2017

Motivations for Staying in Vacation Rentals and Evaluation of Experience

Patrick Tierney

San Francisco State University, ptierney@sfsu.edu

Follow this and additional works at: <https://scholarworks.gvsu.edu/jti>

Part of the [Leisure Studies Commons](#), and the [Tourism and Travel Commons](#)

Recommended Citation

Tierney, Patrick (2017) "Motivations for Staying in Vacation Rentals and Evaluation of Experience," *Journal of Tourism Insights*: Vol. 8: Iss. 1, Article 5.

Available at: <https://doi.org/10.9707/2328-0824.1067>

Available at: <https://scholarworks.gvsu.edu/jti/vol8/iss1/5>

This Article is brought to you for free and open access by ScholarWorks@GVSU. It has been accepted for inclusion in *Journal of Tourism Insights* by an authorized editor of ScholarWorks@GVSU. For more information, please contact scholarworks@gvsu.edu.

Motivations for Staying in Vacation Rentals and Evaluation of Experience

Cover Page Footnote

I wish to express my thanks to Erik Rosegard and Pavlina Latkova for their assistance.

Motivations for Staying in Vacation Rentals and Evaluation of the Experience

The 2015 Outside Lands Music and Art Festival at Golden Gate Park in San Francisco is a large music festival with three stages and over fifty bands playing during a three day period. It featured national and international bands and tickets sold out months in advance. The festival attracted over 200,000 attendees during August 7-9, 2015 (San Francisco Chronicle, 2015). Nearly 85% of tickets sold were for a three day pass, thus most non-resident attendees needed some type of lodging during the event.

Attendees had a range of lodging options before, during and after the festival, from youth hostels to luxury hotel accommodations. However, the event was held during peak tourist season in San Francisco and even without the event, lodging availability was limited during this time. Hotel and motel occupancy at the festival time was over 80% (City of San Francisco 2016). One of the relatively new lodging options available was staying at non-commercial residences with a fee, also known as “vacation rentals.” It is estimated there were about 7,000 residents offering vacation rental (VR) units in the city of San Francisco at the time of the festival (Green, 2016). These ranged from rental of one room to rental of a 20 room luxury mansion. Most are located in residential neighborhoods outside of traditional commercial and tourism zones. There are numerous companies that list vacation rentals, with AirBnB and Vacation Rental By Owner (VRBO) being the largest.

However, VRs are controversial. Neighbors of some VRs argue that they disrupt quite neighborhoods (Honeyman 2016). City supervisors worry that VRs exacerbate severe housing shortages for long term renters. City government also is concerned that VRs are reducing lodging tax revenues and may be less safe than regulated commercial properties. Commercial lodging owners argue VR owners face little or no regulation they must incur and pay no taxes (Maylock 2015). In response, there has been an upswing in regulation of VRs in cities across the country to limit VR adverse impacts. In the City of San Francisco, there was an ordinance requiring registration of vacation rentals and payment of lodging taxes at the time of the festival, but only a small percentage of the VR unit owners had applied for the required permits (Green 2016).

At the time of the study, little research on vacation rentals had been published. Identifying the characteristics of the vacation rental industry has been the most frequent type of research. Mayock (2015) conducted a study on the size and scope of vacation rentals and other alternative types of lodging in the USA for the hotel industry. They found the vacation rental market is growing exponentially and has at least 1.5 million listings in 34 USA cities, with more than 34,000 AirBnB listings in New York City alone. Their conclusion was that vacation rentals are competing directly with traditional hotel and motels. Geron (2013) suggested that since many vacation rentals are found in neighborhoods outside the traditional lodging zones that travelers are staying in vacation rentals to also experience staying with a local, in a neighborhood and with a person who can give tips on the area. But this study was limited because it was a qualitative assessment. Recent AirBnB ads have stressed local links and living like a local (Said 2016). Legrand, Meier and Sloan (2015) conducted a qualitative assessment of four vacation rental users and determined these travelers using peer-to-peer vacation rentals were motivated primarily by the potential for saving money compared to traditional hotel bookings. But in this study the small sample size and descriptive method limits its validity and generalizability to other situations. At the time of this research there was a lack of published research on the users of vacation rentals, types of units they rent, motivations for renting, and their evaluation of the vacation rental experience.

Study Objectives:

The overall goals of this research were to provide insights into vacation rental user motivations, experiences and impact on their trip. Specific objectives were to:

- Quantify types of vacation rental (VR) units utilized
- Length of stay in VRs
- How they reserved their VR unit
- Interactions with the VR unit owner/manager on-site
- Primary reasons for staying in a VR
- How safe they felt in the VR and reasons why not
- If the availability of the VR influenced their decision to visit an event
- Compare VR users with those event attendees who stayed in traditional commercial lodging

Method

To satisfy study objectives a link for an initial online survey was emailed to 10,000 persons who purchased tickets to the event. A total of 7,032 completed initial surveys were received. In this survey there were questions about their residence, on the types of lodging they stayed in during the event, where it was located, as well as the total number of nights spent at each type of lodging. Respondent demographics and number of persons in their travel group were also requested. A total of 402 (5.7%) stayed at least one night in a VR in the city of San Francisco and were not residents of the city. Subsequently, these 402 respondents were emailed a link to a new second survey asking about their motivations for staying in a VR, characteristics of the VR and their evaluation of the VR experience. Entry into a drawing for a \$50 gift card to iTunes or Google Play was offered as an incentive. Two reminder emails were sent to non-respondents.

The VR survey questions were developed from the limited literature on VRs, as well as from the author's interests and experience. Vacation rentals were defined as "a non-commercial residence with fees, such as a room or home booked through AirBNB, VRBO or another vacation rental company." The VR survey asked about the number of nights they stayed in the VR; type of VR; how they reserved their VR, motivations for staying in a VR versus a commercial motel or hotel; if and how they interacted with the VR owner/representative; how personally safe they felt in the VR compared to a commercial hotel or motel and why; and if the availability of the VR influenced their decision to attend the event. One response option in the later question was phrased "if a room or home in a VR had not been available in your price range, it would have decreased the likelihood of you attending the Festival." Other options asked if availability of a VR increased the likelihood of attending the event; or if it made no difference in their likelihood of attending.

Frequencies and descriptive functions in SPSS were employed to identify descriptive statistics. Data comparing VR users and hotel/motel users in San Francisco were analyzed to determine if there were significant differences in their age, residence, group size, number of nights in San Francisco, and number of nights in a VR and in commercial lodging. Chi-Square tests were used for categorical data. Independent samples T tests showed any differences in the mean values for age, group size and number of nights.

Results

Demographic and trip characteristic data from attendees who stayed in a hotel or motel in San Francisco and in a VR during the event were taken from the larger original survey (n=7,032). There were significant differences ($p<.05$) in the average age, group size and number of nights stayed in San Francisco between VR users and festival attendees who stayed at least one night in a hotel, motel or inn. Table 1 shows the average age of VR users was 28.6 years versus 30.5 years for hotel/motel guests. A higher percentage of hotel/motel guests lived outside the San Francisco Bay area (74.7%), compared to VR users (65.7%). There was a significant difference in the average group size of VR users (5.0) versus

motel/hotel users (4.4). Hotel/motel users also stayed fewer nights (3.1) in San Francisco than did VR users (3.5 nights). As expected, those who stayed in a hotel/motel spent most of their nights in San Francisco in a hotel/motel (2.9 nights) versus just 0.3 nights in a VR. San Francisco VR users spent almost all of their nights in the city in a VR (3.3 nights) and they spent only an average of 0.2 nights in commercial lodging during their trip to the festival. Almost 46% of VR users stayed three nights in a VR during the three day festival, while 23% spent 4 nights and 18% where there two nights.

Table 1. Comparison between festival vacation rental users and commercial lodging users staying In San Francisco during the 2015 Outside Lands Music and Arts Festival

<u>Statistic</u>	<u>VR Users (n=402)</u>	<u>Hotel/Motel Users (n=926)</u>
Avg. age (years)	28.6	30.5*
Live outside SF Bay Area (%)	65.7	74.7
Avg. group size	5.0	4.4*
Avg. nights In SF	3.5	3.1*
Nights in VR in SF	3.3	0.2
Nights in Com. Lodging	0.3	2.9

* Significant difference, $p < .05$

The second survey was sent to just the 402 non-resident attendees who stayed in a VR for at least one night during the festival. A total of 57 VR surveys (14.2%) were returned and complete, and formed the basis of this assessment. The majority (61.4%) of VR types used were an entire home or apartment, versus 29.8% in a private room and just 8.8% in a shared room. Over 93% of respondents booked their VR through AirBNB, 3.5% used VRBO, 1.8% Homeaway.com, and 1.8% all other booking services.

Figure 1 shows the primary reasons for choosing a VR versus a hotel/motel. Over 75% of respondents indicated a primary motive was it was less expensive, while 40.4% indicated they preferred staying in a home versus a hotel/motel, 40.4% liked the personality and character of the neighborhood and a

Figure 1. Primary reasons for choosing a vacation rental during festival

similar percentage liked the convenient location for the event or transportation to the event. Just over 33% indicated they did not need a concierge or other services at hotels/motels or they needed more space than found in a hotel/motel. Just over 24% thought they'd feel like a local staying in the area, or

the VR had a kitchen and I could cook my own meals. A total of 21.1% indicated they could not find available rooms in a hotel/motel in their price range. It should be noted that the hotel/motel occupancy rate in San Francisco during the event was over 80%. Smaller percentages of respondents indicated they choose a VR because they liked to meet and interact with the owners (5.3%), they had stayed in that room/home previously (3.5%), were looking for a luxury showpiece property (1.8%) and they knew the vacation rental owner or family (1.8%).

When asked if and how they interacted with the VR owner, family or representative, 40.4% indicated they phoned or emailed the owner in advance, but did not see them during their stay; 49.1% had a conversation with the owner or representative during their stay; 7.0% saw the owner but did not converse; and 3.5% only interacted with the booking company.

Almost three quarters of respondents (71.9%) who stayed in a VR indicated they felt about the same level of safety in a VR compared to stays in a hotel, inn or motel in San Francisco or other cities. Somewhat more respondents felt safer in a VR (15.8%) compared to those who felt less safe (12.3%). The most commonly cited reasons for those feeling less safe were (see Figure 2): There was no parking at the residence and I had to go a ways away to find parking (57.1%); the neighborhood felt unsafe (42.9%); I felt vulnerable to attack (28.6%); and the building was not well lighted and it was difficult to find my way after dark (28.6%).

Figure 2. Primary reasons why you felt less safe in a vacation rental, compared to a hotel/motel

A final question asked if the availability of a VR had any influence on their attending the festival. Figure 3 illustrates that a total of 43.9% indicated that VR availability had no influence on their attending the event. But 31.6% agreed if a VR had not been available in their price range it would have decreased their likelihood of attending the event. 24.6% agreed that since a VR was available in their price range it increased their likelihood of attending the event.

Figure 3. Influence of vacation rental on attending festival.

Just over 56% of respondents indicated the availability of a VR in their price range influenced their likelihood of attending the event. This has implications for the destination and for the event promoters.

Conclusions

The unique survey respondent demographics, San Francisco's high lodging occupancy rate and the low number of responses in the second survey may limit the generalizability of findings to other settings. But considering those limitations the study findings suggest for non-residents who spent at least one night in a VR in the city of San Francisco: Almost all VRs were booked through AirBNB. This company has a dominant position among the VR rental organizations. VR users were significantly younger and were in larger travel groups than were respondents staying in a hotel/motel in San Francisco. VR users stayed significantly longer (3.5 nights vs. 3.1 nights) than did hotel/motel users. About two thirds of those who stayed in a VR rented a full home/apartment or condominium, about a quarter stayed in a separate room and less than one in ten shared a room, despite this being a younger adult sample.

Study results support what other research on vacation rentals has found, that the primary motive for staying in a VR is cost savings, with nearly 3 in 4 respondents cited this as a motive. But it was not the only important motive for staying in a VR versus a hotel/motel. The VR having a convenient location for transportation or near the event; the personality and character of the neighborhood and a preference for staying in homes were cited by 2 in 5 respondents. Findings suggest a weak link between a commonly communicated pitch in advertising, living like a local, with only about 1 in 5 respondents agreeing they thought they'd feel like a local at the VR. The vast majority of respondents were not substituting a VR because of the lack of availability of hotel/motel rooms in their price range, as this was cited by 2 in 10 respondents. Familiarity with the VR or owner was cited by 5.3% listing this as a motive. Findings suggest VR users were primarily motivated by practical factors, less cost and more convenient location, than they were by more affective factors, such as living like a local or personality of the VR neighborhood.

There was considerable interaction between the VR owners/family/representative and the VR users, versus just an online booking. Over 4 in 10 respondents had talked with the owner by phone or email, prior to their stay. About half indicated they had a conversation with the owner/representative during their stay. This data suggests the personal connection with the owner is highly desired by many VR users.

The study findings did not support the personal safety VR concerns raised by some hotel representatives and city officials. Over 7 in 10 respondents said they felt about as safe in a VR as in a hotel/motel. About 15% indicating they felt safer in their VR compared to 12% who felt less safe. Neighborhood safety issues were of greater concern than were building safety worries for respondents who felt less safe.

Findings indicate the availability of VR lodging had an impact on their likelihood of attending the event for a large number of respondents. About 1 in 3 respondents agreed that if the VR had not been available in their price range they would have been less likely to attend the festival. While 1 in 4 respondents indicated the availability of a VR in their price range increased their likelihood to attend the event. These results suggest VRs can have a significant impact on event attendance and destination lodging occupancy rates during high occupancy periods.

Study results also help explain why destination management organizations, such as San Francisco Travel, and event promoters, frequently support vacation rentals- they can lead to more business. VRs can supplement existing lodging stock, help cover housing costs of VR owners and provide unique, lower cost lodging alternatives for visitors. But as has been well documented there are numerous neighbors of VRs, commercial lodging establishments and city governments who oppose unregulated VRs in residentially zoned parts of the community for various reasons. Findings suggest a balance through regulation of VRs is needed to have an area reap the benefits of VRs while minimizing their adverse impacts.

Literature Cited:

City of San Francisco. 2016. City Performance Scorecards; Tourism. Retrieved from <http://sfgov.org/scorecards/tourism>.

Green, E. 2016. S.F. cracks down on short-term rentals. San Francisco Chronicle, 6/8/16.

Geron, T. (2013). How is "Experience" Valued in the Sharing Economy? Forbes. Retrieved from <http://www.forbes.com/sites/tomiogeron/2013/06/18/how-is-experience-valued-in-the-sharing-economy>.

Honneymann, E. 2016. Short term rentals destroy economy, neighborhood. Half Moon Bay Review, Oct. 26, 2016.

Legrand, W. Meier, F., and Sloan, P. 2015. Experiencing Collaborative Consumption: An Exploratory Research on the Rise of the Sharing Economy in the Hospitality Industry. Proceedings, 2015 Council on Hotel, Restaurant, and Institutional Education, Orlando, FL.

Mayock, P. 2015. Alternative Lodging and Implication on the Hotel Industry. Report prepared for Smith Travel Research.

Said, C. 2016. Airbnb campaign stresses local links. San Francisco Chronicle, 4/20/16.

San Francisco Chronicle. 2015. Crazy fans and hot bands at Outside Lands. Retrieved from <http://www.sfgate.com/music/article/Crazy-fans-hot-bands-at-Outside-Lands-2015-6435365.php>.