owners are concern if and in what way they are affected and how they are going to protect their services during the next years. This research is going to collect information in general and from hotel owners more specific in order to analyze and clarify if the development of Airbnb has any impact on the hoteliers in Thessaloniki, Greece and if they have made any changes to be more competitive.

1.1 Research aim and questions

The aim of this research is to investigate if Airbnb has affected the performance of hotels in Thessaloniki and if there is the fear that Airbnb is going to threaten the hotels of the city in the near future. The study will try to find out if there is any competition between Airbnb and hotels and if so, has it influenced the hotel's occupancy rates and pricing.

In order to reach this aim, there will be an attempt for these questions to be answered:

1. Has the existence of Airbnb influenced the performance of hotels in Thessaloniki.
2. Does it have affected occupancy rates and pricing?

2. Theoretical Framework

2.1 Sharing economy

Sharing economy is based on the idea of sharing something that you own with one or more people and have an economic profit of this action, this could be giving someone a ride or having unknown people as your guest in your home. A new marketplace has been created and people try to generate new ideas that will end up to businesses that will have as a main concept the "sharing something of your own with someone else" .

Sharing economy has made a huge appearance in the tourism industry because of the existence of technology. Nowadays, internet is easily accessible, a huge amount of the population uses smartphones and social media influence and create trends. Airbnb and Uber are two examples of sharing economy in tourism that blossomed because of the internet. These two platforms are widely known and used by millions of people all over the world. Word of mouth would not be enough to expand the idea of sharing economy; the use of internet did increase rapidly and helped these platforms to be worldwide known as reliable and safe for their users. Ratings and reviews by hosts and users of these services are public in the internet and consists a very powerful weapons for these platforms to be reliable. Airbnb for examples relies a lot on the ratings and reviews. After staying at an Airbnb both hosts and guests can write a review for each other (for the apartment and for the behavior of the guest while his staying in the apartment). That is a very serious metric for the future guests in the process of picking an apartment among numerous listings and helps Airbnb to maintain quality and reliability.

All these "peer-to-peer" platforms have created a cheaper and more differentiated way of sharing goods or services instead of owning them. This opportunity could have a social impact, to improve consumer welfare by increasing access to services and

goods and at the same time reducing costs that are linked to negative externalities like pollution and waste (Benjafaar et al., 2015).

2.2 Sharing economy in tourism and its main drivers

One of the sectors that has been affected most of the sharing economy phenomenon is the tourism sector. Hotel owners, taxi drivers and tour operators were the main providers for such services for many decades and had a monopoly in the tourism industry. The emergence of sharing economy created new and effective solutions for the travelers and changed a lot the market place. Studies has shown that more and more people are willing to share things and experiences with tourists and this new trend will continue to blossom in the near future.

There were many reasons that support the development of sharing economy in the area of tourism. First of all, as it was mentioned earlier technology and the invasion of the internet in people's everyday life played a huge role. Nowadays almost everyone uses a smartphone not only for contacting with others but also to be a "smart" consumer by using applications and making payments. The continuous growth in smartphone adoptions create a friendly and ideal environment for the creation of online platforms that can be used by anyone at any time. Platforms like Airbnb, Uber etc. have their own application and allow their consumers to use it easily and for free. Additionally, another convenience that internet introduced to us is the digital payments that helped a lot the transactions between two people or in the case of sharing economy in tourism between the travelers and the service providers. So, anyone could book a transfer (Uber) or an apartment (Airbnb) using the application and do a digital payment. A critical component for sharing economy are digital peer to peer payments. As a substitute for cash and credit cards digital peer-to-peer payments are a safe and quick way to transfer funds between sharing economy participants (Olson & Connor, 2013). Another driver that created alternatives in the field of tourism was the economic and financial crisis. Consumers started to seek for new and cheaper solutions in terms of transportation and accommodations and individuals started to find ways of taking advantage and gain money from their assets. New trends that are introduced by the millennials like experiencing the local life and getting away from the ordinary way of "being a tourist" while travelling were a powerful weapon for sharing economy platforms like Airbnb. Airbnb's success was and will continue to be one of the main drivers for the development of sharing economy in tourism. In fact, this bed and breakfast experience can be identified as the most worldwide known sharing platform that has gain the trust and the title of the most reliable sharing platform that exists in the internet and was the paradigm for numerous start-up companies and ideas. For all the above reasons it is obvious that sharing economy has intrude dynamically in the filed of tourism and has had and will have a significant place in this sector.

3. Airbnb

Airbnb (born as Airbed & Breakfast) was founded in 2008 in San Francisco, CA by Brian Chesky, Nathan Blecharczyk and Joe Gebbia. It is a huge marketplace for people either hosts or guests to provide or find an accommodation all over the world. Nowadays Airbnb attracts many customers from all over the world. It has outspreaded to 191+ countries, in over 65,000+ cities and over 200,000,000+ guests around the world. (Airbnb). Anyone who owns a spare room in their apartment/house or their whole apartment/house can list it in Airbnb and provide it to potential guest.

Airbnb does not own estates that are listed in their website. It has created a platform that works as an intermediary between those that want to rent out their property or part of their property and those who are searching a place to rent. Anyone can create an account on Airbnb and its free, the only requirement is to provide to the platform several personal information that can verify an individual's identity in order to be reliable and trustful.

On the one hand, hosts list properties on this online platform either this is a whole apartment or a single room in an apartment. Hosts have the possibility to add several photos of their properties and they can promote them by writing descriptions and by giving information to potential guests about the area and the place that they are going to visit. On the other hand, travelers can search for any kind of property that it is available the dates that they are interested in after creating an Airbnb profile. They can find information about the price of a property, reviews from previous guests and any other detail about the listing. Additionally, they can contact directly with the hosts and follow the process for the payment. There are two options for the host in the booking process, either there is an "instant booking" that gives the allowance to the guest to book directly or the host has himself to approve the booking request that is send by the traveler. This is the way that Airbnb operates and according to Choudary (2013) a three-pronged strategy for its operational success has been created based on the way that it works. Airbnb introduced for the first time the ability for anyone that owns a property or a spare room to run its own business and this is the creation of new sources of supply. Secondly, Airbnb created a new behavior on the demand side. Travelers would not stay in a stranger's house in an unknown city, but nowadays they choose this kind of accommodation because of the reliability and trust that this platform brought. The third level of this three pronged-strategy is architecting a strong curation system. Platforms solve the problem of costs and risk through curation, a process that detach the best from the rest. A significant contributor to Airbnb's eminence has been the review mechanism itself and its success. These three reasons made the platform be competitive among the traditional ways of accommodation according to Choudary.

3.1 Airbnb's Growth

Airbnb does not publish statistics on properties available for rent in individual cities. Yet, such information can be gathered from the website that uses web-scraping technologies. The most upper level system of tracking Airbnb bookings, offers, statistics is run by the Airdna company. (AirDNA, 2017). This is the most reliable source to retrieve data for Airbnb's growth over the years and statistics for each region of the world that has Airbnb listings. As in this company the gather data not only for well-known travel destinations but also for small destinations all over the world. Airbnb faced a huge growth since the day that it was founded, from three air beds in San Francisco to over 3,000,000 listings in more than 65,000 cities in 191+ countries around the world.

The first million room nights booked for Airbnb was in February 2011 but since then the growth has been surprising. After the first four months the first million room nights booked to book its second million night. A total of 5 million night had been booked by the end of January 2012. (Guttentag, 2015, p. 1198).

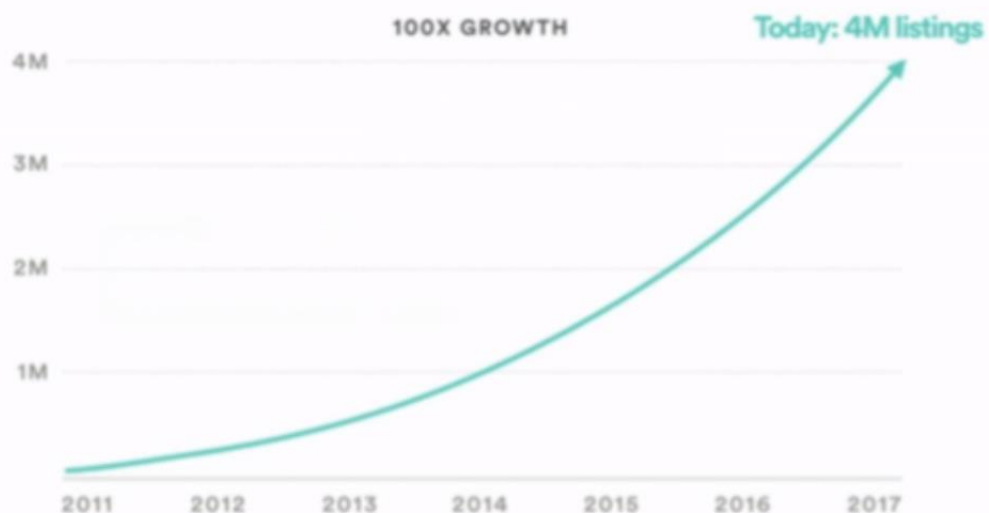


Figure 1 "Airbnb listings growth" (Golden,2017)

It could be noticed growth in both big cities and smaller one. There are 737 thousand active Airbnb rentals in all cities in the analysis. The two largest markets are Paris and London, followed by other famous as travel destinations European metropolises (Fig. 2). In big cities like Seattle and Paris, the size of the guest and host community in 2016 was more than 20 percent of the total population. The community in Japan and Australia has grown by more than 200 percent every year and Sydney and Tokyo are two of the top-five markets. As China becomes more and more attractive for tourist it is noticed that more than 1 million guests have stayed at Airbnb listings in China. (Airbnb, 2017) A very serious growth has been observed in listings in European cities,

not only touristic capitals of European countries but also in many other regions and cities that have attracted tourists during the last years.

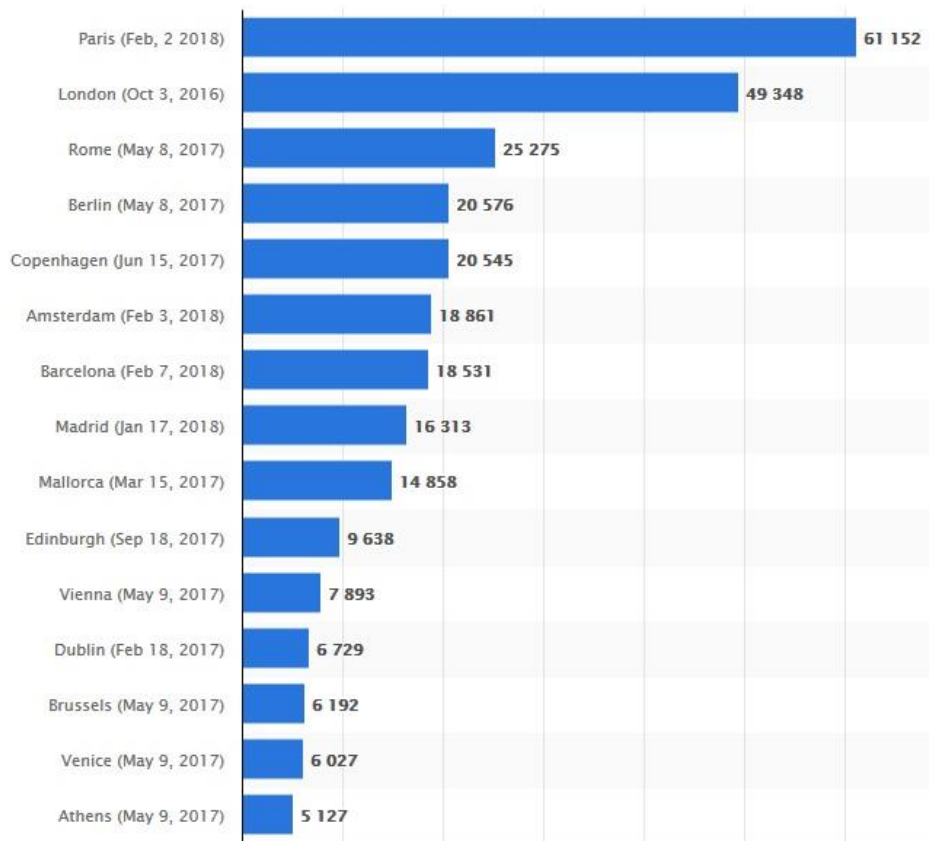


Figure 2 “Number of Airbnb listings in selected European cities as of 2017” (The Statistics Portal 2017)

The structure of Airbnb listings is differentiated across cities. It is noticed that beach houses and apartments are Airbnb listings and are used for touristic purposes especially in coastal areas and well-known historical cities, located in Mediterranean countries. On the other hand, in non-touristic areas hosts rent a part of their home such as a private bedroom.

3.2 Millennials and Airbnb

Millennials are the driving force behind this extremely rapid growth of the phenomenon of Airbnb. The trend of moving from hotels to apartments listed in Airbnb has become more attractive to the younger generation. Millennials have proven that they are seeking of experiencing something different while travelling. They are irritated of the usual travel experience that most of the hotels and travel agencies offer and searching for something unique and more authentic in their trip and more specific in their accommodation. A very important criteria for their choice is the value for money. As hotels were a monopoly for many decades in the tourism industry, the price was very

high to be accommodated in a good quality hotel. Airbnb listings offered a more affordable way of accommodation and became a serious competitor for the hotel industry. During the last years many groups of hotels operate through many and different kind of hotels in order to approach millennials and catch the atmosphere of Airbnb accommodation. For example, Marriot opened a chain of boutique hotels named "Moxy hotels" that target young people creating a calm atmosphere, playful decoration and feeling of adventure. By this way hotels that operate for many years manage to keep their presence in this market too

Millennials are increasingly spending money on travel, vacations and accommodation and since they are the future of travel their opinions matter. They are looking for something new, more adventurous, local and personalized when they travel. There were some results that are very important and identify the preferences of the millennials according to a survey that conducted in September and October 2016 by GfK, in conjunction with Airbnb.

- They prefer to stay in accommodations that are in local neighborhoods rather than staying in touristic and cosmopolitan regions. (US: 55%; UK: 53%; China: 56%)
- A big majority of millennials say that experiencing local places and regions is more important for them than visiting the famous tourist attractions.
- They prefer to taste different flavors that are popular in the places that they visit than the ordinary food that it is familiar with their country's tastes. (US: 75%; UK: 71%; China: 65%)
- They perceive as something very important to meet new people and their ideas and preferences while they are travelling. Also, they don't have problem to travel on their own because they can meet easier locals in that way. (US: 58%; UK: 52%; China: 82%)
- 75% or more of millennials surveyed in all these countries say they prefer to create their own program and route rather than leaving it up to a travel agency or
- to a hotel guide.

The vast majority of the millennials claim that it is important for them to have the possibility to find accommodation in a variety of locations and offer the chance to meet the local life and experiences. All the above indicate that the future of accommodation is based on the preferences of millennials on a very serious percentage and in the fact that they are so familiar with the whole idea of Airbnb.

3.3 Positive and negative impacts of Airbnb

Airbnb made a very powerful appearance as an accommodation alternative during the last decade and as a result it was inevitable to cause many and different impacts either to the economy or to the society.

Many Airbnb guests choose for their accommodation districts and areas that are away of typical and touristic neighborhoods in order to have a more authentic travel experience. Airbnb listings are scattered around the big cities and in different local areas, this helps a lot the economy of local communities as guests spend money in the neighborhoods that they are staying. This also gives the opportunity to the guests to live like locals, explore local areas and share their moments with friends and family and post photo of unknown and unexploited areas of the cities and make them famous in the social media. Another positive impact of Airbnb is sustainability, the way that it works is very environment friendly compared to hotels. There are less water consumptions, reduced energy usage and increased environmental awareness. Additionally, the fact that many individuals use their properties as Airbnb listings has created a new business opportunity for them. In this way they can take advantage of them and have an extra satisfying income, something very important especially in economic crisis periods.

On the other hand the phenomenon of Airbnb has several negative impacts. In many cities Airbnb has been criticized for driving up rental prices and making almost impossible for someone to find an apartment or house for long-term renting. One well known case is the one of New York City: "Airbnb was raising rents and taking housing off the rental market". Several studies have looked into these claims and one of them was by David Wachsmuth that led to the conclusion that the above statement was true at least in New York City and provoke a serious anxiety to the house market. Another confusion that it has cause to the locals, with a serious example of the locals in Barcelona, is overtourism. In case of Barcelona and some other cities the growth of Airbnb brought an unexpected number of tourists that flood the city and caused disturbance and inconvenience to the locals. Additionally, Airbnb's influence has been growing and started to constitute a serious competition for the hoteliers. It is of course beneficiary for the travelers because they may find lower prices due to the competition that exists and the fact that Airbnb expands the capacity for rooms giving them more choices for their accommodation. On the contrary hotel owners could be threatened by the rapid growth of the platform and the response that has to travelers all over the world. The Hotel Association of the United States of America commissioned a report by HVS Consulting and Valuation on the financial effect of Airbnb on the hotel industry. This report concerns the effects in New York City and indicates that the impact of the platform is serious and significant on the hotel industry in many areas of the States and it is widely spreading in many countries all over the world. Hotels lose almost \$450 million in direct revenues per year to Airbnb. Along with decreasing demand for old-fashioned hotels in New York a big amount of hotel

employees are losing their jobs and in total over 2.800 jobs are directly lost to Airbnb. (HVS, 2015, p. 23). Last but not least, it is noticed a controversial impact especially in the case of Greece. Airbnb offers to the owners' big profit margin and provides them an additional income that is very important for the Greek citizens. According to Inside Airbnb, in about 2017, half of the hosts had registered two or more properties on Airbnb's official platform. If, then, the new practice of short-term real estate leasing has provided a way out of the crisis to households that supplement or acquire an income, in some other households it has offered something more: a large profit margin, unbelievably higher than previously allowed a long-term lease of real estate market and even tax-free, at least until recently. The members of the government have concluded and decided to a specific way of taxation for the Airbnb income. The first attempt in Greece to regulate the Airbnb phenomenon seems to be moving in the right direction. On the one hand, it provides for the risks associated with finding housing in specific areas of cities or islands and, on the other, it regulates the profit margins generated by the particular economic activity in a socially more just way than in the previous period of absence of any relevant institutional framework.

3.4 Tourism in Thessaloniki

Thessaloniki's film festival and two more big events in town were the main attractions of the city that brought a big wave of foreign visitors. But no longer. The last few years the city has become point of interest for tourists.

The first element that indicated the tourist development of the city is obviously its aviation arrivals. According to the Civil Aviation Authority annual and monthly airport statistics Hellenic Civil Aviation Authority and Fraport Greece At traffic data Macedonia's Airport, the managing company of Macedonia International Airport, has seen the number of foreign visitors crossing its gateways almost constantly rising over the last eight years. Fraport Greece expects that this upward trend will continue in the coming years. That's why last September started "The new face of airport Macedonia" that was presented by Fraport Greece projects to extend the existing terminal by 32,000 square meters, which will significantly increase the airport's capacity

International arrivals at Macedonia Airport per year for the period 2010-2018

YEAR	INTERNATIONAL ARRIVALS	CHANGE RATE
2010	1.133.704	-
2011	1.251.433	+ 10,38%
2012	1.307.537	+ 4,48%
2013	1.351.378	+ 3,35%
2014	1.569.814	+ 16,16%
2015	1.556.788	- 0,83%
2016	1.710.606	+ 9,88%
2017	1.971.612	+ 15,26%
2018 (Until November)	2.027.173	+ 2,82%

Source: ΥΠΑ, Fraport GREECE

The city is rich in

archaeological sites, great beaches nearby, provides gastronomic tourism and has a vivid nightlife. Thessaloniki is appropriate for every travel style and it is a very famous destination during the last years. This increase in the arrivals and in the demand created new needs for accommodation that had to be covered by hotels and platforms like Airbnb.

3.5 Airbnb market in Greece and in Thessaloniki

Airbnb has developed rapidly the last years in Greece as more and more Greek citizens list their properties in the platform. There are 1,822 Airbnb accommodation listings in Thessaloniki and there were only ten in 2012. The overwhelming majority of listings (85%) are for whole houses or apartments. As far as the location is concerned, the lion's share of course occupies the center of the city, followed by nearby areas to the east, such as Faliro, Analipsis and Depo. Always according to Airdna, the properties located in central areas are the most profitable, as they are convenient, and tourists seem to prefer them.

Number of Airbnb registrations in Thessaloniki per year (2015-2018)

YEAR NUMBER OF LISTINGS INCREASE

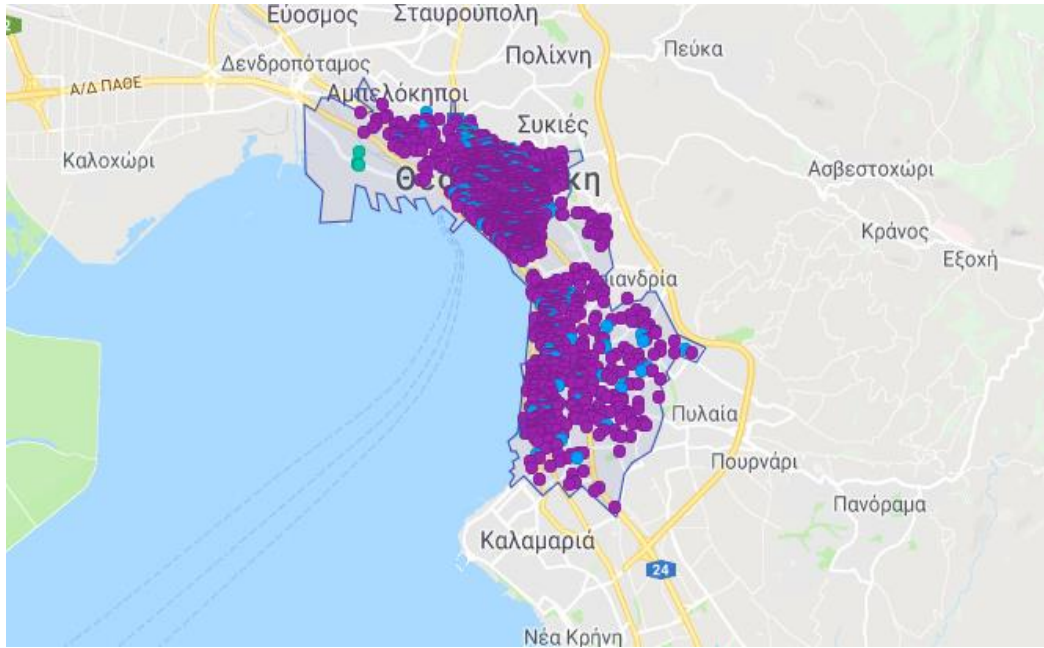
2015	220	-
2016	605	+175%
2017	1.268	+109,6%
2018	1.822	+43.7%

Source: Crosby, Furter & Pierce, 2018

According to data that are provided by Airbnb in 2017 there were over 1.370.000 arrivals of visitors in Greece and 3.200 dollars as an annual average income for each host. More specific in this survey there were data for two top destinations in Greece Athens and Thessaloniki. The arrivals of visitors in Athens were more than 400.000 from 150 countries from all over the world with an average overnight stay 76 days a year for each listing and annual average income 3.800 for each host. For the city of Thessaloniki, the arrivals were 80.000 from 106 countries, with 71 overnight stays for each listing and as an annual average income the data indicated 2.800 dollars for each host.

Thessaloniki is the second city following Athens that has a strong presence in Airbnb platform. in the case of Thessaloniki, the rental of houses has been ejected, but the rise comes a year later from Athens in 2016. In the year 2018 there are available for rent 2.963 houses. Demand for the cohort is strong at 77%. However, occupancy and income for the past month reached 58% and 621 euros respectively. The average rental price is 41 euros and most of the property are in the center, so that an individual cannot find a home there easily for long term rent. As far as it concerns the hosts, individuals are far more than 70% and professionals are about 20%.

More than 40.000 visitors in Thessaloniki stayed in an Airbnb apartment for the first 9 months of 2018 due to data that Airdna provides.



Map of Thessaloniki indicates how compactly Airbnb listing are located. (Airdna)

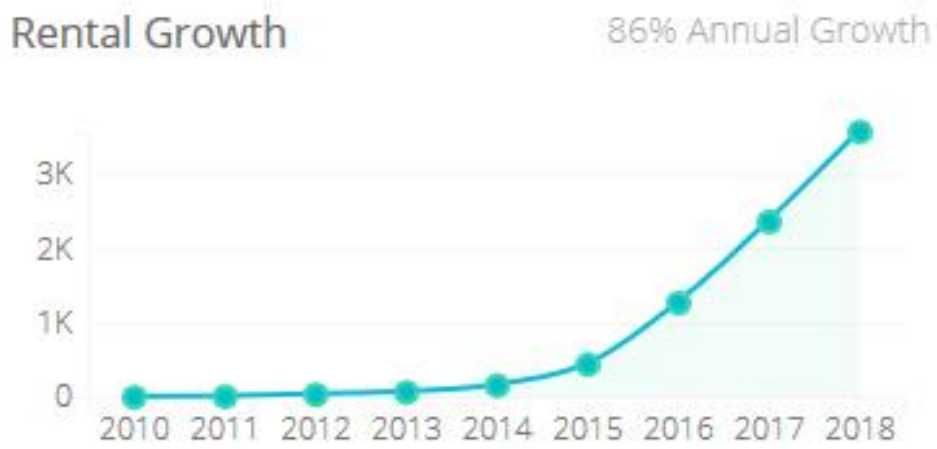


Figure 3 "Airbnb rental growth during the last decade" (Airdna)

Rental Size 1.4 Bedrooms / 4 Guests on average



Figure 4 “Most usual types of rooms in Airbnb listings in Thessaloniki” (Airdna)

Average Daily Rate



Figure 5 “The average daily rate in in Thessaloniki’s listings” (Airdna)

Occupancy Rate



Figure 6 "Average occupancy rate" (Airdna)

4. Hotel Industry in Thessaloniki

Thessaloniki consists one of the most favorite city destinations in Greece and is slowly raising its profile not only as a leisure destination but also and as a conference destination. The hotel industry is one of the biggest within borders of the country and its hotel demand is raised year by year and it is split to domestic and international demand. There will be analyzed bellow some data about the tourist profile and the hotel industry in the city based on a survey by gbr Consulting that took place at the end of 2016.

Most of the leisure travelers visit the city with their partners or with friends and they are aged from 30-50 years old whereas business travelers are travelling most of the times alone and they are aged from 30-50 years old. The 83% of visitors stay only in the city of Thessaloniki during their trip and only the 6% visit and other places nearby. During 2016 most of the overnight stays were from domestic tourists with the percentage of 53%. The biggest number of tourists for 2016 came from Cyprus followed by Turkey, U.S.A and Germany.

As far as it concerns the hotel industry in Thessaloniki there can be found some interesting data in the gbr survey. In 2016 were 138 hotels in the city and hotels of 1 and 2 stars consist the biggest part of them with a percentage of 46%. However, in terms of rooms, most of the are in 3-star hotels and follows the 5-star category. These two categories accounted for 55% of the rooms of Thessaloniki Metropolitan Unity. Over the last decade the hotel industry has grown by 6 hotels, from 132 in 2007 to 138 in 2016. In particular, hotels in the 3 – 5 star categories increased, while there was a decrease in categories 1 and 2. In the period 2007 - 2016 the total number of rooms in Thessaloniki increased from 7,267 to 7,712 in 2016. Total increase of 6%. Lower occupancy and lower prices occurred in the first quarter of 2016. The highest occupancy was recorded in September. As for room rates, there was no particular

pattern in 2016. The average room rate ranged between € 64 and € 70. In 2016, occupancy reached the highest levels of the last decade. The 5-star hotels of the sample had the lowest occupancy rate compared to the other categories. Thessaloniki belongs to a category with an average price of less than € 80 and occupancy less than 70%. Room rates have remained at the same level in recent years, which means that there is a deviation from the other selected European cities. Due to the increase in the fullness and stabilization of the average room rate in Thessaloniki, the revenue per available room increased in 2016 compared to the previous two years. Even there is a significant economic crisis in Greece there is an increased demand for Thessaloniki from tourists over the past decade and hotel industry tries to take advantage of that.

Bed occupancy rates in the hotels of the Thessaloniki regional unit (2010-2017)

Year	OCCUPANCY RATES	CHANGE
2010	39,6%	-
2011	41,1%	+ 3,79%
2012	42,2%	+ 2,68%
2013	42,7%	+ 1,18%
2014	46,0%	+7,73%
2015	50,4%	+ 9,57%
2016	53,9%	+ 6,94%
2017	56,3%	+ 4,45%

Source: INΣETE

5. Research methodology

In research methodology are known two types of data collection. These are primary and secondary data. In this specific research the material that are used are collected through secondary data as far as it concerns the theories from existent established digital and literature source and primary data that are obtained through interviews.

“Data are also divided into two other categories, not by referring to their source but to their characteristics; basically, whether they can be reduced to numbers or presented only in words”, meaning quantitative or qualitative respectively. (Walliman, 2011, p. 69)

The aim of this specific research is to evaluate the impact of the phenomenon of Airbnb on the performance of Thessaloniki’s hotels and the qualitative research methodology is considered as the most suitable for achieving that.

QUALITATIVE VERSUS QUANTITATIVE RESEARCH		
Criteria	Qualitative Research	Quantitative Research
Purpose	To understand & interpret social Interactions.	To test hypotheses, look at cause & effect, & make predictions.
Group Studied	Smaller & not randomly selected.	Larger & randomly selected.
Type of Data Collected	Words, images, or objects.	Numbers and statistics.
Form of Data Collected	Qualitative data such as open-ended responses, interviews, participant observations, field notes.	Quantitative data based on precise measurements using structured & validated data-collection instruments
Type of Data Analysis	Identify patterns, features, themes.	Identify statistical relationships.
Role of Researcher	Researcher & their biases may be known to participants in the study, & participant characteristics may be known to the researcher.	Researcher & their biases are not known to participants in the study, & participant characteristics are hidden from the researcher
Results	Particular or specialized findings that is less generalizable.	Generalizable findings that can be applied to other populations.

Table 1 “Qualitative vs Quantitative method” Source: Saunders, Lewis and Thornhill, 2016

5.1.Semi- structured interviews

“Interviews have many types of forms, may be extremely officialized and organized, by means of standardized queries for the interviewee, or they may be unofficial and formless discussions. One typology which is commonly used categorizes interviews as: structured interviews, semi-structured interviews and unstructured interviews” (Saunders, Lewis and Thornhill, 2016) In semi-structured interviews the researcher has a list of topics and uses flexible questions. There is the possibility for the researcher to add more questions or change the content of them based on the flow of the conversation. “The semi-structured interviews offer to the scholar the capability to obtain a more accurate and multifarious opinion of a participant’s situation. The researcher has the opportunity to discover new paths that arise through the interviewing process that may have not been taken into account at first” (Gray,2004). Additionally, semi-structured interviews give the researcher the opportunity to examine answers and have a deeper insight to the respondent’s responses and meet the research objectives (Bryman,2001; Saunders, Lewis and Thornhill,2016).

One disadvantage of this specific method could be the fact that if researchers don’t have the capability to recognize when to ask prompt questions or probe replies, then there are possibilities some necessary information not be collected (Doody and Noonan,2013). Lastly, a significant weakness is the opportunity for interviewer bent to influence and interpret the data results.

5.2.Data collection

For this thesis hotel managers of 6 different hotels in Thessaloniki are the interviewees. Hotel managers are chosen because it is very important for this study to access information on the occupancy rate, prices and revenues.

In this thesis, the same interview guide was used, and the same questions were asked to all the interviewees. The interview was held based on a dialogue between the interviewer and the interviewee and it was audio recorded and at the same time notes were taken. The questions were specific and there were key points that could give the opportunity to the respondent to comment furthermore on his/her statements and to the interviewer to collect even more information. The researcher tried to give the flexibility to the respondents to analyze their opinions and not be fractured into the framework of the questions.

The data were collected mainly through a meeting with the respondents in their workplace. There were personal contact and also it was given the ability to ask more questions based on the answers. The only limitation was the fact that the interview should be held in a time framework from thirty to forty minutes. There was a difficulty to set an interview with managers of the hotels of Thessaloniki. For this reason, twenty hotels were approached by the researcher, only six interviews were managed to be arranged. Firstly,

the managers of the hotels were approached via email and after that there was a telephone contact. There were chosen hotels that belong in different star listing and all of them are located in the center of Thessaloniki. The interviews took place in Thessaloniki, Greece from 22 of November until 20 of January. The average time of interviews was twenty-nine minutes, the shortest was eighteen minutes and the longest was forty-five minutes. The fluctuation was due to main reasons, the most important is that many respondents were more talkative than others. The interview was separated into five main parts: questions related to the culture and background of the company, about occupancy rates and room prices, questions about the hotel market and the competition, questions about the presence of Airbnb and how it has influenced their hotel.

5.3.Data Analysis

Data analysis is the process of examining information. Unlike quantitative methodology (questionnaires) in qualitative method and interviews specifically there is no a standardized procedure to be followed. There is a variety of perspectives that each research can be approached.

The retrieved data from the interview was manually edited and the findings of the interview were rewritten without interfering with the answers. The similar information was gathered, compared and into different segments according to the researcher's questions. Also, key words were collected from its interview and compared to its other. There were not used technical tools to analyze the data. Lastly, the answers that gathered from interviews were related to the information gathered from the theoretical sources and the researcher noted the similarities.

5.4.Findings

This chapter will present the findings acquired from the analysis of the data collected through the interviews. This part will be broken down all the interviews in smaller pieces and compare all these that are connected. Also, there will be high lightened the most significant parts of each interview. There will be analyzed the data of six selected interviews each one represents a different type of hotel and all of them are based on the center of Thessaloniki.

	Hotel A	Hotel B	Hotel C	Hotel D	Hotel E	Hotel F
Category	5*	3*	4*	4*	4*	2*
Started	1970	2016	2016	2016	2018	2006
Rooms	276	20	26	23	40	62
Price (Average)	160 Euros	70 Euros	100 Euros	90 Euros	85 Euros	65 Euros
Target Group	Business travelers/ conferences All the ages	Millenians Both Greeks and Europeans leisure travelers and businessmen	60% leisure travelers 40% business travelers, 25-55 aged	Both Leisure and business travelers, 25-55 aged	Both Leisure and business travelers, 35-55 aged	Business travelers, All the ages
Occupancy rate	90%	>78%	>80%	85%	Too soon for this statistic	70%
Booking Channels	Travel agencies Booking platforms Direct	Booking platforms Direct	Booking platforms and agencies, Direct	Booking platforms	Booking platforms	Booking platforms, Direct

Hotel A has been in the market for 49 years since 1970. It offers 276 rooms and suites, is a five-star hotel and it is located near the " Nea Paralia" of Thessaloniki. The interior places of the hotel were fully renovated in 2013 as also all the 276 rooms. The main target group of the hotel are businessmen, people that take part in conferences and it attracts customers of all ages and all over the world. Its competitive advantage is its' unique location, as it is located beside on the coast of Thessaloniki, and its history and fame within the hotel market. The occupancy rate of the hotel is 90% and it has only an increasing development. The average price of its rooms is the higher among the other five hotels that took part in this survey and it is 160 euros.

Hotel B is a three-star hotel and it started its operation in 2016, it is the smallest brand-new hotel of a large association of hotels that operates in Thessaloniki. It is located in the center of the city. It is relatively small boutique hotel with 20 rooms which are mostly double rooms. Its main target group are millennials and are both Greek people and foreigners. Its competitive advantage is its cozy and friendly environment and the fact that it keeps the prices in reasonable levels. The hotel's occupancy is over 78% and it is stable.

Hotels C, D and E are all of them four-stars hotels and are newly opened hotels, two of them in 2016 and the third one in 2018. They have 23-40 rooms and all of them belong to the same philosophy of boutiques hotels. The target group of Hotel C is differentiated based on the time of the year, in general is more for businessmen and a little less for leisure travelers. Its occupancy rate is more than 80% and the average price of its rooms is 100 Euros and it has increasing heading due to high demand. Hotel D clients are both businessmen and leisure travelers aged 25-55 years old. The average price of the room is 90 Euros and it is stable since the day it opened. Hotel E is in the hotel market seven months and until now its clients are Greek people both businessmen and leisure travelers aged 35-55 years old. As the hotel is brand new and it is few months in the hotel

market there is not a specific and trustworthy occupancy rate to be indicated. The average price of a standard room is 85 Euros. Hotels C D and E are characterized as boutique hotels. This category of accommodation refers to small stylish hotels, with a certain number of rooms and most of the times are located in a certain region of the city. All these boutique hotels share some characteristics like their size, culture, location, individuality and the fact that are brand new and interfered in the city's hotel market place during the last three years. They consider these characteristics as their competitive advantages. Boutique hotels are a new trend in Thessaloniki's hotel industry and most of the brand-new hotels belong in this category. The interesting part is that there is a differentiation among the opinions of the managers of these three four stars boutique hotels that will be analyzed below.

Hotel F has been in the market for twelve years since 2006. The hotel offers a total of 62 rooms of standard double, triple rooms and some superior rooms. Their main clients are businessmen during the winter and families during the summer and Christmas period. The age target group of the hotel is not confined as it has clients of all ages. Hotel F is two stars listed and it is in a very central road of the city. Its occupancy rate is more than 70% and it is minimized during the last four summer seasons. The average price of a standard room is around 65 Euros, 30 Euros lower from the day that it started its operations. Its competitive advantage is the fact that it is centrally located and has a strong cooperation with many travel agencies.

5.5. Occupancy Rates and Room Prices

Occupancy rates and room prices are not changed tremendously during the last years for none of the hotels.

There are some alterations but none of the hotels take Airbnb pricing into consideration while pricing their own rooms. They are more concerned about the prices of their same star listed competitors. The pricing of the hotels is a little bit different from one another because there is a difference in the category. Hotels B, C, D and E are the new entries in the hotel market and keep stable levels in pricing. All of them try to keep the prices in reasonable levels in order to have benefit either them or the traveler. Hotel A and F are many years in the hotel market and do make changes in their pricing based on different reasons.

"Our price for a standard double room is 70 Euros per night, our perception is that we offer a product that it is value for money and keep the client satisfied" Hotel Manager B

"Airbnb only influence our pricing in difficult seasons like February or November when the demand is really low" Hotel Manager C

"Our average price is 160 Euros, and we consider changing our pricing based on the renovations that we make, and off course based on the certifications that the hotel takes during the years. Also, the prices are based on the room type because there are several different room types. This means that the prices are increased during the last years. It could not be changed due to Airbnb existence in the market because our product is something very differentiated from Airbnb and the price could not be influenced by that" Hotel Manager A

"The hotel changes its pricing during the years especially during the summer season that deals most problems on demand. We observe the hotel market and to where it heads but we never considered to change our pricing policy because of Airbnb" Hotel Manager F

As far as it concerns the occupancy rates most of them are high enough and the hotel owners did not face significant problems with the existence of Airbnb.

“Our occupancy rate is 90%. We are very satisfied with that and try to make it bigger. Yes, the situation for example economic crisis or another external factor could change a little an occupancy rate, but Airbnb could not change ours. Because as a five-star hotel we offer a big number of quality services and the hotel has a significant competitive advantage its location, that it is unique and cannot be competed. I could imagine that another hotel in the city with another categorization could be easily be harmed. Especially if it could not adapt in the new circumstances. Everyone should try to get better and better in order to be competitive” Hotel Manager A

“We operate the last months so we could not say that our occupancy rate depends on something specific. I don’t believe that Airbnb could influence the occupancy rate of a brand-new hotel like ours’ ’Hotel Manager E

“Our occupancy rate is 78%. Airbnb affects it but in a good way. This means that we adapt in the new reality of sharing economy, Airbnb, and try to learn from that, make changes and give this sense of home in our boutique hotel. We have the flexibility to manage information and for this reason we achieve to increase our occupancy rate. Hotel Manager B

“We try to be more competitive and make advertisements/offers very often and we think that for this reason our occupancy rate is stable, and it is 70%” Hotel Manager F

5.6.Airbnb’s impact

None of the respondents believe that Airbnb has caused serious problem in their business but some of them believe that it may be a threat in the future if the hotel market don’t develop and adapt in new trends. Also, all of the managers consider the services and the security that a hotel could offer can not compete to other types of accommodation.

Hotel Manager A points out many advantages of the hotel and mentions that Airbnb listings could not harm their hotel for many reasons. It is 49 years famous five-star hotel located in a unique place, awarded with many global certifications and provides many services. Hotel Manager A consider as its competitors only same category hotels in Thessaloniki and could never be threatened of Airbnb because of its location and facilities.

“We don’t feel threatened at all, but we recognize this new reality in the hotel market, and we observe it. We try to be better day by day and competitive. I personally recognize that for some categories of hotel Airbnb could be a threat. In cases like some hotels that don’t have a strong competitive advantage and don’t adapt in the new circumstances. Hotels should renovate, develop often and add new services in their facilities list to be kept competitive. Travelers need to experience something different but always the keep an eye on quality and quality for as is the main goal” Hotel Manager A

Hotel Manager B is many years in the hotel market and is the owner of many hotels of an association. He/She is the only manager considers that hotels could take advantage of Airbnb and use this new phenomenon to be better and attract more clients.

“I don’t believe that Airbnb is dangerous for my business and I don’t think that is a threat for us. Also, it is very important to be mentioned that Airbnb came into the hotel reality of Thessaloniki

the period that the city's tourism was increased so the demand was higher than the offer so until now it could not cause a serious problem to the hotel market. I understand that Airbnb listings are "a different product", but we try to take variant characteristics of this new reality and adapt them in our hotel. This means that we create a friendly atmosphere in our hotel, a cozy and warm environment with the boho decoration and also, we use homemade products in our breakfast. This is a try to approach the client more personally and give him the sense of a home. Off course a hotel offers the safety and the services that an Airbnb listing could not provide but if hotels don't make changes to be competitive enough and get closer to the new generation, millennials that get into the market as clients then they are going to face serious problems. As a competitor we consider only ourselves and not Airbnb or other hotels, but it is important to take into consideration the trends and the market but not fear something. Hotel Manager B

Continuing Hotel Manager B admits that the hotel will proceed to changes if it is necessary and based on the new trends in decoration, technology and make the hotel a living experience for its clients.

Hotels C, D and E differentiate them selves from Airbnb as they believe that is a totally different product that cannot be compared with a hotel. Hotel Manager D points out that as their business plan and its goals are based on the trends of the hotel market: 'We don't base our philosophy on Airbnb but off course we observe the preferences of the new age travelers and try to offer a product that is close to their mindset'. Only Manager of Hotel C admits that they would redefine its policy if Airbnb be more competitive.

"As competitors we consider four stars hotels like ours and until now we could not think Airbnb as a competitor' Hotel Manager D

"We try to improve our services and our customer service in order to be competitive enough. But firstly, because we need to be better from other hotels of our category and secondly since we want to create a strong name in the hotel market " Hotel Manager C

"Airbnb has not affected our hotel because it is a different type of accommodation that don't provide services and facilities. There have been made changes and renovations but because of Airbnb but for the better provision of our services. I personally consider that Airbnb will survive in the accommodation marketplace since that both owners and travelers take advantage of that. Also, many millennials that don't want to spend enough money on their accommodation prefer this kind of staying" Hotel Manager D

Hotel Manager F operates in the hotel market 13 years. Its owners faced a serious problem during the first years of the economic crisis in Greece because their main clients were Greek families. So, they proceed in some changes in order to boost their sales. They consider as competitors hotels that are new in the market place and have catching prices and offers. They also believe that Airbnb apartments that are in the nearby area are potential competitors especially in the case that are well renovated and in a good price. The Manager of the Hotel supposes that Airbnb phenomenon is something serious enough that most of the hotel owners should worry about and try to develop their businesses especially those that are many years in the hotel market and are located in central areas with intense competition.

"We hadn't altered our prices because of Airbnb but we try to follow up the trends in some cases. For instance, in our late renovation of the lobby ten months ago we try to change the place in a way that the traveler could feel more comfortable and intimate. The lobby now looks like a living

groom of a high-class city apartment with carpets and plants and there is dispersed a warm atmosphere.” said Hotel Manager F and continues’ ‘yes, I believe that Airbnb could be a threat in the near future for many hotels, but this depend on many factors. For instance, this depends on the legislation and on the tax charges that the hosts of Airbnb listings will have. If they survive of the tax fees there will be a problem for the hotels of the city that had never changed their attitude and for them that don’t offer a lot of services and facilities. As far as it concerns our business, we observe closely the trends and we try to be more approachable and affordable for our clients. Lastly, in the next two years we plan to add a spa and massage section in our hotel. In general, I personally believe based on my experience that changes and renovations should be done often in order to keep your clients satisfied and loyal to your business.”

6.Discussion

The purpose of this research was to find out if Airbnb has influenced Thessaloniki’s hotels operation and if yes what changes are willing to do to increase their rooms sales. It was investigated if Airbnb influences the price and the occupancy rates of six hotels of Thessaloniki that are different the one of the other for various reasons (categorization, locations, entrance in the hotel market, numbers of rooms etc.) Secondly it was investigated if the hotels have made or are going to make any changes in their hotel policies because of Airbnb existence in the hotel market. Based on the theory and the survey results the research objectives are being answered. Results of this study indicate that until today the existence of Airbnb in the hotel market has not influence the majority of the hotels in their performance in Thessaloniki. Even with Airbnb’s growth, the hotels in Thessaloniki have stable occupancy rates and there are not base their price policy on the pricing of Airbnb.

Airbnb appeared in Thessaloniki a period where tourism in the city experienced a great development. This fact it self shows that at first the accommodation platform was filling gaps in the hotel's market place. This increased demand for accommodation in the city has also led to the creation of many new hotels in the city, with the result that there is a worry about existing ones. That means that the competition became bigger not only because of Airbnb listings but also because of the brand-new hotels that created a new and fresh atmosphere in the accommodation sector of the city. Another reason that made Airbnb flourish in Thessaloniki is the economic crisis and this can be analyzed in two aspects. Many owners used their apartments in these kind of platforms in order to gain an extra income and as a respond to the increased demand of many travelers who prefer this kind of accommodation as a cheaper solution than a hotel.

Moreover, the hotels in Thessaloniki has not seen a reduction in occupancy rates influenced by Airbnb. Findings signify that none of the hotels interviewed had a decrease in their occupancy rate and they keep them stable. Only one of the hotels, Hotel F is dealing with a small decrease during the summer months, but the Manager of the hotel does not consider Airbnb as the origin of the problem for this change in the occupancy rate. It was stated that the economic crisis in Greece may influenced the occupancy rate because its main clients for the summer season were Greek families that deal serious problems because of the crisis. Room pricing also has not changed because of Airbnb existence in the hotel market. All of the hotels Managers, except Hotel Manager A, admitted that first of all they observe the pricing policy of other same categorization hotels and after that they take a look on the prices of competitive Airbnb listings. Hotel Managers of the hotels that are new in the hotel market stated that Airbnb prices are not monitored as Airbnb is

not taken into account as competition. It is obvious that hotels of the city are more focused on competing with the process of other antagonistic hotels. Pricing is considered as one of the most important fields to examine the possible impact of Airbnb listings in the market. Hotel Managers believe that other factors have and will influence their pricing policy such as renovations, certifications or general economic factors. Only one of the hotels has decreased its average price and the rest of them try to develop in order to be more competitive and add more value to their product.

Summarizing, the findings indicate the following conclusions. First of all, the performance of hotels in Thessaloniki is stable during the last years and the increased demand for accommodation has led to new opportunities for the businessmen of the city. Airbnb seems to grow the pie instead of reducing the share of others. For this reason, there are many new boutique hotels in the city. Airbnb is not considered a strong competition for the hotels yet but is a serious accommodation phenomenon that hotels Managers should have in mind. All the hotel Managers agreed that the main reason that they could not consider Airbnb as competition is that it is a completely different product that does not offer the services (such as spa services, restaurant, gym lobby etc.) and the safety that a hotel can offer. There were different opinions about Airbnb some of the managers don't believe that it is a threat and will never be, others insist that the hotel market could be "hurt" and face a serious damage in specific cases. These cases could be hotels that don't adapt to the new circumstances, not improving by doing renovations or by adding new services and don't promote themselves. Hotel Managers recognize the fact that they offer a different product, but they acknowledge that Airbnb brought a new trend in the accommodation and for this reason they attract more and more millennials. This new trend is based on the home living experience and the fact that these listings create a warmer environment and the feeling that the travelers is in a place like a home and living the life of a local residence. Some of the Managers admitted that some of the changes that they are willing to do in order to be kept competitive should be based on this trend meaning that hotels should try to keep a friendlier environment with some specific details that could give this feeling. Meaning that they observe Airbnb phenomenon and take into account some quality characteristics of it, include them in their product without meaning that they need to copy this different product but learn from it and become better and improve their business.

6.1 Limitations and future research directions

Like most of the surveys, this research faced some obstacles during its conduction. The main limitations that influenced this research regarding the data collection are two: the fact that there was not significant correspondence from the hotel managers of the Thessaloniki's hotels and the short time spend for the methodology. Based on the short period for research the qualitative methodology considered as the most effective for this research and there was an effort to cover different aspects of the specific issue. The primary plan was to interview more than eight Hotel Managers from different categorization hotels but finally it was achieved to be interview less Managers. The superior limitation on conducting this thesis was the limited literature on this area especially for Airbnb because it is newly entered in tourism industry. Also, the reliance of data of Airdna could be questioned because are being empowered from the official site of Airbnb that could provide data that are positive about the services and the effects of the platforms. As far as

it concerns the reliability of the research is only based on the responds of the managers themselves.

The fact that Airbnb's growth in general and in Thessaloniki is something that cannot be predicted and that it is something that is growing day by day will lead to many similar researches in the future. It would be beneficiary for these researches to be examined based on a bigger sample. In a future research could be examined more aspects of this issue such as why Airbnb clients prefer this kind of accommodation instead of a hotel or what effects has Airbnb in the local community of Thessaloniki.

7.Conclusion

Airbnb has grown during the last years and attracts more and more customers over the years. It provides the opportunity to travelers all over the world to find an alternative way for their accommodation. This is something that flourished in Greece and in Thessaloniki the last few years and it has shown a remarkable growth. The city offers a big number of listings and a serious number of travelers that visit the city choose an Airbnb listing for their accommodation. This situation leads to the questions if Airbnb affecting hotels performance in Thessaloniki and if it is becoming a serious competitor.

Gathering many theoretical data from articles, books and other sources and by performing a research for the situation in Thessaloniki by taking interviews from hotel Managers this research ended up in some results. Hotel performance in Thessaloniki shows strength and potential even though many owners of apartments are renting their places on Airbnb. Hotel's sales are stable for the moment and this is because Thessaloniki's tourism potential is growing year by year. This means that Airbnb listings came in the surface a period when the city needed it the most because of the increasing demand. Room prices and occupancy rates are stable and in some cases are increased especially in occasions when a hotel adds value to its product by making renovations or taking certifications. Airbnb for the moments is not considered a serious competition by hoteliers especially for those that are new in the hotel market and offer a fully advanced and on point product. Hotel Managers consider hotels of the same categorization as their main competitor. But during the following years and if Airbnb continues its growing route hoteliers should consider some aspects of this situation more wisely and most of the respondents agreed to that. Hotel Managers should observe the market and its trends and try to gain from this Airbnb experience. Take advantage of its good quality characteristics and follow the "home feeling" that this product offers. If the hoteliers want to still be competitive should approach the new travelers- Millennials by creating a warm atmosphere. Also, it is important for the hotels to use their strong advantage, their services in order to be a step forward from Airbnb.

Airbnb has a strong potential to be a competitor for the hotels in Thessaloniki in the following years. The only way for the hotels to remain competitive enough is to advance continuously their product, renovate their hotels, add new and more unique services and try to approach the needs and wills of their customer at full blast.

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APPENDIX

Semi structured interview questions

1. When did you enter the hotel market?
2. What is the capacity of your hotel (number of rooms)
3. What is your target market segment?
4. Who do you consider as your competitors? Do you consider Airbnb one of them ?
5. How is your current occupancy rate?
6. Has it changed over the last years?
7. Do you believe that Airbnb has affected your hotel's occupancy rate?
8. How are your rooms priced? Are there any changes in your room prices during the last years or are they stable ?
9. Does Airbnb affect the pricing of your rooms?
10. How has the growing presence of Airbnb in the market affected your business? What changes have you made in order to conform with the "sharing economy" idea?
11. From which channels your bookings mostly come from? (travel agents, direct bookings, online)
12. Did the presence of Airbnb make you change the way of advertising your hotel (social media, online etc)?
13. Do you think Airbnb will be a big competition (if not already) in the future?
14. Do you have a plan to compete Airbnb in the following years?

