Consumer decision-making for booking home-based BnBs: Case Western Sydney

Moshabbir, Aroona

2015 Otaniemi

Laurea University of Applied Sciences
Otaniemi

Consumer decision-making for booking home-based BnBs: Case Western Sydney

Aroona Moshabbir
Degree Programme in Business Management
Bachelor's Thesis
April, 2015

Aroona Moshabbir

Consumer decision-making for booking home-based BnB: Case Western Sydney

Year	2015	Pages	50

In many popular cities of the world, short-term accommodation for visitors is becoming increasingly expensive. Sydney is one such city. It is famous for its living standard and it is a regular destination for tourists and workers alike. Reputable online portals such as airbnb.com has made it possible for home owners (or even renters) to list their space online and make some money if someone books it. Suburban housing in Sydney is cheaper as compared to the main Sydney city. Similarly, the home-based BnBs are cheaper as compared to the hotels. Tourists frequent Sydney and now they are willing to book suburban accommodation at a significant distance from the tourist destinations. The purpose of the study is to identify factors that make people book accommodations at a significant distance from the tourist destinations.

The theory covered for this thesis consisted of online consumer behaviour and marketing research. The factors that influence the consumers the most in making a decision for online booking and online money transactions were explored. Theory of market research was studied. To make the study more reliable, the author listed a bedroom on airbnb website and the people who booked and stayed were surveyed and interviewed.

Through quantitative and qualitative analysis of data, it was discovered that the main reason for booking home-based BnB rooms at a significant distance from tourist destinations was affordability. Moreover, mostly young people book the BnB rooms, because they are not interested in night time activities in the city and find it easy to travel in the public transport. Some people book home-based BnB rooms instead of the hotel rooms at tourist destinations because of the cheaper amenities and quieter neighbourhoods.

Although, the study is limited to Western Sydney, however, it can be used by people living near other popular cities that are frequented by visitors for work or tourism. People living in other cities of Australia can also use this study to boost their home-based BnB business.

It is always advised to check with the city council or relevant authorities before listing a private space for commercial use. The author holds no responsibility for any legal problem arising in case the city council or relevant authorizes do not allow listing private space for commercial uses.

Laurea-ammattikorkeakoulu   **Tiivistelmä**
Unit
Programme

Name(s)

Title of the Thesis

Vuosi	201x		Sivumäärä	xx

Finnish translation of the abstract begins here

Table of contents

1   Introduction

The internet is vastly changing the dynamics of the world. As the number of the people connected by the internet increase, different dynamics of human behavior also change. The business models are also changing. Any established business or the new start-ups have to adapt to the changing scenarios, study online consumer behavior, and adopt effective strategies for ecommerce.

This thesis explores dynamics of sprouting home-based BnB business, consumer behavior, and financial management related to it. It is aimed to identify the factors that influence consumers to make online bookings at a home-based BnB.

1.1   Background of the study

Service websites like airbnb.com etc have introduced new business models for hotels and BnB sectors. The idea is that anyone who has spare room(s) in their dwellings or anyone having a livable property that is not in use can rent it for short periods of time (starting from 1 night only) and make money from it. Any location that is frequented by visitors has the potential to be home-based BnB business-friendly. Sydney is one of such cities. It is frequented by visitors very often. Accommodation is expensive; so it is a good idea for both the homeowners and the visitors to stay at a homeroom instead of a hotel room.

Sydney is a big city divided into different suburbs. Different suburbs have different reputations based on the location, demographics of people living there and the varying crime rates. West Sydney is a suburb whose location is particularly not tourist-friendly because it is at a great distance from most tourist attractions. However, with the boom of the home-based BnB business the West Sydney dwellers are also listing their room(s) online and making some money from this. The author thought it would be interesting to design a study to learn why visitors are ready to book rooms that are at significant distance from the tourist destinations.

1.2   Objective of the study

The objective of the study is to identify factors that influence people to book home-based BnB rooms that are at a significant distance from tourist destinations. Although there are hotels that are located very near to the tourist destinations yet the home-based BnBs, somewhat distant from the tourist destinations are thriving. A hypothesis for Sydney city is that people want rooms that are much cheaper as compared to the hotel rooms. Moreover, they do not consider it a discomfort that they have to travel to tourist destinations everyday because the public transport system is reliable. However, undergoing a project practically of

listing a room in West Sydney on airbnb.com and surveying the guests would lead to validate or invalidate the hypotheses and might identify other important influences too.

1.3   Key Concepts

The following key concepts are used throughout this thesis.

BnB

BnB is an abbreviation of Bed and Breakfast. According to WikiTravel, "A Bed and Breakfast (often abbreviated to B&B, B and B, BnB or BB) is an accommodation type that really just modernizes the age-old, world-wide practice of travelers staying at a private residence or boarding house, often with a full breakfast included."

Usually a BnB is an establishment on a much smaller scale as compared to a hotel. A BnB typically may have less than 10 lodging rooms. They offer breakfast but not other meals. Due to the smaller scale of the establishment, often the owners prepare the breakfast, do the cleaning, and maintain the lodging facilities. Often the BnBs are home-based (i.e. the often the owners live in the same premises and/or they are renting out extra room(s) in their house).

Consumer

According to the Boundless cloud textbook, "In the fields of economics, marketing and advertising, a consumer is generally defined as the one who pays to consume the goods and services produced by a seller (i.e., company, organization). A consumer can be a person (or group of people), generally categorized as an end user, or target demographic for a product, good, or service."

To sell or advertise any product/service one must have a target consumer market in mind. In the business world, an idea is useful only if individuals or groups are willing to buy it (i.e. they are willing to become consumers).

Consumer behavior

According to Kotler et all (2006), the term consumer behavior refers to the "buying behavior of final consumers, individuals, and households who buy goods and services for personal consumption". Sciences that study consumer behavior are psychology, sociology, and anthropology. Although it is complex but to promote sales, the study of consumer behavior is worthwhile.
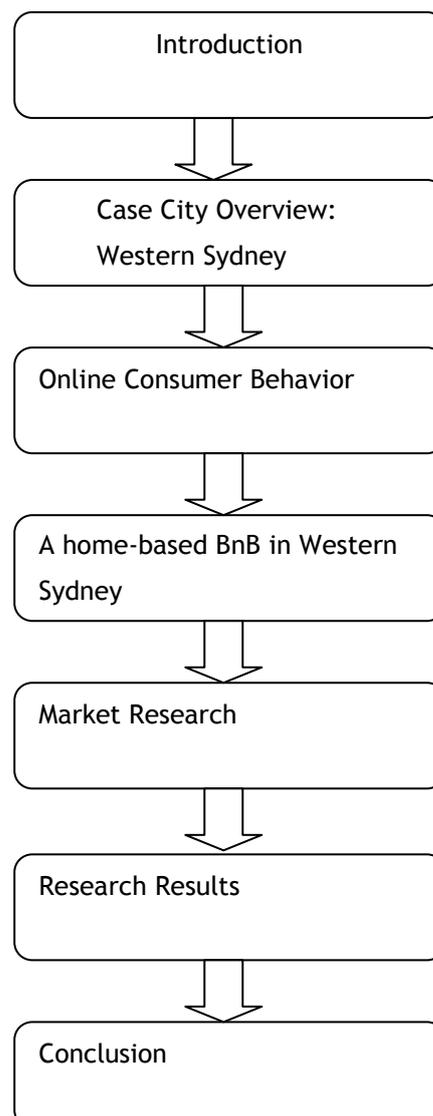
1.4   Scope and delimitations

This study only identifies the factors that influence people making their decision for online home-based BnB bookings and online money transactions.

As Sydney is also frequented by visitors who are here for work, the results of the study may not be applicable to places that are only tourist destinations. The survey sample included people that were in Sydney solely for tourism, solely for work, or for a "working vacation," which includes both work and tourism.

1.5   Structure of thesis

This thesis is divided into 7 chapters namely: Introduction, Case City Overview: Western Sydney, Online Consumer Behavior, a home-based BnB in Western Sydney, Market Research, Research Results and Conclusion.

```
┌─────────────────────────────┐
│        Introduction          │
└─────────────────────────────┘
              ↓
┌─────────────────────────────┐
│     Case City Overview:      │
│       Western Sydney         │
└─────────────────────────────┘
              ↓
┌─────────────────────────────┐
│   Online Consumer Behavior   │
└─────────────────────────────┘
              ↓
┌─────────────────────────────┐
│  A home-based BnB in Western │
│            Sydney            │
└─────────────────────────────┘
              ↓
┌─────────────────────────────┐
│       Market Research        │
└─────────────────────────────┘
              ↓
┌─────────────────────────────┐
│       Research Results       │
└─────────────────────────────┘
              ↓
┌─────────────────────────────┐
│         Conclusion           │
└─────────────────────────────┘
```

The Chapter 1, Introduction provides a background on how the idea of the thesis was conceived and briefly explains the idea. The Chapter 2, Case City Overview: Western Sydney, is meant to provide the reader a mental picture of the location where the idea was implemented and the market research was done for this thesis. The Chapter 3, Online Consumer Behavior, sets up the theoretical foundation required for the market research for this thesis. The Chapter 4, a home-based BnB in Western Sydney, sheds light on how a home-based BnB can be made a practical project. It provides insights on idea materialization as well as detailed financial balance sheets. The Chapter 5, Market Research, discusses the research methodology in theory and in practice for this thesis. The Chapter 6, Research Results finally gives the reader a clear idea on consumer decision-making for booking home-based BnBs online. The chapter 7, Conclusion, summarizes the theory, methodology and the research results of this thesis.

2   Case City Overview: Western Sydney

Western Sydney is one of the major regions of the Greater Sydney Metropolitian area. It compromises of the 12 councils which include Auburn, Bankstown, Blacktown, Caterbury, Fairfield, Hawkesbury, Holroyd, The Hills Shire, Liverpool, Parramatta and Penrith councils. The Western Sydney covers an area of 5800 sq kms and has an estimated population of 1,665,673.

2.1   Demographic Profile

The demographic profile for Western sydney presents very interesting facts. These facts can become important factors to be considered when starting a BnB in this area. 83 percent of the population in Western Sydney are Australian nationals. Almost half of the population residing in western sysdney was not born in Australia and a similar percentage speaks a different language other than English in their household. This points to the diversified and multicultural social fabric of western Sydney region. There are people from all over the world residing in this region. In particular people from China, South east Asia, Middle east and Eastern Europe make the major chunck of the population. People from upper middle class, middle class and lower middle class reside in these areas of Sydney. These statistics are taken from the website of WSROC (Western Sydney Regional Organization of Councils).

2.2   Infrastructure and Economy

The transport network contains two transport hubs which includes Parramatta and Liverpool. Trains from these hubs travel to all regions of Sydney and also inter-state trains are available. Western Sydney includes Parramatta which is one of the largest business hubs of Sydney region. There are freuqenct job opportunities in the sales and retail sector. Western Sydney is well connected with a good road network to all areas. There is also the option of bus travel to almost all areas of Western Sydney and also the greater Sydney area. Most of the big market chains such as Westfields, Coles, Woolworths, and Aldi have a number of outlets in Western Sydney.

2.3   The City of Liverpool

Liverpool is one of the largest city council in Western Sydney. It is the emerging economic hub in western Sydney. The majority of the population is from Eastern Europe. There is also substantial population with Middle Eastern and Indian background. We can find business with all types of ethnic backgrounds. Liverpool CBD has all the major super market chains and an excellent road network. The rents and price for the dwelling space is much lower than compared with the Sydney city.

2.4   Potential for home-based BnBs

Western Sydney in general and Liverpool in particular has a lot of potential for BnB services. With low rents and cost of living, the price for the BnB service can be kept very low. There are a number of job opportunities for the people coming on working holiday to Australia. Therefore, they can stay in western Sydney with low BnB prices and also have the chance to avail job opportunities and excellent transport connections. Western Sydney also has more space in its dwelling spaces and therefore travellers can enjoy luxury living with lower costs. There is an additional advantage of living in western Sydney. It is closer to tourist spots such as Blue mountains and Parramatta river. In addition to this, there are direct links to almost all the tourist spots in the city. Another thing to consider for BnB is that most of the people who use BnB services are not looking for luxury living. Therefore, western Sydney region with it low dwelling rents and good transportation links can prove to be an excellent option. Public transport is used by cheap travellers and it is imperative to establish BnB service in an area with excellent transport connections. Liverpool is best suited for BnB services for economical travellers looking for an accomodation and good transport connections.

3   Online Consumer Behavior

The theory, which was very important to study and relied upon for this thesis is Online Consumer Behavior. Although a lot of books have been published on Consumer Behavior but for this topic, studying the consumer behavior especially online was required. The world has become a place that is being connected by internet at a very fast pace. People attitudes towards shopping are ever changing. Especially in the first world, online shopping is becoming a norm.

For travelling and tourism purposes too, it is becoming increasingly common to book tickets and accommodations online. It is but natural for companies to have an online presence and know online consumer behavior to make the most of the ever-increasing trend.

This section covers how online consumer behavior differs from offline and different factors that influence online consumer behavior. The factors discussed in this thesis are sociological, innovativeness, and the effects of risks.

3.1   Introduction

Most of the literature discusses the consumer behavior in the more tradional settings, for example how consumers will behave in a tactile shop in a marketplace. However, according to Cetina et all (2012), the electronic commerce has brought changes in consumer behavior. In their research paper they comment, "Web experience generates mutations in mental processes that trigger the online buying decision." Therefore, to make online sales it is very important for businesses to research online consumer behavior rather than just relying on previous knowledge of consumer behavior in traditional shop settings.
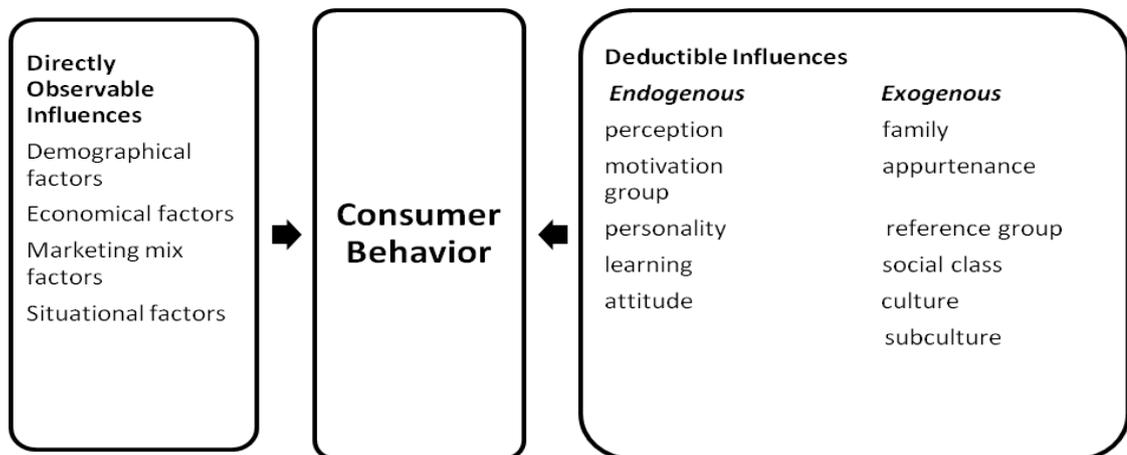
In the traditional shops, the employees and their interpersonal skills are very important for making sales. However, in online environment there is a complex array of important areas for the business owners to cover. For example, the there is still a customer relationship electronically but the online portal that represents products or services etc is of also great importance, because the client cannot experience them in person.

Because of the spread of internet connectivity, the advertising model has also changed. In case of many products or services, it is no longer necessary to pay a large sum of money for television advertising. Online advertising is cheaper and has the potential to reach a larger population.

3.2   Factors Influencing Consumer Behavior

Before we delve deeper into understanding factors that influence online consumer behavior, we must form a general understanding of the factors that influence consumer behavior in general.

The table below is taken from a research journal by Cetina et all. (2012). It describes the most important factors driving the online consumer behavior. The factors are explained in detail also in the upcoming paragraphs.

Directly Observable Influences	Consumer Behavior	Deductible Influences	
Demographical factors		**Endogenous**	**Exogenous**
Economical factors		perception	family
Marketing mix factors		motivation group	appurtenance
Situational factors		personality	reference group
		learning	social class
		attitude	culture
			subculture

The consumer behavior in general is dependent on two types of influences. These are the influences that are directly observable and the influences that are deductible.

Directly Observable influences

These factors are related to a large group of people. These include Demographical, Economical, Marketing Mix and Situational factors. Demographic factors are concerned with the type of population mix. The behavior of consumers coming from richer backgrounds would be different to that of middle class and lower middle class. For example, price conscious customers and customers going for quality or uniqueness can completely change the behavior of a customer during a transaction of a product or a service. Similarly, young and old population can also differ in their choices or products and also in the way they select and buy services and products.

Economical factors can also drive consumer behavior. A direct reflection of this can be seen in the consumer confidence index recorded in many countries. An increase in inflation, unemployment, or tough economic conditions in the society can seriously affect the consumer

behavior. The reduced amount of spending by consumers during and after the global financial crisis in 2008 is a perfect example of economic conditions driving the consumer behavior.

Marketing mix factors can also drive consumer behavior and can also change the direction of consumer spending depending on the effective marketing strategy. Situational factors can also change and affect consumer behavior. An example of it can be seen during a sudden change in weather, a launch of much awaited product or a disruptive innovation in the services or manufacturing sector.

Deductible Influences

The deductible influences are closely associated with an individual consumer. These include the perception and the motivation to use a particular product or service. The perception can lead to a price, quality, or reliability conscious consumer behavior. The motivation may lead to different market research behaviors resulting in varied consumer spending on a particular product.

The personality of a consumer also plays a huge role in changing the consumer behavior. The traits of personality such as learning ability and attitude can dictate the consumer behavior. Online merchandise is a perfect example of individual personality helping the consumers to adopt a new way to buy products and services. It has been seen in many research works that people with adaptability have adopted internet as the next platform for doing their daily groceries and buying other products.

The other factors, which also play a significant role in driving the consumer behavior of individual, include family background, size of family and the position of the person in the family. In addition to this, the appurtenance and social group of a person can play a significant role in forming consumer behavior. In addition to the above-mentioned factors, social class, culture and sub-culture of a person also affects the way he or she behaves as a consumer.

3.3   Factors Influencing Online Consumer Behavior

Online Consumer Behavior is influenced by many factors. They include different sociological factors, a range of human emotions, consumer innovativeness, and effects of risks.

3.3.1   Social Factors

Cetina et all (2012) describes, "the online environment consumer behavior is mostly influenced by a virtual group they are a part of." It should be noted that these groups can vary widely in nature and platform as opposed to the offline social groups. While these social groups are limited to "family, social roles and statuses," however the online social groups can be very diverse. Different people might prefer to use different online social media. A hypothetical judgment is that some products will fare better if promoted on Facebook rather than Twitter. Some people do not use social media as much but regularly follow certain blogging websites. Other than that, there could be online activity or hobby discussion groups. There could be fan groups of public figures. According to Cetina et all (2012), in the online social groups the WOM (word of mouth) holds great importance. Sellers should also keep in mind that these days the internet has made heaps of information readily available, so the consumers are more informed. Moreover, on the internet the word of mouth spreads very fast.

3.3.2   Psychological Factors

Cetina et all (2012) has identified four factors that influence online consumer behavior the most. These factors are "online perception, trust, personality, and website's aesthetics."

Perception: The idea of perception is just an extension of the concept that everyone is affected by his or her environment and they also generally form an opinion about it. It is natural that upon seeing a website, the consumers will form a perception. Some people will like or dislike it and the perception can be conscious or unconscious. Since the website is not a real-time experience, there might be aspects of the real environment missing which the consumer will form by having certain mental pictures they will form by themselves. Some researchers argue that the website design can influence the perceptions of the consumers (for example Mazaheri et all, 2012). This phenomenon is discusses in detail later in this section.

Trust: The second and very important psychological factor that influences consumer behavior is "trust." According to Cetina et all (2012), the consumers are more likely to stop at and explore a website, which conveys "integrity and credibility." Usually reputable online groups like Google, Facebook, Amazon, and EBay etc. have employed very safe and secure mechanisms of money transactions between buyers and sellers. If there is a dispute or problem, they can be easily reported and most of the times very efficiently dealt with. However, customers can still have doubts and fears of scams and frauds, if a website seems dodgy or if they are new to online money transactions. In certain businesses (like home based BnBs) there is always an element of risk present albeit sometimes it can be very low. If the website is reputable, the disputes can be resolved through their customer service and management. How the risks affect the online consumer behavior is discussed in detail in section 3.4.

Personality: "Personality" is another factor that determines online consumer behavior. Cetina et all (2012) makes a very interesting demarcation between peoples' real life and virtual life personalities. They remark that consumers may have different (as compared to real life) and/or multiple personalities online. On social media, a tendency has been observed that people project their personalities in a larger than life sort of way. Alternatively, "they may use their alter egos to communicate in the virtual world." (Cetina et all, 2012) Moreover, people have a tendency to exaggerate life events or their good qualities to be recognized as more sociable. In such an environment, the sellers are faced with a unique challenge that their marketing and advertising should appeal to multiple (real, projected and perceived) personalities of one user. Making a connection with the "inner part of the consumer" remains the focus to make sales.

Website's Aesthetics: The fourth psychological factor that heavily influences the online consumer behavior is the "website's aesthetics." According to Cetina et all (2012), this concept can be somewhat synonymous to the term "atmospherics" that Kotler came up with in 1973. Just like a traditional shop's environment would affect a consumer, the website's aesthetics would also influence consumers. The term "website's aesthetics" combines all the visual components of a website like its style, color scheme, design, and presentation etc. Overall, the website should motivate a consumer to ultimately buy.

3.3.3 Emotions

Based on literature reviews and research by Mazaheri et all (2011, 2012), it is concluded that the website's atmospherics invoke different emotions among its audience. The concept becomes increasingly important for the businesses that rely heavily on conveying information and/or ultimately selling online.

Mazaheri et all (2012) identify that the following three emotions, pleasure, arousal and dominance are responsible for shaping consumers' response to the website's "atmospheric cues." The website's atmospherics along with the play of these three emotions will determine how involved the consumers might feel in the site environment to make a purchase.

Pleasure: In the online context, the pleasure is a website's "likeability." It refers to the feelings of happiness, contentment, and satisfaction.

Arousal: Arousal determines the website's "motivational power." It refers to how alert, stimulated, and active a person feels upon seeing a website.

Dominance: Dominance is "consumers' controlling power." It refers to how much in control or powerful a consumer might feel when making decisions.

Mazaheri et all (2011), in their literature review, have divided the website atmospherics into two main categories. The first category is the "visual" and "aural" "interface features." The second category is the website's "informativeness, effectiveness, structure, and entertainment." These two categories might invoke the emotions of pleasure, arousal, or dominance at a conscious or unconscious level.

It is a known fact that in buying behaviors, emotions precede the cognition. Therefore, Mazaheri et all (2012) suggests that the website's first exposure should be able to invoke emotions in visitors. This could be done by audiovisual cues (for example clever use of music, graphics, colors etc).

Mazaheri et all (2012) mention in their literature review that in many older studies (for example, Russell, 1979) pleasure and arousal are sufficient responses to any environmental stimuli in a retail environment. However, in the online context, dominance also becomes an important factor because the consumers need to feel that they are in power or control of processing information and buying.

However, when influence of these three emotions is compared, in "credence based services" (the category in which the home-based BnBs lie), Mazaheri et all (2012) conclude that the most important of the emotions to be invoked in a consumer is arousal.

3.4   Tourism Innovativeness

In view of our research direction, it is important to analyse the impact of online behaviour in the tourism industry. Over the past few years, a number of tourism based websites have kicked off and are attracting significant users and business. However, there is a dearth of literature available for the analysis of tourism industry and the online consumer behavior. In one of the earlier analysis, Park and Gretzel (2007) describe the factors, which play an important role in establishing a tourism website and increasing its consumer base. These factors are namely information quality, ease of use, responsiveness, security/privacy, visual appearance, trust, interactivity, personalization, and fulfillment.

Annie et al (2015) has provided significant insights in to the effects of innovative tourism on online consumers. Annie et al (2015) mentions three factors, which form the basis their analysis. The first one deals with the determinants, which lead to the adoption of a new technology, destination or anything new related to tourism. The second factor is about the

methods, ways and tools used by the consumer to search information about tourism related affairs. The third factor relates to the demographics of the consumers, which opt for the online tools to book, search, and do other things to finalize their trips. The results of the research conducted by Annie et al (2015) shows that the tourism innovativeness directly corresponds to the increase amount of online activity for users in this regard. Internet is being increasingly used for collecting information, booking air travel and hotel accommodations and people increasingly trust the information provided. The innovative consumers, which were the first ones to adopt the technology and other online consumer activity, have also been found to be innovative with regard to tourism industry as well.

3.5   Effects of Risks

Online consumer behavior is significantly dictated by the risk involved in doing business with entities, which do not have a physical existence. The behavior of consumers towards e-commerce can be used as a direct or indirect measure of online consumer behavior.

Seung et al (2014) have analyzed the impact of risk factor on the viability and use of e-commerce. The have indicated security, privacy, merchant legitimacy and order fulfillment as one of the main factor which drives the risk assessment on the consumers' end. Security deals with the payment methods and the consumer is concerned about any leak or misuse of credit card of bank details. Ensuring security of this information is of paramount importance to the consumer. Privacy deals with the confidence the consumer has that the business transactions and its details would remain private between the consumer and the business. The risk of such information being leaked can seriously erode the trust of the consumer and lead to decline in online consumer activity.The factors of security and privacy are very important since the cases of identity theft and fraud in the online environment has been increasing at an alarming rate. Merchant legitimacy deals with the authenticity of the business whom the consumer is using to buy products or services. Order fulfillment is the ability of the business to complete the given orders and the quality of the product and services as expected by the consumer.

Trust in E-Commerce
Online consumers base their decisions to use E-commerce based on the trust they have on the service being provided through the internet. This has been shown in a number of research works and analysis. Selam et al (2005) writes, "trust in the context of e-commerce was a complex --- phenomenon reflecting technological, behavioral, social, psychological and organizational interactions among human and nonhuman technological agents". This shows that sophistication of technology is not the only factor in the trust being developed to use e-

commerce. It is the correct mixture of a number of elements that drive the trust level. The trust level should be high enough for the consumer to opt for online business.

There is a general perception and it is also backed up by research that main factor to develop trust with online consumers is via making the transaction secure and private. However, Bellman et al (1999) shows that consumers prefer online transaction more because it is convenient and saves them time and effort. Their main preference is for the online business, which saves them time, and they can easily make the purchase or order the service and get it done. This provides the basis for further analysis that other than secure payment, there are factors, which are driving the online market and developing trust in consumers to opt for internet merchandise.

Berendt et al (2005) has shown in their research that after all, trust in e-commerce might still not play an important role in the final online transaction. In their analysis, they found that people did not conform to their declared apprehensions about the privacy and security issues. In fact when it came to buying online merchandise or services, factors such as consumers liking a product, website or a good deal offered played a far more greater role than the trust factor. Mauldin et al (2002) provided a similar research result. They showed that website design, intent to buy, and other factor influence the trust relationship between the consumer and the online business.

The online consumers can also be divided into categories based on their respective abilities to take risks. The ability to take risks has a serious impact on the tendency of the consumers to opt for online businesses. Kahneman et al (1999) studied the risk factor and its influence on online consumer behavior. The consumers are categorized into two types. They are either risk takers or risk averse. The risk takers are more likely to try new products, platforms, and new ways to buy products and services. Therefore, they are more like to get involved in online merchandise. Risk taker types of consumer see the benefits in e-commerce. For them, the benefits clearly outweigh the risks. On the other hand, the risk-averse consumers are not ready to adopt online products and services because for them the risks involved are serious enough to outweigh the associated benefits.

3.6   Summary of the Theory

For this research, it was necessary to form a general understanding of the consumer behavior. In general, the consumer behavior is dependent on range of influences, which can be categorized into directly observable influences (like demographical, economical, and marketing mix factors), and deductible influences (like perception, motivation, personality, social class, culture etc). However, it is crucial to understand that the advent of ecommerce and boom of

social media have altered the previously formed behavior patterns and thought trains of the consumers. It is very important to understand the online consumer behavior specifically for businesses that have to market and sell online. A range of social, psychological, and emotional factors influences the online consumer behavior. The social factors mainly refer to the social groups an individual might belong to. The social groups essentially consist of the family, social subclass and cultural group etc. However, in the online context the social groups can be much more diverse. For example in the online context, the social groups may consist of fan groups and hobby groups. The psychological factors that influence the online consumer behavior are "online perception, trust, personality, and website's aesthetics." (Cetina et all, 2012). Some researches (for example Mazaheri et all 2011, 2012) point out that the website aesthetics are capable of invoking different emotions in a consumer. The emotions that influence the online consumer behavior are pleasure, arousal, and dominance. In credence-based services, the most important emotion that the website should be able to invoke in a consumer is arousal.

For this research, it is worthwhile to study online behavior in the tourism industry as tourism websites are springing up; many of them are doing good business by keeping solely an online presence. Innovative consumers, who are able to adapt quickly and easily to online business models and the spread of internet are responsible for thriving tourism websites. Another very important factor that dictates and dominates the online consumer behavior is the presence of risks. The consumers can be risk-takers or risk-averse. To develop trust in ecommerce, the websites should be secure, private, efficient, and legitimate in online transactions and order fulfillment.

4   A home-based BnB in Western Sydney

The author resides in a two bedroom rented apartment in the city of Liverpool. It was decided that one of the bed rooms to be listed on the website airbnb.com for rent. The idea conception and materialization of this project took around 2-3 weeks. A lot was learnt during the project and changes were made on as and when required basis while the project continued. The duration of this project was approximately 8 months i.e from April 2014 to December 2014. There was one month break taken during July 2014.

4.1   The living space for rent

Number of occupants: Initially the listing on airbnb stated that the room is available for one person only. However, some consumers inquired if it is acceptable that two of them come to stay in the room. It was then realized that usually people travel in pairs or groups while

travelling, so to get the room booked frequently it is better to advertize that the room was available for two people.

The room: A 14-meter square room with a better window view (as compared to the second bedroom) was chosen for this project. The room had a Queen Size bed, two side tables, a study table, a chair, a mirrored dresser, and a wardrobe.

Special consideration was given to the aesthetic detailing and lighting of the room. The room had plenty of sunlight through the window during the day time. There was an overhead ceiling light and lamps on both bed side tables.

New linen and towel sets were bought on sales. For ease of washing and drying, most linen was cotton with a mix of polyester. The polyester mix also ensured that with proper folding, ironing was not required. The bed sheets were in subdued neutral colors and quilt covers were printed and colorful. This was done to make the bed focal point of the room as the room was painted in neutral tones. For two people, two bath towels and two face towels were provided. The towels were set in the middle of the bed in the form of a swan.

The study table was equipped with pens, pencils, highlighters, notepads and sticky notes. The wardrobe was equipped with wooden hangers. A noiseless digital clock with alarm functionality was placed on one of the sidetables. A dustbin was provided in the room, so that the guests do not have to come to the kitchen to throw dry trash. A hotel-like "Do Not Disturb" placard was also provided for the door handle.

The bathroom: The bathroom had both, the tub and shower space. Most toiletries (shampoo, conditioner, soap, toothpaste, mouthwash, hand wash etc.) and hair dryer was available for guests' use.

Living room and dining area The living room and dining area was accessible to guests at all times. The living room had a 42-inch television and a DVD player for entertainment.

Kitchen All the appliances, dishes, utensils, stove, oven, fridge, and freezer were available for guests' use at all times. The appliances included electric kettle, toaster, blender, juicer, microwave oven, and beater. The guests were provided space in fridge and freezer exclusive to them. Cabinet space for groceries was also provided to the guests.

Laundry and Balcony The laundry room had a steam iron, a 7 kg fully automatic washing machine, and a sink for hand washing clothes if someone desires so. Laundry powder was also provided. There was no tumble dryer; however, Sydney's weather allows for air-drying of

clothes. The clothes air-dried on a clothes stand in the balcony or clothes drying space of the apartment building.

The balcony was equipped with a table and seating for two people.

Breakfast Initially the breakfast was not provided. Later, it was noticed that it was expensive and time consuming for guests to buy breakfast from cafes every morning. It was realized that if the breakfast is included in the deal, it can be a good selling point, which proved to be true.

The breakfast included 2 to 3 types of cereal, low and full fat milk, bread, 3 types of bread spreads (jam, butter and cheese), honey, sugar, eggs, tea, coffee and green tea. Occasionally cookies and/or juices were offered too. The guests were required to self-service themselves for the breakfast.

Wifi, keys and other courtesy services To ensure full privacy and independence of both parties, the guests had one main door key each. There were two locks on the main lock. As a security strategy, keys for only one lock were offered to the guests. The other lock was not locked when guests were present or expected. On their arrival, the guests were served a platter of seasonal fruit; mini chocolates or candies were placed on the towel swan. Short-term guests (staying for 3 days or less) were allowed to have tea, coffee or green tea at any time they desire other than the breakfast too. Many free guide books for Sydney travel, shopping and eating were placed in the room. Maps, public transport timings, and routes brochures were also provided. Some books on Australia were also placed in the room. The guests were also provided with some board games and playing cards etc. Two pairs of slippers were also provided.

4.2   House rules

In case of a home based BnB, it is very important to set house rules, so that no inconvenience is faced by both parties. If anyone is faced with a problem or dilemma, one can simply refer back to the rules and seek a solution. Because this project was a rookie's attempt, no strict rules were formed beforehand except for"Not wearing outside shoes inside." However, as the experience progressed the hosts learnt some handy house rules that if appropriately conveyed to the guests, save trouble and keep finances in check.

Cleanliness In most cases, the guests are responsible for cleaning after themselves throughout their stay. When they leave, the premises should be clean unless the hosts charge a cleaning fee. The host should provide disinfectants and other cleaning aids.

Linen and towels It is important for the hosts to tell beforehand how often they would provide clean sheets and towels to the long term guests (for example every 5 days). Who would wash the soiled sheets and towels depends on personal preferences and the margin of profit on the room rates.

Shower time If the host pays for hot water, it is reasonable to set a limit on shower time (for example no longer than 20 min each person each day).

Laundry and stove/oven usage Laundry and stove/oven usage shows up significantly in utility bills. It is wise to restrict the laundry and stove/oven usage to some extent (for example laundry not more than every three days and light cooking on most days and baking occasionally).

Internet usage Depending on the internet rates and profit margins, one can decide to offer the free internet or not. Similarly, one can put a data limit usage for the guests. In case of unlimited internet, it is still wiser to convey explicitly to the guests that downloading from torrents etc (depending on the country's law) is allowed or not. For example, in Australia internet piracy laws are strict and worthwhile to convey it to the guests especially foreigners who might have experienced different laws in their countries.

Noise restrictions If the guests are allowed to watch TV and/or listen to music, one can apply noise restrictions after certain hours, for example quiet time through the night.

Age and gender of the guests Depending on hosts' circumstances, life situations and dwellings, one can impose age and gender restrictions. If a home is not baby proof, it is the best not to allow babies and toddlers. One can also choose to host only adults as it is easier and more straightforward.

Visitors Usually it is worthwhile to impose restrictions on guests' visitors. It will also ensure that the guests do not start hosting parties at the home in the absence of the hosts. Airbnb.com has a feature that allows the hosts to set up extra costs per person per night if the guests want to have visitors stay with them for a limited period.

Booking cancellations Airbnb.com allows the hosts to choose one out of three of their cancellation policies. The cancellation policy can be flexible, moderate, or strict as per hosts' choice and convenience.

Small-scale damages It should be noted that the home insurances usually cover bigger scale damages like that of fire, electricity, or water damage. Small scale damages like broken crockery or minor furniture damage is to be dealt by the hosts themselves. Therefore, either the price of the rent should compensate for small-scale damages done by the guests or the hosts should devise a policy of making the guests pay for the damages.

Correspondence with consumers The communication with potential customers should be limited to the booking website portal. It saves a lot of headache in case anything goes wrong, as the website will always have a record of correspondence. The house rules, maps, and cancellation policies etc. should be conveyed beforehand to the consumers.

4.3   Ensuring Security

Use reputable websites that ensure background checks on both the hosts and guests. Do not hesitate to report disputes to them, which do not impose a security threat. Never allow someone you do not feel comfortable with, just for the sake of earning a profit. Do not hesitate to call the police immediately if you feel you are in danger. To keep all bases covered, always check with the city council or relevant authorities before renting a property/room for short-term lease. Document everything. Never make or believe a verbal agreement. Take pictures whenever you can to report a misgiving with evidence.

4.4   Financial Balance sheets

The pricing of the dwelling space is one of the most important factors is getting the initial customers and then later on broadening the customer base. Since there is very little chance of repeat customers in this business, therefore the pricing needs to be modeled in terms of bringing a new customer every time.

The main factors used for pricing, are as under
- Type of suburb
- Distance from the main tourist attractions
- Amenities on offer
- Overhead costs
- Damages/Insurance

Type of suburb
The Sydney metropolitan area covers almost 12500 sq kms and has 43 city councils. Therefore, it has varied mix of suburbs, which include rich, middle class to lower middle class areas. Liverpool is a middle class suburb and therefore lacks the hip and happening cafes and restaurants that you may find in Sydney city or richer suburbs. Moreover, the types of dwellings in Liverpool are old constructions and therefore affect the pricing model. The price

of the living space was determined keeping in mind the competition from the richer suburbs and therefore it had to be considerably lower than those suburbs.

Distance from the main tourist attractions

Majority of the tourist attractions such as Sydney Opera House, Harbor Bridge, Bondi and Manly beaches and The Rocks is more than 40 kms away from Liverpool. Therefore, if the tourist opts for the train travel, the cost has to be fed in to the pricing model to keep the price competitive to the living spaces located much closer to the tourist attractions.

Amenities on offer

The price also needs to cover for all the amenities being provided, as we need to either achieve breakeven or keep the business in the profit zone. It is pertinent to mention that in the beginning the aim was to achieve breakeven. At no stage the business was run in loss. The price of the breakfast, laundry, cooking appliances etc were all included into the price.

Overhead costs

The overhead costs such as the bedding, washing, cleaning, electricity and water charges were included in to the price.

Cancellation costs

It should be noted that some website like airbnb.com take cancellations from hosts very seriously and want to discourage the practice. To keep it in check, after the first cancellation, they impose a fee on every cancellation within 6 months. Of course it is not possible to foresee if a host will have to cancel more than one bookings but a good idea would be to consider including a little amount for unexpected cancellation costs in the price of the room.

Damages/Insurance

In order to avoid any huge costs being incurred by the damage in case of fire or any other incident, a content insurance was taken for the home. This was in addition to the insurance cover provided by airbnb for all of its hosts. Insurance cost has been calculated assuming that the space is rented for half a year.

The table below depicts how the rent was calculated and what were the expected profits.

Items	Per Day Costs (In AUD)
Actual Rent (Paid to Landlord)	10
Proposed Price for One Night Stay	45
Electricity	2.22

Amenities	2
Insurance	1.11
Breakfast	3
Travel Subsidy (Subtracted from Price)	10
Suburb Subsidy (Subtracted from Price)	5
Final One Night Price	38.33
Weekly Price	250
Monthly Price	1000
Expected Profit (One Night Stay)	20
Expected Profit (Weekly)	142.69
Expected Profit (Monthly)	540.1

The total money earned from the renting the dwelling, airbnb fee and number of nights the space was rented for is provided in the below table.

Start Date	Nights	Amount (AUD)	AirBnb Fee
28-12-2014	4	156	5
Reservation Cancellation Fee		-50	
25-12-2014	2	78	2
13-12-2014	2	79	2
11/12/14	2	78	2
23-11-2014	1	39	1
13-11-2014	10	346	11
11/11/14	2	78	2
8/11/14	1	39	1
5/11/14	2	78	2
29-10-2014	6	233	7
27-10-2014	2	78	2
17-10-2014	10	346	11
12/10/14	5	194	6
8/10/14	4	156	4
29-09-2014	9	337	11
20-09-2014	9	300	10
18-08-2014	30	955	30
16-08-2014	1	39	1
14-08-2014	1	39	1
12/8/14	2	78	2
21-06-2014	3	117	3
19-06-2014	2	78	2
15-06-2014	1	39	1
1/6/14	7	272	9

29-05-2014	1	39	1
24-05-2014	4	78	4
13-05-2014	3	116	3
Total	**126**	**4415**	**136**

The profit figures for the eight-month period are given below

Item	Amount (AUD)
Total No of Nights for Rent	126
Total Earnings	4415
AirBnb Fee	136
Rent Cost	1260
Amenities Cost	252
Insurance	139.86
Breakfast	378
Electricity	279.72
Total Profit	1969.42
Monthly Profit	246.1775

5 Market Research

This chapter discusses the market research and methodology in theory and in practice for this thesis.

5.1 Research Methods

The research methods and the concepts used in this field need to be understood before se-lecting a particular research method. There is considerable work in the literature regarding the basics and the scientific reasoning behind different types of research methods. According to Kothari et al (2014), research includes defining a research problem, identifying the key areas, adapting the research problem and then using different techniques to collect data and infer results and conclusions. The whole process follows scientific procedures at every stage and there is a lot of background work, which goes in to the equation to develop a well-informed result or inference.

5.2 Research Objective

Any research work always comes with specifically defined objectives. Kothari et al (2014) describes the following as the main objectives of any research work or project

- To understand a phenomenon and try to find out new aspects of understanding within this scope.
- To completely analyze a particular individual, organization, process or series of processes
- Evaluating the expected and calculated frequency of a particular event and analyse the reasons behind any such activity
- To test a particular link or relationship between two or more elements and any related hypotheses

It is to be mentioned that the research objectives may not be limited to the ones mentioned above. These mentioned objectives just provide a broad picture for the general understanding. These research objective are achieved by following a set of methods. These methods give rise to different types of research directions or methods.

5.3   Research Types

Kothari et al (2014) has provided the following types of research currently being used in a number of fields. Each research provides its own set of methods. They can be used independently or in conjunction with other research methods to achieve the research objectives. Research methods are also broadly categorized as shown by the char below based on data from Kothari (2014).

A brief description of each research method has also been provided.

Descriptive	Used to describe the current state of affairs using surveys and fact finding enquiries
Analytical	Researcher uses current information to critically evaluate the material, process
Qualitative	Based on quality and kind of a particular process
Quantitative	Research based on measurements of a particular quantity, process or units
Applied	Used to find answers to a problem in the social or industrial world.
Fundamental	Concerned with generalizations and developing theory
Conceptual	Research related to an abstract idea or a concept
Empirical	Research based on experiment and measurement data

Table based on Kothari et al (2014)

5.4   Research in Focus

It was decided to focus on quantitative and qualitative research since it is best suited for the analysis of online consumer behaviour for BnB setups. Several authors have tried to define and set clear scope for qualitative and quantitative research methods.

Clarke (2005) has defined the quantitative research method as "traditional, positivist, experimental, or empiricist as advanced by authorities such as Comte, Mill, Durkheim, Newton, Locke". On the other hand, he has defined qualitative research as "constructivist, naturalistic, interpretive, post positivist or postmodern perspective as advanced by Dithey, Kant, Wiitgenstien, Foucault, Miles and Huberman"

In view of the literature on Qualitative and quantitative research methods as explained by Kothari (2014) and Clarke (2005), it becomes evident that both methods have fundamental differences in how research is conducted and in the ways the results are inferred.

5.5   Quantitative Research Methods

In quantitative research, numbers, levels, measurements, and direct evaluation is used. An example of this would be questionnaire where we need to fill in the extent we agree or disagree with a stated fact. The level of agreement or disagreement may be scaled from 1 to 10 or from 1 to 5. It can also be measured by using terms such as strongly agree, agree, or varying terms of agreement of disagreement with a fact. This can also take form of a survey in which we put out these questions in the form of measurable quantities which is then quantified in to different levels based on the response.

There are certain advantages of using such methods. Quantitative research methods are always good for data collection, forming statistical trends, predicting choices and inferences based on large data. However, one of the basic drawback is it usually requires large amount of data sample to arrive on any conclusive results or insights. Another drawback with quantitative research methods is that the feedback is limited. This limitation comes from the fact that the subject has to choose his or her answers from the given options. Therefore, any additional information, which would have proved important, may not be provided. This puts the design of the survey or questionnaire further in to perspective. We need to put an extra effort to cover all the aspects of the research and they must be fed in to the questions or observations in the document handed over to the subject.

The limitation of the subject dependent on the researcher for the items to be analyzed can be used in an effective way. By including all the relevant questions, it could be easier to

gather information via this method. However, a balanced and compact design of the survey is a difficult task to achieve. We need to keep the survey short so that the subject does not lose interest. Additionally the questions asked should be simple and effective enough so that the rankings actually represent logical data and can be interpolated in to meaningful conclusions.

5.6   Qualitative Research Methods

Qualitative research focuses more on in depth analysis and depends a fair bit more on the subject to provide the required amount of information, data and analysis of the given situation, system or scenario. Interviews are the most common form of qualitative research and can prove to be very helpful in gaining useful insights.

The fundamental advantage of interviews is that one to one interaction leads to a lot more information being gathered from the subject. Provided the research subjects feel welcomed, interviews can actually provide an insight in to the feelings, emotions and unfiltered feedback from the subjects. In addition, interviews can be a very good way of taking on item and based on the input from the subject, follow it up with the relevant question. This is one of the most important aspects of interviews. In case of survey forms, if we have received a particular feedback, which is of interest and may be an aberration not expected, we cannot get immediate feedback. In the case of an interview, answer of a particular question can feed in to the questions that are asked later. Therefore, in addition to the questions already prepared for the interview, there is the option of follow up questions available in the interview.
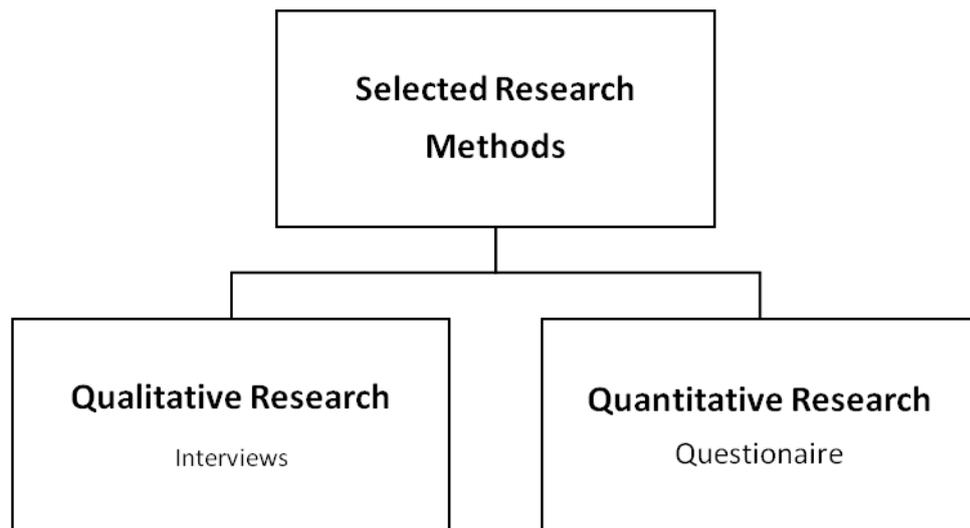
It should be kept in mind that the apparent advantages of such research methods depend heavily on the way the researcher conducts the interview. The questions should be targeted and should contain the required depth to get all the required information from the subject.

5.7   Selected Research Methods

In most of the cases, one type of research methods generally does not fulfill the needs of the project. We need to use a combination of techniques to draw the correct inferences for the project. Therefore, in the case of analyzing online consumer behavior with terms to BnB services, both qualitative and quantitative research methods have been employed. Interviews were conducted with guests, which are in particular age group. On the other hand, questionnaires were given to all the guests and their responses were recorded and analyzed to draw some important conclusions. The next sections would provide an insight in to the development of the questionnaire, interviews, and the targeted age groups for the interviews.

For preparing and distributing survey questionnaires, a website surveymonkey.com was used. Survey was created on this website and was emailed to the prospective participants to answer. There were manifold reasons for choosing this particular website. One of the most important reasons was the ease of use for both the survey generator and the end-user. Other than that, the website provides great tools for analyzing the data. Some guests who were not proficient at the use of computers and internet were provided with printed questionnaire forms and were requested to fill them in. After the data was gathered and analyzed, Microsoft Excel was used to generate charts to convey the findings.

The interviews were conducted on-site, at the home-based BnB's living room. The guests were initially requested to participate and a time suitable for both parties was set for the interview(s). The participating guests were offered tea/coffee and sweet/savory refreshments after the interview. The guests' responses were recorded by noting down their answers on a notepad.

```
        ┌─────────────────────┐
        │  Selected Research  │
        │      Methods        │
        └─────────────────────┘
             │           │
   ┌──────────────────┐ ┌──────────────────┐
   │Qualitative Research│ │Quantitative Research│
   │                  │ │                  │
   │    Interviews    │ │   Questionaire   │
   └──────────────────┘ └──────────────────┘
```

5.8   Preparation of Survey and Interview Questions

The following factors were deemed important when designing the survey and interview questions for the research and corresponding conclusions.

Price and Reviews
The importance of price of the dwelling space and the impact of positive reviews on the customer opting for a particular BnB service are very important factors to consider.

Distance to the Tourist destinations

The amount of distance the tourists are willing to travel to live in cheap BnB services in the suburban areas. The survey would also target to analyze the importance of public transport and other networks, which can make the cheap BnB services competitive.

Amenities

The impact of amentiies and their free or costly availabiliy will be analyzed through the survey. Amenties such as free cark park space, wifi internet, kitchen and laundry factilities would be included to guage the impact on market competitiveness.

The survey questions are given in Appendix 2.

Interviews

In addition to the questionnaire, interviews would also be conducted in order to shed some more light on the aspect of BnB, which may not be covered by questions earlier asked from the guests via the online survey. Of course, it would be time consuming and many not are logistically possible to interview every guest for the detailed overview of the experience and their comments. However, a selection has been made based on the most dominant age group of the guests for conducting the interviews. Three interviews with 3 couples would be conducted and the age group to be targeted is 18-30. The interviews were used to assess the impact of cost of public transport on their overall trip cost. In addition to this, interviews were used to see which activities were used by the guests to keep them occupied during their travel from and to the tourist destination(s). In order to analyze the impact of amenities, the guests were asked about the most important amenities. The interviews would be conducted after the guests have filled in their survey forms. The questions asked in the interview are given in Appendix 3.

5.9   Reliability and Validity of the Thesis

The reliability of a research is defined as "the stability of the findings" (Silverman, 2011). Silverman further explains that the reliability is a measure of how much a research is replicable i.e. whether someone can repeat the research similarly and can come up with the same results or inferences.

The reliability of quantitative research for this thesis was tested by dividing data into sets of samples of ten participants each and comparing the results. In that manner, this research is reliable because the results were similar.

The reliability of qualitative research is not easy to measure. For example, according to Silverman (2011) the interview questions should be understood by all participants in the similar

manner. For the qualitative part of this research, to ensure that the sample is diversified, participants from different nationalities were chosen. This imposed a linguistic drawback. All the questions were asked in English and the respondents claimed that they can understand and speak English well. However, the first language of 4 out of 6 interview respondents was not English. It can be assumed that they might have understood the questions differently or even if that was not the case, some information from their answers might have been lost in their trying to communicate in English. To ensure some reliability, it was made sure that the interview questions were easy to understand by non-native English speakers and were tested on a small sample of family and friends whose first language is not English.

Silverman (2011), in very simple words defines the validity as the "truthfulness of the findings." It is believed that it is easier to find validity for qualitative research as compared to finding validity for quantitative research. However, it is possible to find validity for both types of researches. For this thesis, it was made sure that the questions for both the online survey and the face-to-face interviews were corresponding to the theory part studied for the research. The findings are more likely to be valid if the research is focused.

For theory part and designing research methodologies, very reliable and trustworthy online and offline sources were consulted. Both the survey and the interview were tested on a small sample of friends first. Some questions were tweaked to make them simpler to understand. Some long sentences were divided into 2 shorter sentences. Some words were replaced with their simpler synonyms. For the interviews, special care was taken that the author's own ideas or opinions do not get mixed with with the guests' responses. For the online survey the response rate was 95%, which is excellent. Very focused respondent sample was chosen for both the survey and the interview. These were the people who were real guests at a real home-based BnB in exactly the same location, which is in focus for this thesis.

6   Research Results

This section of the thesis compiles and analyzes the findings and inferences from the survey and interview responses respectively.

6.1   Survey Questions Analysis

The first part of the survey aimed to find background information of the guests to profile them. It included questions on gender mix, age, nationality of the guests and the number of nights they chose to stay in the BnB room.

Gender Mix
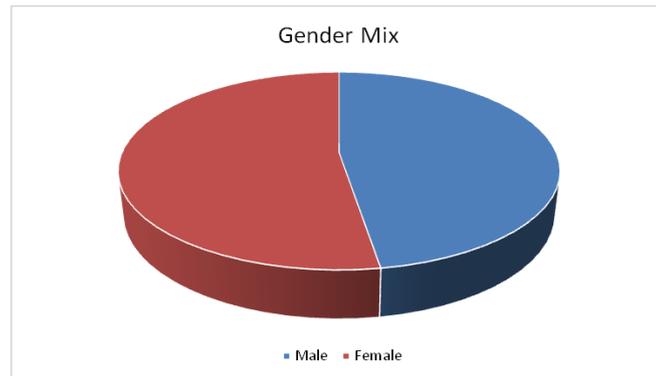
The question of gender was placed in the survey to evaluate the gender mix of the correspondents. There were 19 male respondents and 21 female respondents. This corresponds to in general an equal representation of both genders in the survey and hence we can safely conclude about the general public perception of BnBs.

Age, Nationality and Stay

The age, nationality and no of nights stayed by each guest was also part of the survey. The objective of asking age and nationality was to find if a certain age group or people from a certain geographical region are frequenting western Sydney. When age groups and nationalities are known or can be predicted the BnB owners can adapt to the needs of the consumer better. The objective of asking number of night stay was to find out that if there is a repeated number, the BnB owners can design their deals or packages according to that to get an edge over the hotels located near to the tourist destinations.
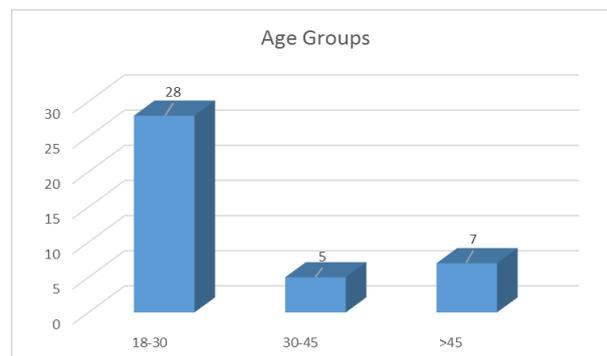
The majority of the guests belonged from age group of 18-30 (62.5%). It is safe to conclude that for young people, cheaper rooms even if they are far from the tourist destinations are attractive.

Guests - Nationality
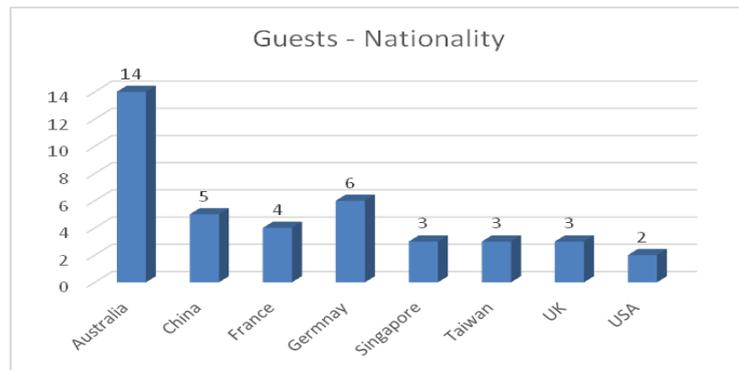
According to the survey results, the majority of the guests (14) belong to Australia. There were also six guests from Germany, four from France, and three from the UK making a total of 13 guests from Europe. There were 12 guests from South East Asia.

In terms of percentages 35% of the guests were Australians, 32.5% Europeans and 30% were from East Asia.

Duration of Stay
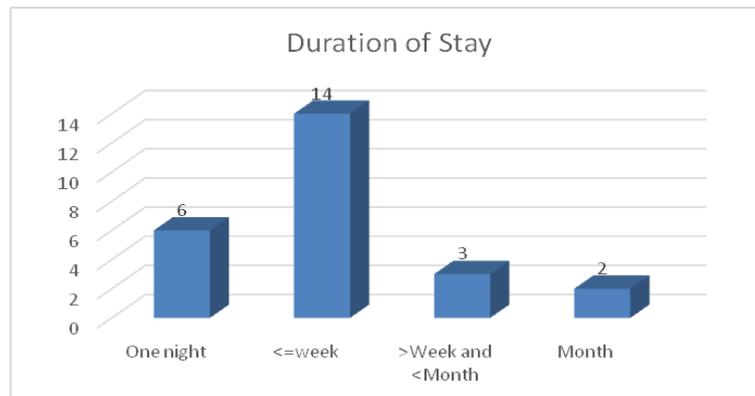
Most of the guests stayed for a period of more than one night and less than a week, which means that people do not mind commute for relatively shorter periods of time, for example less than a week. It can also be concluded that the one-night stayers prefer to be near to the airport or/and tourist destinations.

For the analysis of rest of the survey questions, the following naming conventions have been used.

A: Agree; **SA**: Strongly Agree ; **D**: Disagree ; **SD**: Strongly Disagree ; **N**: Neutral

Price and Reviews

The result for the questions of the survey which relate to the price of the BnB stay and its value for money reveal interesting consumer choices.

Lower Rates

Value for Money
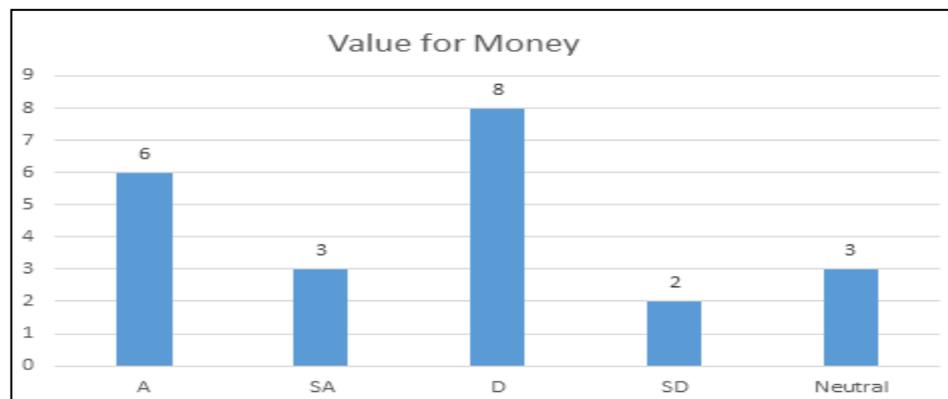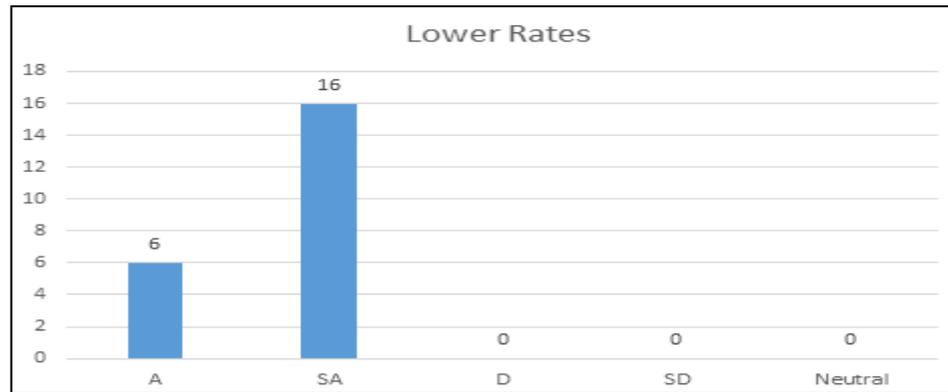
It can be seen in the results for the first two questions that people chose the BnB service over hotel rooms mainly because of the price factor. It is also clearly shown that the correspondents firmly believed in the fact that the BnBs offered more value of their money when compared with hotels. The completely identical results show that people choosing the cheaper service believe that value of money is directly associated with the cheaper prices.

The next question was put forward for analysis for the importance of reviews.

Reviews

The results for the importance of reviews show that majority of the people would not book a BnB without a positive review. This is primarily because BnBs are hosted by people who are not a formal registered company and mostly the dwellings lie under a private ownership without any company structure or regulation. People have their concerns about their well-being and security and therefore they prefer to book those place which already have received good reviews. This also shows a tough task for the BnB host for the first few times. Before they have got any reviews, they would have to offer a lot to attract potential customers.
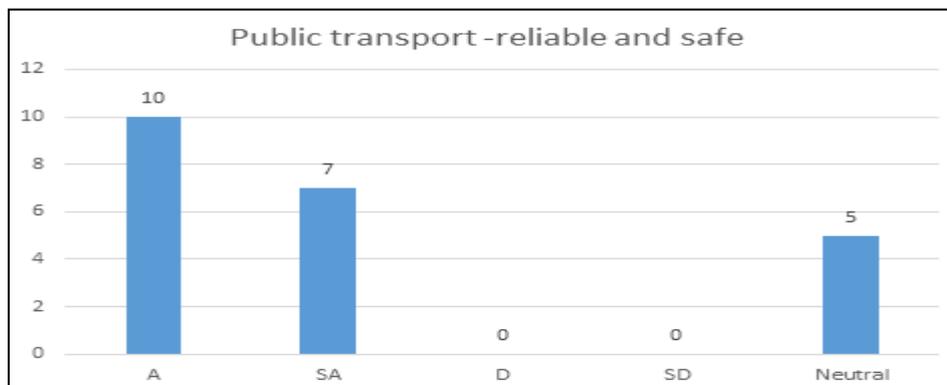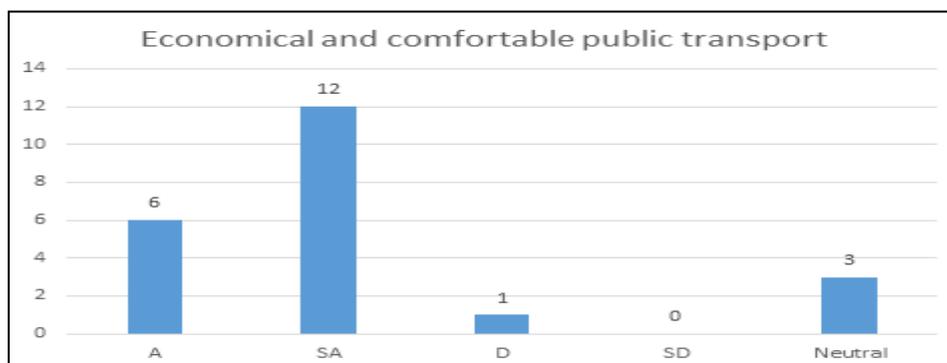
Distance to the Tourist Destinations

The next section of the survey deal with the distance from the tourist destinations. These questions and their answers are very important in analyzing the consumer behaviour of people who prefer the BnB service. The first two questions of this section analyze if people are willing to make 30-60 min commute to tourist destinations if a BnB offers better value for their money.
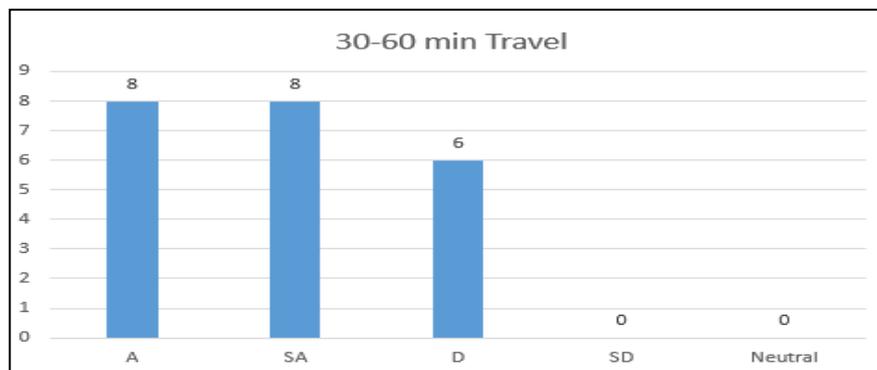
Different cities, popular for tourism, might have varying quality of public transport. The next question analyzed the effect of reliable public transport from the BnB's location to the tourist destinations.
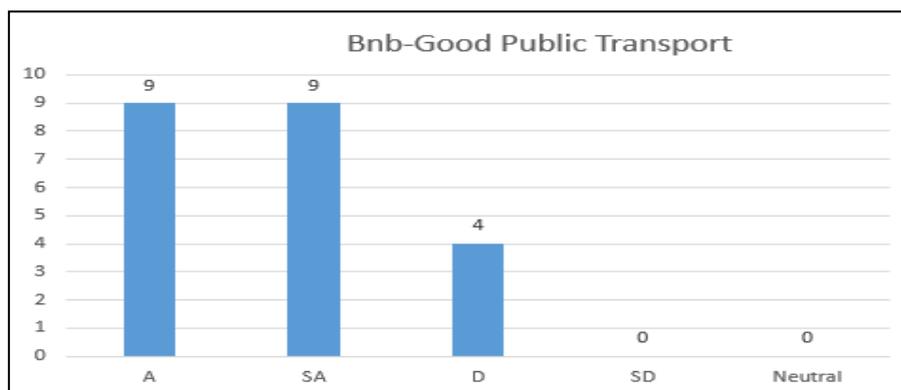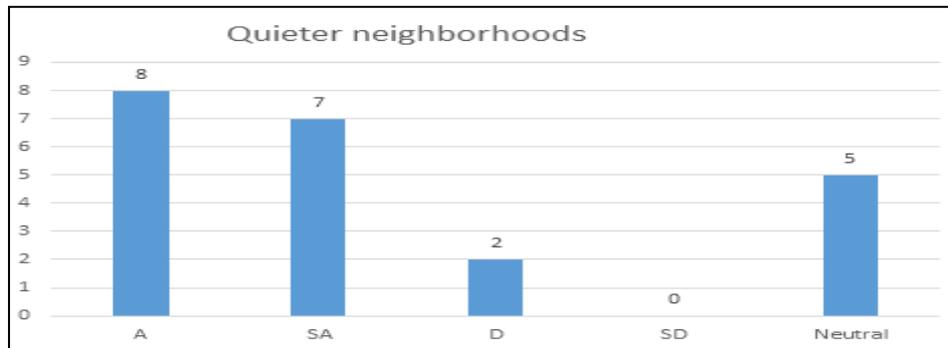
The analysis of the above two questions reveals two facts. Firstly, majority of the people are willing to travel 30-60 min from their place to the tourist destination. This bodes well for people planning to start hosting services in the suburban areas which are at a distance from the main tourist attractions. The second fact is the importance of good public transport. When correspondents are provided with the option of cheap BnB with good transport, the affirmative answers are even more than the willingness to travel 30-60 minutes. This proves that BnBs at large distances from the tourist destination can compete with hotels provided they are cheap and have good transport connections and services. The next two questions and their results will further emphasize the above mentioned findings.

Economical and comfortable public transport

A	SA	D	SD	Neutral
6	12	1	0	3

Public transport -reliable and safe

| A	SA	D	SD	Neutral
10	7	0	0	5

The results of the above two questions highlight the importance of reliable, safe and economical public transport. Almost all of the correspondents positively believe that a good and effective transport network is essential for any BnB to operate in a suburban area. The importance of good public transport system which is safe to travel and cheap is highlighted by the fact that there was not a single disagreement received on these questions in the survey. Good public transport is the lifeline for market penetration of cheap and affordable suburban BnBs.

The next two questions analyse the importance of quiet neighbourhoods and availability of nighttime activities.


The next question analyzed the importance of nightlife activities in and around the BnB neighborhood.
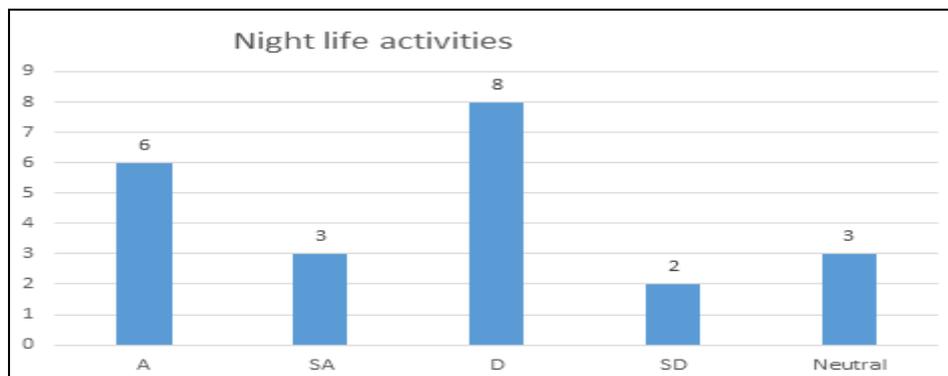
The above two questions reveal the social preferences and behaviour of the people who chose cheap BnB dwelling spaces. Most of them prefer the quieter neighbourhoods. This is even more surprising when the dominant age group of the correspondents is considered. Most of the guests are aged between 18-30 years. In response to the question of night life activities, the majority does not prefer a space which provides them easy access to clubs, casinos and pubs. This points to a very distinct group of people which are most likely to offer business to BnB services. These are the people aged between 18-30 who prefer extensive travelling and are more inclined towards enjoying the tourist destinations rather than exploring the night life activities offered by the city. In terms of profile, tourism oriented young people are the main customers of suburban BnB services.
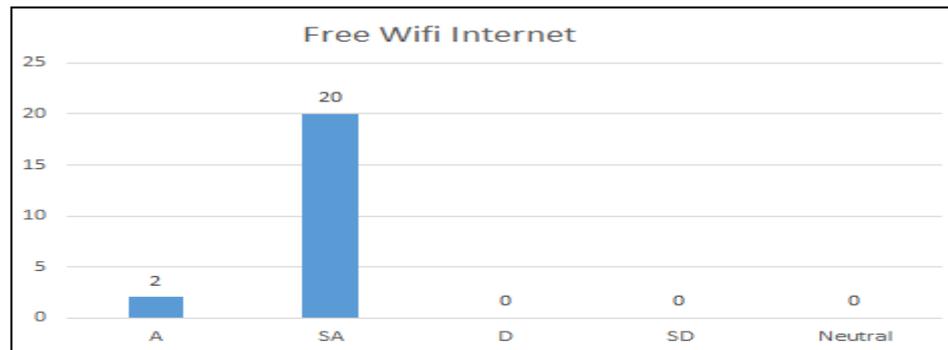
Amenities

In this section of the survey, the impact of amenties and their cheap availability has been analyzed. The first two questions deal with free car parking and breakfast availability included in the bnb services.

Free car parking

A	SA	D	SD	Neutral
3	11	0	0	8

Free breakfast

| A	SA	D	SD	Neutral
2	20	0	0	0
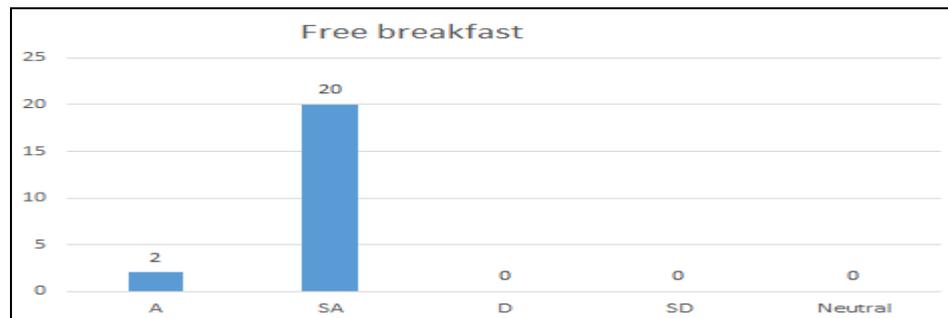
The results reveal that correspondents positively respond to the availability of car park space and breakfast at no additional cost. The presence of some neutral responses for car park space indicates that some percentage of the tourists do not give any preference to car park spaces. This is mainly due to the presence of foreign tourists who do not own a car and are completely dependent on the public transport system. The overwhelming response for free breakfast is because of the high cost of living in famous tourist destinations. Tourists can save a lot of money if they are offered free breakfast. This can prove to be a big selling point for BnB services being offered in the suburban areas. Moreover, the free and readily available breakfast saves a lot of time and effort in finding breakfast cafes etc in new places.

The next two questions analyzed the impact of free laundry, kitchen facilities and the availability of free wifi internet.

Free laundry and kitchen

A	SA	D	SD	Neutral
4	18	0	0	0

The results for laundry, kitchen and wifi shows that people strongly believe that free availability of these amenities can make a BnB more competitive even at a large distance from the tourist destination. In fact, the strongest positive responses of the survey have come in the section which deals with free amenities. The preference of free internet corresponds well with the age profile of the guests and the increasing use of computers, tablets, and smart phones.

In the next question, the correspondents were asked about the comparison between amenities costs and the distance from the tourist destinations.
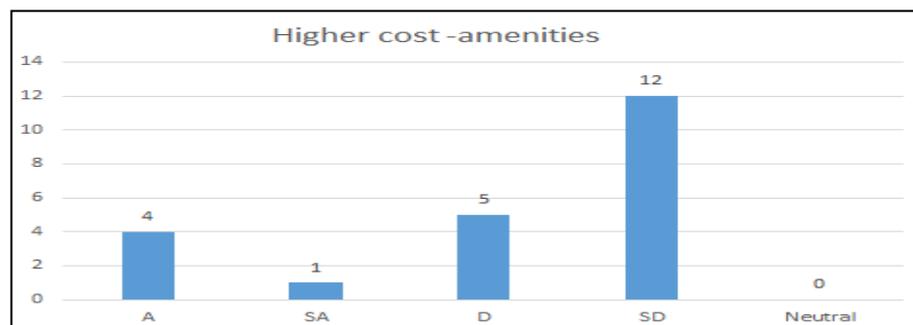
The results of this question emphasize the conclusions about amenities and the willingness of the tourists to travel distances for cheap accommodation. Majority of the tourist are strongly opposed to paying extra for amenities to get close to the tourist destinations. In combination with the strong fondness for freebies in the form of amenities, one case safely conclude that amenities at a lower or no price and prove to be the selling point for suburban BnB services.

6.2   Interview Questions Analysis

The interviews were conducted with three pairs of guests. They belonged to the same age group but different backgrounds. The responses of the interview questions further help in making concrete conclusions about the consumer behaviour when it comes to booking online on web portals.

The first interview was conducted with a German couple aged 18 and 19. They told that the biggest reason for them to choose BnB over a hotel was its lower cost and also the number of options and flexible booking approach. They were very happy with their experience and told that their experience was even better than their hotel stays. It was their first BnB experience of any kind. They told that they used the weekly pass for travelling on the public transport and it proved to be very cost effective. They were of the view that even with the costly public transport, the bnb service was still way cheaper than the hotels near the tourist destinations. The couple used books to read and watched movies on their tablets while travelling to and from the tourist destinations. According to them, Wifi internt was the facitlity they liked the most and would not like to spend even an hour without it.

The second interview was conducted with a Chinese couple in their mid 20s. The main factor for them using a BnB service was the immediate nature of their travel. They required a cheap booking price and also on two days' notice. Their overall experience was good but they were of the view that the room service and other hotel amenities may prove sometimes to be too compelling for the customer. They told that they thought public transport was cheap and they chatted with each other and also watching the Australian scenery while travelling to and from the tourist destinations. As per them also, Wifi internet was the most important facility. Also, they really appreciated the car parking space available in the street, as they used a rented car in conjunction with the public transport.

The third interview was conducted with an Australian couple in their early 30s. They selected the BnB service because of its affordability and homely environment. They told that hotel stay was not comparable to a BnB service as the facilities are completely different. They were of the view that the cost of sydney public transport can be very high and in the end they almost ended up paying 75% of the hotel price. They used to read books while traveling to and from the tourist destinations. For them the most important amenity was the free kitchen facilities.

6.3   Research Findings and Inferences

The BnB pilot project was an exciting experience and provided very insightful inferences about the online consumer behaviour. The overall pilot BnB service, surveys and the interviews proved that the following conclusions could be safely drawn

- Affordability-Price is the major factor when people tend to use home based BnB service instead of hotels
- Travellers of the age group 18-30 tend to be willing to travel a significant distance from tourist destinations for cheaper room rents.

- Day time tourists who prefer quiter nights for a good sleep are more likely to book in suburban neighborhoods.
- Good reviews can be pivotal in increasing business opportunities for home based BnB.
- Amenities such as free breakfast and parking can prove to be a pivotal factor in making the BnB competitive and also increase profit margins

The above conclusions can be affectively used in the future design of a home based BnB for similar locations and conditions.

7   Conclusion

The hotel industry and BnB business thrives in the cities of the world, which are frequented by visitors. Sydney is one such city. People visit it for both work and tourism. Even the people who come to Sydney for work also pay visits to the popular tourist destinations. As the accommodation prices are very high in Sydney, visitors are always looking for budget places to stay. Many suburbs of Sydney are at a significant distance from the tourist destinations. However, recently there is an ongoing trend that homeowners from these suburbs list their property/room for short-term rent on websites like airbnb.com. Although western Sydney has no tourist attractions but still tourists are booking rooms there for short-term stay in Sydney. This study was conducted to explore and find reasons for why people are willing to book rooms that are at a significant distance from tourist destinations. It will also shed light on why visitors prefer home-based BnB rooms to the hotel rooms.

For this study the author, who lives in western Sydney, listed a room in her house on airbnb.com. The study was conducted on actual guests who stayed in the room over a period of 8 months. The response rate for the survey was excellent, so enough data was compiled and analyzed to draw conclusions.

The theory studied for this thesis was Online Consumer Behavior. The reason for focusing on the online consumer behavior in particular instead of the consumer behavior in general was that the room for rent was listed online, people booked it online, and all the money transactions were too online. There are significant differences in operating a business online or offline, so studying online consumer behavior was the most appropriate to build a strong theory foundation for research. For research purposes, both quantitative and qualitative methods were used. This was because the survey was kept concise to maintain audiences' interest. Then some individuals were selected for interview to further elaborate if imploring something was left out in the surveys. Special care and consideration was taken to ensure that the research remains valid and reliable.

The study identified that the most important reason for visitors to book home-based BnB rooms at a significant distance from the tourist destination is that they prefer cheaper rooms. The hotel rooms, whether near or away from the tourist destinations, are expensive in Sydney. The amenities like parking spaces, food, laundry etc are also cheaper in the suburbs as compared to the tourist areas. The age group of the majority of survey respondents was from 18-30 years of age. An interesting trend was observed that although mostly young people are willing to stay away from the tourist destinations, they are not interested in exploring Sydney's nightlife. Western Sydney does not have popular nightclubs and clubbing opportunities but most respondents did not care, as they were only interested in day tourism. These people also preferred quieter neighborhoods to ensure they get a good nights' sleep before starting their days of exploration of the city. It was also identified that most respondents believe that the Australian public transport system is secure, reliable, and comfortable enough for them to travel to tourist destinations frequently.

The information, findings, and inferences from this research can be used by anyone who want to set-up a home-based BnB business in Sydney or other cities frequented by visitors. The information is especially useful for people having spare room(s) in a suburb of a city with popular tourist destinations. BnB owners can predict the demographics of their guests and can thus market their business accordingly. Furthermore, the BnB owners can decide on the room rates and amenities to offer to create a budget accommodation for travelers, which is still profitable to them. Finally, the thesis can prove to be an interesting and insightful read for the business students, business mentors, and the people working in the hotel or BnB industries.

References

Boundless. "Who is a Consumer." Boundless Marketing. Boundless, 02 Jul. 2014. Retrieved 09 Mar. 2015 from https://www.boundless.com/marketing/textbooks/boundless-marketing-textbook/consumer-marketing-4/introduction-to-consumers-33/who-is-a-consumer-173-1278/

Kotler et all. Principles of Marketing. 2006. China: Pearson Education Australia.

WSROC Region Community Profile [online] Available at: http://profile.id.com.au/wsroc/home (Accessed 05.02.2015).

Western Sydney [online] Available at: http://en.wikipedia.org/wiki/Western_Sydney (Accessed 09.02.2015).

Cetina et all, (2012). "Psychological and social factors that influence online consumer behavior", Procedia - Social and Behavioral Sciences Vol. 62 pp. 184 – 188

Ebrahim Mazaheri Marie-Odile Richard Michel Laroche, (2012),"The role of emotions in online consumer behavior: a comparison of search, experience, and credence services", Journal of Services Marketing, Vol. 26 Iss 7 pp. 535 – 550

Park Young and Ulkrike Gretzel (2007) "Success Factors for Destination marketing web sites : A qulaitative meta-analysis", Journal of Travel Research 2007, Vol 46, page 46-63.

Annie Couture et al,(2015) "The influence of Tourism Innovativeness on Online consumer behavior", Journal of Travel Research, Vol 54, Page 66-79

Seung Hwan Kim and Framarz Byramjee,Effects (2014), "Of Risks On Online Consumers'Purchasing Behavior: Are They Risk-Averse Or Risk-Taking?", The Journal of Applied Business Research – January/February 2014 Volume 30, Number 1

Bellman, S., Lohse, G.L., & Johnson, E.J. (1999). Predictors of online buying behavior. *Communications of the ACM, 42*(12), 32-38.

Berendt, B., Günther, O., & Spiekermann, S. (2005). Privacy in e-commerce: Stated preferences vs. Actual behavior. *Communications of the ACM, 48*(4), 101-106.

Mauldin, E., & Arunachalam V. (2002). An experimental examination of alternative forms of webassurance for business-to-consumer e-commerce. *Journal of Information Systems, 16*(1), 33-54.

Salam, A. F., Iyer, L., Palvia, P., & Singh, R. (2005). Trust in e-commerce. *Communications of ACM,48*(2), 73-77.

C.R Kothari et al, (2014) "Research Methodology : Methods and Techniques", 3RD Edition.

R. J Clarke,(2005) "Research Models and Methodologies", HDR Seminars, Faculty of Commerce, University of Wollongong

Silverman, D. 2011. Interpreting Qualitative Data. 4th ed. Great Britain: MPG Printgroup, UK

Appendices

Appendix 1: The email sent to prospective participants of the survey

Dear <insert guest name>,

Thank you so much for staying at my place. It is a pleasure to host you and I hope you are enjoying your stay and feeling comfortable. I am conducting a survey to analyze the customer needs and preferences. It would be great if you could take out five minutes and fill up the survey.

As a token of appreciation for giving me your valuable opinion, you will receive a 5% discount from your next booking with me.

Thank you so much.

Best regards,
Aroona Moshabbir

Appendix 2: Survey form

Bnb Customer Survey

1. Gender
○ Female
○ Male

2. Age
[▼]

3. Nationality
[▼]

4. Your total stay in terms of nights
[▼]

5. Price and Reviews

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I prefer BnBs to hotels only because of their lower rates.	○	○	○	○	○
I prefer BnBs to hotels because of their better value for money.	○	○	○	○	○
I will not book a BnB room without satisfactory customer reviews even if it is cheap.	○	○	○	○	○

6. Distance to the Tourist Destinations

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I am willing to travel 30-60 min to a tourist destination if a BnB offers a better value for money as compared to a hotel.	○	○	○	○	○
For me, cheap BnB with good public transport is a better option than expensive hotels near the tourist destination	○	○	○	○	○
Economical and comfortable public transport is a must with BnBs in suburban areas	○	○	○	○	○

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Public transport must be reliable and safe for all hours of the day and night	○	○	○	○	○
I prefer suburban areas with quieter neighborhoods to the noisy ones	○	○	○	○	○
It is important for me that the night life activities must be near the BnB dwelling space.	○	○	○	○	○

7. Ameneties

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
As a tourist, free car parking availability is attractive to me	○	○	○	○	○
Free breakfast is attractive to me in expensive tourist destinations	○	○	○	○	○
As a tourist, free laundry and kitchen facilities are attractive to me.	○	○	○	○	○
Free wifi internet is a very important consideration for me when booking a BnB room.	○	○	○	○	○
I am ready to pay a higher cost of all amenities at a tourist destination	○	○	○	○	○

Appendix 3: Interview Questions

- What is your assessment of the impact of cost of public transport when considering BnB services in suburban areas?

- How do you spend time while travelling to and from the tourist destinations?

- What are the most important amenities in a home-based BnB according to you?