Sara Dolnicar

PEER-TO-PEER ACCOMMODATION NETWORKS



Pushing the boundaries

Peer-to-Peer Accommodation Networks:

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Foreword

Spending a month each Christmas with my parents-in-law has proven to be challenging over the years. My husband and I have two little children, who – like most children – are delightful, but do love to run around, make a mess and scream with excitement. And my in-laws live in a pretty compact house. Wandering along a lovely beachside suburb close by, we noticed how many houses were available for holiday rental. We saw a lovely house for sale. We bought it, after having established that we could cover the operating costs by renting it out as a holiday home, although we understood that we would not earn enough to repay the mortgage from rental income. This is how – after 20 years of being a tourism researcher – I became a tourism accommodation provider.

It has been a truly fascinating experience, because I managed to make every possible mistake, proving to myself that theory is great, but practice is a whole different kettle of fish. Some of my mistakes came at a high price. One day I found ten doonas (duvets) dripping wet on the clothesline. I did not need to know why they were dripping. But I had no option but to throw them away and buy new ones. Some of my mistakes came at a high emotional cost. I accepted a booking by a family with two children. Shortly after check-in, the neighbors had to call the police because the 'family' turned out to be a large group of young adults who arrived equipped with a huge stereo.

With every mistake I made, my academic fascination grew. Years after we had bought our beach shack, Airbnb entered the market. I signed up, expecting it would be just another website enabling me to find customers at my own risk charging an outrageously high commission. Soon it became obvious that this was not the case. This new website – which I knew absolutely nothing about – allowed me to learn much more about my guests; allowed me to assess the risk of each booking much more effectively; offered me a guarantee; offered my guests a guarantee; and charged a substantially lower commission. It also wanted me to socialize with my guests (which I refused to do) and forced me to make decisions about accepting or rejecting booking requests within 24 hours (which I felt was rather unreasonable, especially when I found myself wrestling the kids for the full 48 hours of a weekend).

Through my personal fascination with renting out our beach shack using both conventional booking sites and peer-to-peer accommodation networks, I developed a research interest in the topic. Every additional good and bad experience became scientifically interesting. Every year, Airbnb launched new initiatives that further fuelled my fascination. Airbnb started providing pric-

ing advice; providing advice on the length of bookings; offering adventures; opening spaces to people in need when natural disasters hit; listing entire countries (such as Sweden); and engaging in political activism such as the wide distribution of the acceptance ring in support of marriage equality. Peer-to-peer networks are not just another accommodation provider, and they are not just another distribution channel. They are a powerful amplifier for business transactions and ideas.

The realisation that I was sharing my fascination about peer-to-peer accommodation networks with many of my colleagues from all over the world and across a range of disciplines led to the idea to write a book which would allow us to present interesting perspectives in a truly collaborative way. Some of my co-authors I knew well, some I have never met. Our collaborative approach to book writing stands in stark contrast to traditional academic writing, just as peer-to-peer accommodation networks stand in stark contrast to the traditional tourist accommodation sector. The process of co-creating this book was a truly enjoyable one, which many of us found very liberating in times where journal expectations and reviewer opinions dictate the nature of our research. It also led to many new insights as we all learned from one another and built on one another's ideas.

Our primary aim is to share with readers our fascination with peer-to-peer accommodation networks; to point to the many perspectives on these networks which are rarely discussed; and, most importantly, to inspire others to push the boundaries of research into the phenomenon of peer-to-peer accommodation networks, just as the networks are pushing the boundaries of tourism as we know it.

Sara Dolnicar
Brisbane, 2017

Introduction

Not in our wildest dreams would we have imagined, a decade ago, that providers of short-term accommodation would regularly refuse to sell rooms to tourists despite having a vacancy; that thousands of tourists and residents displaced due to a cyclone or an earthquake would be offered emergency accommodation in people's homes at no cost, with one click of a button; that tourist accommodation would compete with residential rental properties to the point of pushing residents out of their own cities; or that facilitators of online trading platforms would use their direct access to millions of people around the globe to push for societal changes, such as marriage equality. The effects of peer-to-peer accommodation networks entering the hospitality sector have surpassed our wildest dreams. Peer-to-peer accommodation networks are pushing boundaries we did not even know existed.

Peer-to-peer accommodation networks push boundaries because they are different. Different from other accommodation providers. Different from other online travel agents. Chapter 1 provides insight – from a network member's perspective – into the many small differences that make successful peer-to-peer accommodation networks unique. Chapter 2 discusses whether peer-to-peer accommodation networks are part of the sharing economy, concluding that a clear verdict is not possible because of the substantial variation across peer-to-peer accommodation networks. Labeling peer-to-peer accommodation networks as part of the sharing economy is certainly not helpful in understanding what makes them so powerful. Rather, the answer to this question lies in their business model. We therefore dedicate three chapters (Chapters 3, 4 and 5) to the in-depth analysis of Airbnb's business model. We have chosen Airbnb because business models vary across networks, and because Airbnb is currently the market leader among commercial peer-to-peer accommodation network internationally.

Chapter 6 looks beyond Airbnb, providing an overview of other networks and highlighting the existential need for networks to have a critical mass of buyers and sellers. Currently, only two online travel agents that have extended their offerings to spaces rented out by 'ordinary people', and one non-commercial peer-to-peer accommodation network have the required critical mass to compete internationally. The situation is quite different in China, where local accommodation networks dominate the market (Chapter 13).

The transformative power of peer-to-peer accommodation networks affects hospitality, the tourism industry and society as a whole. At the level of the hospitality sector, countless entrepreneurial opportunities associated directly

or indirectly with peer-to-peer networks are emerging: every host is a micro-entrepreneur, often outsourcing support services to other entrepreneurs. We analyze entrepreneurship opportunities in Chapter 7. Flow-on effects from these opportunities on permanent employment in the hospitality sector are discussed in Chapter 14: while peer-to-peer accommodation networks offer many new flexible ways of earning an income, they also put pressure on the established accommodation sector. This pressure may lead to closures and the need to keep operating costs low. In both cases, a likely consequence is the reduction of permanent employment opportunities.

The tourism industry more generally can benefit from one unique feature of peer-to-peer accommodation networks: their ability to activate – in a few seconds with only the click of one button – thousands of rooms. Temporary expansion of accommodation capacity is critical for destinations hosting international mega-events or small regional events (Chapter 10). Expansion of accommodation more broadly can also assist regions and nations – such as Slovenia (Chapter 9) – which are experiencing increasing tourism demand while facing a shortage of accommodation infrastructure to support the growth of their tourism industry. The ease at which space can be made available to tourists comes at a risk: the reallocation of houses, units and rooms from the long-term rental market to the – more profitable – short-term rental market. In many places around the world, such reallocation has exacerbated pre-existing challenges in housing markets. In some instances, residents have found themselves priced out of living in their own cities. Chapter 11 provides an overview of how policy makers around the world have addressed these challenges.

Exploring the inner workings of peer-to-peer accommodation networks, Chapter 15 develops typologies of prototypical hosts and guests based on drivers of their engagement in network trading. Their relationship with platform facilitators such as Airbnb further differentiates hosts. Chapter 16 illustrates that relationships can vary from indifference to love and hate. Emotions run particularly high among pioneers of peer-to-peer network hosting, who are noticing with dismay that the nature of trading on such networks is changing.

From a tourist perspective, peer-to-peer accommodation networks enable genuine micro-segmentation. Accommodation offers are not developed to satisfy the average member of an artificially created market segment. Rather, these networks list thousands of spaces, each of which is unique, allowing guests to find accommodation most suitable to them. Typical commercial accommodation providers are like supermarkets offering a selection of standardized products. Peer-to-peer accommodation networks are like bazaars; part of the fun is the browsing, the process of shopping for accommodation itself. Micro-segmentation also offers opportunities for specific groups of tourists, including

those particularly interested in keeping the environmental footprint of their vacations low (Chapter 24); those with very specific needs, such as travelers with a disability (Chapter 22); and the rapidly growing market of multi-family travelers (Chapter 18).

The importance of social interactions on peer-to-peer networks is illustrated in Chapter 20, where we draw parallels between the neo-tribe of a peer-to-peer trading network and Indigenous Australian communities. In both cases, interpersonal communication is essential to the smooth operation of the community, and signifiers of status and membership rituals are used. One such ritual is the induction of new members; we tell the story of Kevin's induction to Airbnb in Chapter 17. Signifiers such as *Superhost* status drive the price of Airbnb listings in city destinations, as an empirical study for the city of Vienna (Austria) shows (Chapter 12). Because of the importance of interpersonal communication, and because risk assessment is central to host and guest decisions whether to trade or not, concerns of discrimination have emerged. Chapter 19 evaluates the evidence, concluding that systematic taste-based discrimination is not occurring.

Large peer-to-peer accommodation networks have the power to engage in political activism by mobilizing millions of members (Chapter 23). Examples include Airbnb's opposition to Trump's immigration law changes, and their support for marriage equality in Australia. The ability and proven willingness of peer-to-peer accommodation networks to assist when unexpected disasters leave tourists and residents without a roof over their head is discussed in Chapter 21, pointing to the contribution peer-to-peer accommodation networks can make to disaster management.

Looking to the future, we predict that successful peer-to-peer accommodation networks will not limit themselves to trading accommodation. Rather, they will become one-stop travel shops offering everything relating to travel (Chapter 8). Airbnb has already started this transformation by offering a wide range of experiences. What will be next? Plane tickets, bus tickets, travel insurance, rental cars, equipment rental, travel vaccinations and family photo shoots? With each additional service traded, the challenges and opportunities grow and, yet again, peer-to-peer trading networks will push the boundaries.

1 Unique Features of Peer-to-Peer Accommodation Networks

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Peer-to-peer accommodation networks have rocked the established accommodation sector, dramatically increasing the variety of accommodation options available to people around the world. They have also created a number of societal challenges never expected to result from a short-term accommodation trading platform. Something about peer-to-peer accommodation networks is very different from anything we have seen before, although they consist of building blocks which are not new at all. This chapter explores some of the unique features of Airbnb – the leading international peer-to-peer accommodation network – and proposes a conceptual model of elements contributing to Airbnb's success.

Holiday homes have been available for many decades, but accessing them was not easy in the early years. Online platforms such as Couchsurfing.com have facilitated the sharing of private accommodation since 2003. Yet neither the traditional holiday home rental market, nor the pioneers of peer-to-peer accommodation have radically changed the short-term accommodation sector. Airbnb has. Airbnb was founded in 2008, and – as of October 2017 – has more than 200,000,000 members in more than 65,000 cities in 191 countries, and allows travelers to choose from more than 3,000,000 different spaces (Airbnb, 2017a).

At first glance, Airbnb's value proposition (Chapter 3) does not seem so revolutionary: 'ordinary people' can list unused spaces on a webpage where other 'ordinary people' can book them. Yet peer-to-peer accommodation net-

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works function very differently from established commercial accommodation providers – such as hotels, motels, bed and breakfasts – and established commercial online travel intermediaries – such as Booking.com (Chapter 6).

What makes peer-to-peer accommodation networks different stands at the center of this chapter. The chapter focuses on Airbnb because it is the most successful peer-to-peer accommodation network internationally. A conceptual framework of possible reasons explaining the success of peer-to-peer accommodation networks is shown in Figure 1.1.

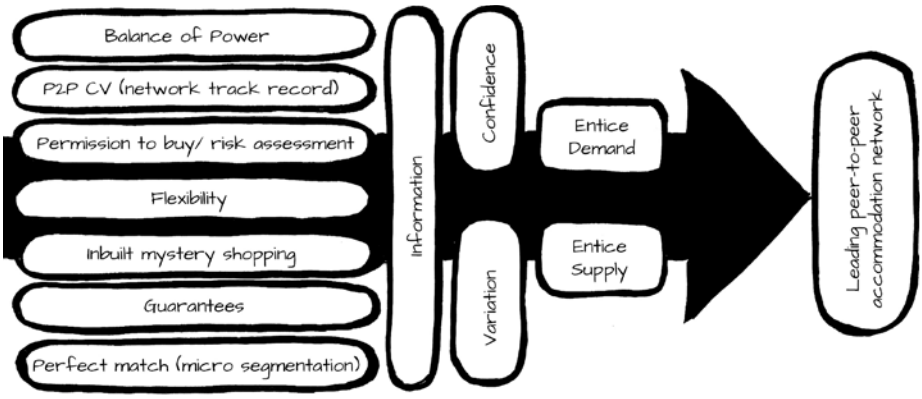


Figure 1.1: Success factors of peer-to-peer accommodation networks.

The need to attract buyers and sellers

As opposed to traditional short-term accommodation providers, peer-to-peer accommodation networks depend on having a sufficient pool of people who offer accommodation (hosts, sellers, supply) and a sufficient pool of people who wish to purchase short-term accommodation (guests, buyers, demand). Having more members attracts more people who are willing to pay more money for access to a larger network (Eisenmann et al., 2006).

Requiring a critical mass of participants to successfully run a platform business is neither conceptually new in terms of a business model (Chapter 3), nor is it unique to Airbnb. Yet the dependence on both demand and supply as well as the fact that neither demand nor supply are in the control of peer-to-peer accommodation networks does distinguish them from the established commercial accommodation sector. A hotel chain, for example, proactively plans supply. Locations for new hotels are carefully selected by hotel chains in view of predicted demand. On a smaller scale, the same holds for motels, bed and breakfasts, youth hostels, camping sites, and any other form of established commercial tourist accommodation: demand is predicted and supply is planned.

Peer-to-peer accommodation networks cannot plan supply; they need to *entice* hosts to offer unused or underutilized space to guests in the same way as they need to *entice* guests to book their holiday accommodation on peer-to-peer accommodation networks (Stern, 2010; Yannopoulou et al., 2013). Enticing customers is common in business and typically solved through marketing action. Peer-to-peer accommodation networks use marketing very proactively to entice guests. For example, a competition where participants could win a stay in a floating house attracted 73,500 people – 28,000 of them new – to the Airbnb platform (Davis, 2016). Marketing is also used to entice people to become hosts; Airbnb recruits hosts using slogans such as 'Earn money as an Airbnb host. From saving for home repairs to taking a dream trip, hosts use extra income to fund their passions' (Airbnb, 2017b). Hosts can currently earn some $100 through Airbnb's host referral program if they refer another host (Airbnb, 2017c).

Having a large pool of hosts and guests who are actively trading serves as the most powerful barrier to entry for competitors. Any competitor starting a new platform will be substantially less attractive to hosts because the number of guests looking for space on that platform is small (Chapter 6). Roomorama, for example, stopped trading and stated as reasons 'increasing competition and regulatory headwinds' (Roomorama, 2017), suggesting that their pool of guests and hosts may have been insufficient. Equally, any new platform will be less attractive to guests because the range of spaces available for rent is limited. Thus, having a sufficient pool of hosts and guests, is both an existential necessity for a peer-to-peer accommodation network to be able to function (Chapter 3) and – when sufficient pool sizes are reached – serves as significant barrier to entry for competitors and a launching pad to becoming one-stop travel shops (Chapter 8). But how can sufficient demand and supply be ensured?

On the demand side, social interactions and authentic tourist experiences emerge as critically important (Tussyadiah and Pesonen, 2016; Liang et al., 2017). Ert et al. (2016) found strong evidence for the importance of trustworthiness of the host photo as a key driver of booking decision by tourists. The supply side has been studied by Deale and Crawford (2016) and Karlsson and Dolnicar (2016), who conclude that hosts are motivated by a wide array of reasons, including financial reasons, but also the social aspect of hosting and the genuine wish to share, be it vacant space or the beauty of the place in which they live. *Variation*, therefore, seems to be one of the keys to enticing both demand and supply. In a choice experiment asking real hosts to select guests, Karlsson et al. (2017) found that minimizing risk of property damage is a key priority for hosts when they assess booking inquiries. *Confidence* in the network

is therefore postulated to be the second key requirements for enticing demand and supply.

Confidence

Although prior literature uses the words *trustworthiness* and *trust* – as does Airbnb (Airbnb, 2017d) – we use the word *confidence* in the proposed conceptual framework because it describes more precisely the underlying process. According to the Merriam-Webster Dictionary (2017), *trust* is '*assured reliance on the character, ability, strength, or truth of someone or something*' and *confidence* means '*faith or belief that one will act in a right, proper, or effective way*'. Trust has a personal connotation. It is not the personal aspect, however, which stands at the core of the success of peer-to-peer accommodation networks, although personal relationships may develop as hosts and guests meet. Initially, it is confidence in the network that entices guests and hosts to engage in transactions on the platform and the belief that the network mechanisms offer protection to all network members. Confidence is therefore one of two key pillars in the framework.

Variation

The second key pillar is variation. Established commercial accommodation providers tend to standardize their products. In a highly standardized market, it is difficult for ordinary people to make their non-standardized – often imperfect – spaces available for rent. Peer-to-peer accommodation networks do not attempt to standardize, they do not apologise for imperfection. Instead, they celebrate variation: everything from neat city apartments to tree houses, yurts, private islands, and castles is on offer. As of July 2017, guests can choose between more than 1400 castles on Airbnb alone. Without the celebration of variation, hosts would not feel welcome to make their space available.

At the same time, variation makes peer-to-peer accommodation networks more attractive to those guests who use them to shop like on a bazaar (not like in a supermarket) in search of the perfect match to their short-term accommodation needs (Liu and Mattila, 2017; Chapter 15). This perfect match may be a neat and relatively standardized city apartment, or it may be a quirky place with a host who is interested in sharing with the guest special places off the beaten track. It could be an environmentally sustainable off-the-grid property that appeals to people wishing to keep their environmental footprint as low as possible (Chapter 24), or it could be the home of a person with a disability renting to a guest who has a disability of a similar nature (Chapter 22).

Potential hosts need information to understand that standardization is not required and variation is welcome. Equally, potential guests considering to book on peer-to-peer platforms need information to understand that – if they are willing to invest the time – they may find exactly the quirky little place where they will most enjoy spending their holiday. Both potential guests and hosts also need information to give them confidence in the systems set in place by the network facilitator. Facilitators, such as Airbnb, offer such information in a number of different ways; these are discussed next.

Balance of power

On peer-to-peer accommodation networks, guests write publicly accessible reviews about the accommodation (Tussyadiah and Zach, 2017). Publicly accessible guest reviews of accommodations are not new, but on peer-to-peer accommodation networks hosts also review guests. Reviews of guests are publicly accessible. Compared to hotel reviews, interactions between hosts and guest feature very prominently in the reviews of peer-to-peer networks (Belarmino et al., 2017). An example of a publicly accessible review interaction between guest and host is provided below. As can be seen, reviews are not always polite; sometimes they are brutally honest, and serve as invaluable information for other network members who are considering trading space with these network members.

> ***Ben*** [guest, name changed]: 'Holly is very kind, welcoming and is always smiling. The advertisement of the accommodation would probably deserve an update so that it provides a better and fairer insight of it, avoiding any major disappointment for the travelers: The accommodation is made up of 2 rooms for the guests, where there are 4 beds in one of them and at least 3 in the other one, implying that potentially 7 guests (+ the hosts + other people welcomed in connection with the charity run by Holly) use the same common rooms: the bathroom. There is only one bathroom for everyone. In the bathroom there is one toilet whose flush doesn't work properly. The old style of the building is not a problem If a daily maintenance is insured for allowing everyone to live in minimum sanitary conditions. The point might be improved. So I would recommend the accommodation only for sleeping.'
>
> ***Holly*** [host, name changed]: 'Are you serious? You yourself, after washing your clothes, put the bucket of soapy water with one of

> your white socks in it, in the toilet water closet, blocked the drainage, and then dare to write public comments that 'the toilet flush was not working properly'???? You gotta learn to be a more responsible traveler.'

The reciprocity of reviews in the context of paid tourist accommodation creates an unprecedented balance of power between host and guest at the level of the booking interaction. The balance of power explains observations that reviews are overall more positive on Airbnb (Bridges and Vásquez, 2016; Zervas et al., 2016). But there may be other consequences of this unprecedented balance of power which are beneficial to transactions facilitated by peer-to-peer accommodation platforms, including: empowering guests and hosts by giving them the feeling that their voice is heard; creating a review history (a peer-to-peer curriculum vitae (P2P-CV) that allows other network members to assess the risk of transacting with specific network members); encouraging positive behavior by network members (Chapter 20); and stimulating network members to train one another, to socialize one another in terms of acceptable behavior on the network (Chapter 17).

The peer-to-peer curriculum vitae (P2P-CV)

The balance of power between guests and hosts on peer-to-peer accommodation networks is not only relevant in the context of one single-booking transaction. Rather, both hosts and guests – over time – develop a network track record which can be described as a peer-to-peer accommodation network curriculum vitae, or P2P-CV. The host's P2P-CV affects future demand for space offered by them. The longer the host's P2P-CV, the more information is available, which allows guests to develop confidence in the offer of this particular host. Demand for their space increases. Equally, the guest's P2P-CV affects the future chances of the guest obtaining permission to book network accommodation (Karlsson et al., 2017). Because each host has the opportunity to review each booking request, the guest's P2P-CV serves as an invaluable source of information to inform the host's risk evaluation of any given future transaction. An example of what a host's P2P-CV may look like is shown in Figure 1.2. While this only shows the full text for five reviews, this particular host has 367 reviews in total. Such an extensive P2P-CV is a rich source of information for other guests and contributes significantly to building confidence in the network.

The existence and public visibility of guest and host P2P-CVs is likely to play a key role in explaining the success of Airbnb. Most established commercial online platforms making available holiday homes for rent do not offer mutual reviewing, making the Airbnb model of facilitating short-term rental of private space unique. The P2P-CV is central to informing the risk assessment

of hosts when they give a stranger permission to stay in their house, unit, or room (Karlsson et al., 2017). It is also central to informing the risk assessment of guests as they decide to stay in a stranger's house, unit or room. As such, it feeds directly into building confidence. But it also contributes to the second pillar: variation. The P2P-CV allows guests and hosts to express their uniqueness and the uniqueness of their property. This insight, in turn, increases the chances of a good host–guest match (Chapter 15).



Figure 1.2: A possible host P2P-CV.

Risk assessment and permission to buy

Traditionally, markets are places – whether virtual or physical – where demand meets supply. If the price is right, the market clears: all products on offer sell. In tourism, a buyer's proposition is typically not assessed on a case-by-case basis. If there is vacancy, a hotel or motel will sell the vacant space to whoever is willing to pay the asking price. Not so in peer-to-peer accommodation networks. Hosts can and do refuse to sell (Fradkin, 2015;2017; Karlsson et al., 2017), even at the risk of the space staying empty. The reason is that many hosts (Chapter 15) wish to protect their property. They achieve this by assessing each booking

inquiry before granting or denying permission to book, in contrast to hotels, motels, bed and breakfasts, youth hostels, and camping grounds.

The host's ability to decline a booking request helps peer-to-peer accommodation networks to entice hosts because it gives control to hosts. Hosts are entitled to assess the potential risk of each booking request. If they have doubts, they can refuse to sell. The right to protect one's space from potential damage makes it more attractive for hosts to list unused or underutilized space. All transactions that take place are ultimately in the control of the host.

However, Airbnb does not make declining a booking a pleasant experience. A host who wishes to decline a booking sees a number of prompts: first informing them about to the amount of money they could have earned in the past had they not declined bookings. Next, hosts are asked to tick one of four listed reasons for declining: (The requested dates are unavailable; My listing doesn't fit the guest's needs; I want a reservation with a different price, trip length, or check-in day; I'm uncomfortable with this reservation). Finally, hosts are informed that the reason will be shared with the guest and are invited to explain to the guest in detail why they declined the booking request. Hosts always have the liberty to decline bookings, but the process of declining gives hosts the impression that they should not be declining, thus signaling the platform facilitator's (Airbnb's) expectations of behavior of network members (Chapter 20).

While granting permission to buy is a unique privilege of the host, risk assessment more generally is not. In many cases, guests stay with the host at the same dwelling while the host is present. Guests therefore find themselves in the position of having to judge whether an unknown private person, a stranger to them, will indeed make available space that is suitable for their visit. Equally, hosts need to judge whether strangers will treat their property with respect. This risk assessment is based on: a picture; some basic information; one or more brief email exchanges; and a few reviews. Some suggest that risk assessment leads to taste-based discrimination (Edelman et al., 2017), but empirical data does not support the conclusion that guests' personal characteristics drive host decisions (Cui et al., 2016; Karlsson et al., 2017; Xie and Mao, 2017), suggesting instead that the risk assessment occurs at booking, not at a person level. Chapter 19 discusses the issue of potential taste based discrimination in detail. The picture plays a central role in the assessment of listings (Ert et al., 2016; Fagerstrøm et al., 2017) and of guests (Karlsson et al., 2017).

An option increasingly offered by peer-to-peer accommodation networks is *Instant Book*. It means that – similar to an online booking using traditional distribution channels for commercial accommodation providers – a guest can book immediately and without any restrictions if the space is vacant during

the requested time. Peer-to-peer accommodation networks, unlike any other type of accommodation provider in tourism, list an extremely wide and diverse range of spaces. The kinds of properties listed in the early days of peer-to-peer accommodation networks were very close to the host; the hosts had a high emotional attachment to the space. They may have been rooms in the host's house or apartment or their own holiday home. With the increasing success of peer-to-peer accommodation networks, investors who are not at all emotionally attached to the spaces they offer for rent have entered peer-to-peer accommodation networks (Johanson, 2011). These essentially commercial providers use peer-to-peer networks as a distribution channel and have no need to conduct risk assessments when guests request a booking. *Instant Book* takes a step in the direction of peer-to-peer platforms functioning more like online travel agents. Airbnb claims that activating instant booking on a listing increases earnings and encourages hosts to use it, while letting them set basic rules about the kinds of guests they accept automatically and letting them cancel bookings penalty-free (Airbnb, 2017f). Yet many hosts boycott *Instant Book* because they do not like to give up control (Chapters 15 and 16).

Host attachment to the property makes risk assessment at the level of the booking request possibly the quintessential performance attribute for peer-to-peer accommodation networks and a strong predictor of the host's motivation to make their space available. Attachment to the place can serve as an avenue for regulators to differentiate between listings that reflect the original spirit of peer-to-peer accommodation networks and business ventures using such networks merely as a cheap and effective distribution channel. Primary residences are likely to be high-attachment spaces, and therefore enjoy special status in short-term rental regulations (Chapter 11).

In terms of the framework proposed in Figure 1.1, the ability to assess risk and choose not to proceed with a booking is critical to building confidence in the network. It also feeds into the pillar of variation in that it allows both guests and hosts to assess fit.

Flexibility

A factor that is of importance almost exclusively on the supply side is flexibility. Most non-commercial hosts in peer-to-peer accommodation networks do not purchase a property for the purpose of renting it out. Rather, they identify vacant space they already own – such as a spare room, a granny flat or a holiday home that they only use for part of the year – and make it available for short-term rental. The flexibility of making accommodation available whenever it suits them, but not to be forced to make it available at specific times or in a standardized manner, makes it attractive for 'ordinary' people to pursue

short-term rental as an avenue to earn additional income. Host can block out their listings anytime they wish, for whatever reason.

Host flexibility in terms of when to make space available supports the variation pillar of the framework in Figure 1.1: on peer-to-peer accommodation networks any kind of space can be offered (or not offered) any time.

Inbuilt mystery shopping

After their stay, guests in peer-to-peer accommodation networks state – very specifically – what measures would improve the space. Their recommendations remain hidden from the public, but give hosts tangible advice. The following example illustrates the nature of this feedback:

> Thanks for another great holiday at The Blue Wren Retreat. No breakages this time! We did find a tumbler that had a chip in the rim so we took the liberty of throwing that out. The new dishwasher is excellent, thanks for getting James to sort that out. The pool was making a funny noise so I rang the pool guy and he suggested turning it off until he came the next day to service it, so I hope that was alright. Thanks again for our stay.

The kinds of comments made by guests are not typical of those made by hotel guests on a satisfaction survey or a TripAdvisor review. These comments are more typical of reports a service provider may obtain from a professional mystery shopper paid to provide constructive recommendations for improvement. Airbnb has set up guest feedback in a way that maximizes what is essentially free market research. This has the potential to serve as a mechanism of genuine continuous improvement. It feeds into confidence (because both hosts and guests know about this continuous improvement opportunity) and into variation (because the recommendations are not generic, but instead are specific to one guest or group of guests having stayed in a specific space).

Guarantees

Because confidence is so critical to the ability of peer-to-peer accommodation network facilitators to attract a sufficient pool of hosts and guests to their network, many offer guarantees. Airbnb, for example, offers a refund or finds and books comparable accommodation under these circumstances: if a guest is unable to access the space they have booked; if the space does not match the online description; if the space is not clean; not safe; or if – unbeknownst to the guests – there is an animal at the premises (Airbnb, 2017e). Traditional accommodation providers do not usually advertise guarantees, presumably because they comply with regulations relating to the spaces they make available which

give tourists confidence. Many accommodation providers operate under a brand name where the brand signals implicitly a satisfaction guarantee.

Reflecting the dependence on both guests and hosts, Airbnb also offers and communicates a host guarantee that 'provides protection for up to $1,000,000 to a host for damages to covered property in the rare event of guest damages above the security deposit or if no security deposit is in place' (Airbnb, 2017g).

The public visibility of a commitment by a peer-to-peer network facilitator to fix any problems that may occur within the network is a very effective way of building confidence among both hosts and guests. Interestingly, many of the newer peer-to-peer accommodation platforms do not offer similar guarantees. Neither do traditional online trading platforms for holiday homes. Booking.com, for example, states explicitly that it takes no responsibility whatsoever for the presentation of a property on their webpage. Not offering guarantees may result in a competitive disadvantage, and redirect hosts and guests to platforms that offer guarantees.

Perfect match (micro-segmentation)

Guests in peer-to-peer accommodation networks can search for the perfect match; the most suitable accommodation for them. Such micro-segmentation is highly effective on other e-commerce platforms, such as Amazon, and is viable in the accommodation sector due to internet-based peer-to-peer network platforms. Established commercial accommodation providers typically use market segmentation as a mechanism of offering what sections of the market seek. Market segmentation aims to identify or create groups of consumers who share similar product preferences (Dolnicar and Leisch, 2010). Once market segments are extracted, a product is developed that best satisfies the *average* member of one or more of those market segments. By definition, therefore, the product never perfectly matches the product preferences of *every single individual* consumer.

In peer-to-peer accommodation networks, products are not designed to satisfy the needs of market segments. Rather, millions of unique spaces are available. If the guest takes the time to study the vast number of different accommodation options, they should be able to find a place to stay that matches their preferences better than any accommodation offer optimized for a market segment.

The possibility of a perfect match feeds into the variation pillar of the framework in Figure 1.1. Variation is central to hosts being willing to offer for rent whatever unused or underutilized space they have. Variation is also central to guests feeling that – if they search long enough – they have a real chance of

finding just that quirky little rainforest hut of their dreams. At a more practical level, variation may also help tourist segments that are currently not adequately catered for. Imagine, for example, a host who is a wheelchair user making available their space to a guest who also is a wheelchair user. Arguably, this space would be vastly superior in wheelchair suitability than a wheelchair-accessible room in a standard hotel, which complies with the minimum requirements for wheelchair accessibility only (Chapter 22). The same may apply in the area of environmental sustainabilty. A host who is absolutely committed to maximixing the environmental sustainability of the space they are offering on the network, will have much greater appeal to a guest who shares this passion for sustainability than an eco-certified hotel which ticked the minimum required boxes to get accreditation (Chapter 24).

Conclusion

Peer-to-peer accommodation networks are not just another accommodation provider; and they are not just another online travel agent. Rather the way the online trading platform is designed has characteristics that, in combination, provide the information guests and hosts require to develop confidence in the facilitator of the network and to understand that spaces offered are unique, not standardized. Confidence in the facilitator of the network as well as tolerance for and celebration of variation of spaces offered on peer-to-peer networks entice people with unused space to make it available on peer-to-peer networks and entice tourists to book on peer-to-peer accommodation platforms.

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2 The Sharing Economy

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Peer-to-peer accommodation networks in general, and Airbnb in particular, are frequently referred to as part of the sharing economy. This chapter provides an overview of key characteristics of the sharing economy, discusses how these characteristics relate to peer-to-peer accommodation, and positions peer-to-peer accommodation networks within the sharing economy.

> 'It's really not the sharing economy at all, though that phrase has been a useful one for the companies' (Brad Stone, 2017)

Definitions of the sharing economy abound. Authors disagree on the specific meaning of 'sharing' (Habibi et al., 2017), but agree on a common conceptual core: the sharing economy refers to a specific context of exchange (Muñoz and Cohen, 2017) which does not have to align with classical industry definitions (Kathan et al., 2016). The context of exchange is characterized by the nature of participating actors and the relationships they engage in. Actors can be people or organizations who are independent of one another and take the roles of buyer and seller. Transactions in the sharing economy are facilitated relationships between buyers and sellers who connect to exchange access to resources in return for a monetary or non-monetary reward (Breidbach and Brodie, 2017; Hagiu and Wright, 2015).

Webpages that enable booking of rental cars from a range of different providers or online comparison services for health insurances and broadband plans – none of them particularly new or innovative – fall into this definition. Such businesses are also referred to as platform businesses (e.g., Hagiu and Wright, 2015) because buyers and sellers are connected by the platform; the

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buyer–seller interaction cannot occur without the existence of a platform, as illustrated in Figure 2.1.

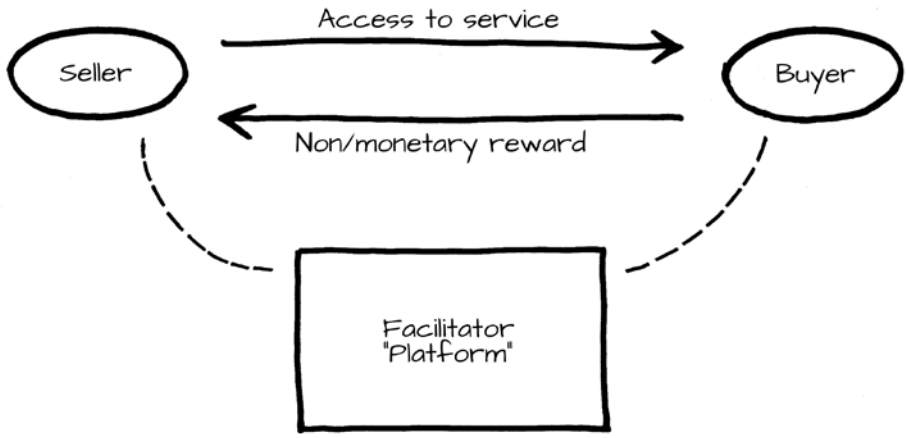


Figure 2.1: Multi-sided platform. Source: modified from Hagiu and Wright (2015)

As opposed to models with a true intermediary, the interaction occurs directly between buyer and seller (solid lines in Figure 2.1), but the transaction could not have occurred without the platform connecting buyer and seller (dashed lines). The platform facilitates the transaction. Yet it is ultimately the decision of the buyer and seller whether or not to go ahead with the transaction and on what terms.

Platforms are called multi-sided if they offer value by connecting two or more actors (Rumble and Mangematin, 2015). Multi-sided platforms need a sufficient pool of both buyers and sellers for their business model to work (Muñoz and Cohen, 2017). Looking, as an example, at online comparison services for broadband plans, covering more broadband providers increases the attractiveness of the service to the buyer. At the same time, attracting more buyers to the comparison service makes it more attractive for broadband providers to offer their plans on this platform. The inability of many peer-to-peer accommodation networks to build a sufficiently large pool of buyers and sellers leads to them failing in the market (Chapter 6); the fact that Airbnb has been successful at attracting substantial numbers of hosts and guests explains why they are currently the market leader among commercial peer-to-peer accommodation networks in most countries, with the exception of China (Chapter 13).

Are peer-to-peer accommodation networks part of the sharing economy? The present chapter explores this question.

Sharing on peer-to-peer networks

A range of behaviors are associated with sharing in the sharing economy: lending, trading, swapping, bartering, gifting, and renting (Breidbach and Brodie, 2017). Belk (2014a) distinguishes between sharing and pseudo-sharing. Sharing creates a sense of mutual ownership and community, which stands in contrast to paying for access. Pseudo-sharing refers to 'a business relationship masquerading as communal sharing. It may not be altogether unwelcome and it may be beneficial to all parties as well as friendly to the environment. But it is not sharing, despite promoters often employing a sharing vocabulary' (Belk, 2014a: 11).

While this dichotomy provides a first helpful distinction, it falls short of capturing the nuances of different sharing economy practices. As a helpful alternative, Habibi and colleagues (2016) introduce a sharing-exchange continuum which is shown in Figure 2.2.

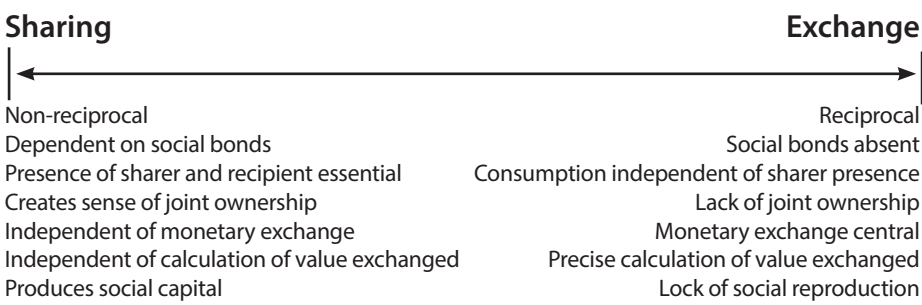


Figure 2.2: The sharing-exchange continuum. Source: modified from Habibi et al. (2016)

At the sharing end of the continuum:

1. Interaction is non-reciprocal, meaning that there is no expectation of receiving something in return for sharing a resource;
2. Interaction is dependent on social bonds, meaning that there is a social connection between the people engaging in the exchange;
3. Sharer and recipient have to be present;
4. Sharer and recipient have a sense of joint ownership;
5. The interaction is independent of monetary exchange, meaning that money is not the driver of the exchange;
6. The value of the exchange is not calculated; and
7. The interaction produces social bonds which outlast the exchange.

An example for sharing in this sense are toy libraries. Toy libraries are not-for-profit platforms that enable parents to exchange toys for their children. Parents contribute toys to the pool of toys, making them network members

eligible to borrow other parents' toys. No value of toy borrowing is calculated and money never changes hands; nobody checks how often people borrow toys or how many toys they contribute to the pool; parents have a sense of joint ownership of the pool of toys; and social bonds beyond borrowing toys typically develop with parents having an opportunity to exchange parenting experiences and advice.

In contrast, exchange is characterized by:

1. Reciprocity of interactions, meaning that each party in the exchange is expected to not only receive, but also give something;
2. The absence of social bonds, meaning that exchanges can occur between people who do not know each other;
3. Independence of seller presence for consumption, meaning that the exchange can take place without buyer and seller meeting;
4. No sense of ownership;
5. Monetary exchange;
6. The requirement to calculate the precise value of the exchange; and
7. No requirement or expectation of a bond between buyer and seller beyond the lifetime of the exchange.

An example for exchange is Zipcar (Habibi et al., 2016). This is a car sharing platform where members allow access to their car for other members. Zipcar mediates fully the interactions between members. Members are never directly in touch with one another although they drive one another's cars. Once 'the service transaction is completed, there are no feelings or desires to maintain or build communal bonding with other members' (Habibi et al., 2017: 119).

The sharing-exchange continuum nicely demonstrates that although 'most practices are called sharing or are promoted as sharing, they have varying degrees of true sharing characteristics in their nature' (Habibi et al., 2017: 114). The continuum provides the semantic tools to relatively position renting services that fundamentally differ in their business models (Cheng, 2016).

Peer-to-peer accommodation networks exist on a platform on which the owner and operator of the platform – the facilitator – connects with hosts (sellers) and guests (buyers). The platform facilitates hosts and guests to connect to one another directly with the purpose of exchanging access to space for a monetary or non-monetary reward. A monetary reward is a fee; non-monetary rewards can include getting to know interesting new people, having the opportunity to show off the beauty of the place in which one lives or learning about the worlds from international guests. Peer-to-peer accommodation networks have three key actors: the facilitator of the network (for example, Airbnb), the hosts (sellers) and the guests (buyers). The three actors are independent of

one another in most cases, although these networks in China (Chapter 13) are developing and building dwellings specifically for the purpose of short-term rental through their platform. Hosts can range from ordinary people who rent out a spare room in their house, to commercial real estate companies which can achieve a higher return on investment through short-term than through long-term rental. A typology of hosts is proposed in Chapter 15.

Peer-to-peer accommodation networks populate the entire sharing-exchange continuum. Couchsurfing is positioned at the sharing end of the continuum (Habibi et al., 2017). Couchsurfing is a free peer-to-peer accommodation hosting community where members offer underutilized space in their homes to other travelers and gain access themselves of underutilized space in other people's homes when they travel. 'Money is irrelevant in this community, expectations of reciprocation are minimal, members display communal bonding behaviors, and there is no calculation of exchanges' (Habibi et al., 2017: 115).

At the far other extreme of the continuum are transaction-focused holiday home rental sites – such as Stayz.com. On Stayz.com people have the opportunity to profile their holiday homes and make them accessible for rental. People searching for a holiday home can book them. This is an exchange among peers, but the peers never interact personally, nor do they have profiles on the webpage which would facilitate developing a relationship. The space made available for rent is an underutilized resource priced at market value.

Airbnb, the market leader in commercial peer-to-peer accommodation, falls in between those two extremes. 'Airbnb providers are concerned with profit motives while they simultaneously take advantage of the communal bonding aspects afforded to them when they offer their services. Both guests and providers engage with one another and, aside from financial compensation, other forms of reciprocation often emerge' (Habibi et al., 2017: 115).

In conclusion, peer-to-peer accommodation networks cover the entire sharing-exchange continuum because the underlying business models (Chapters 3–5) of the facilitators vary substantially. Some stress the sharing and community building aspects, others make efficient transactions possible to maximize revenue, and yet others sit in the middle, adopting elements aligned with the sharing and exchange end of the continuum.

Value creation on peer-to-peer accommodation networks

Muñoz and Cohen (2017) provide the most recent literature-based overview of distinct characteristics that specify value creation and dissemination in the sharing economy. A summary of these characteristics is provided in Table 2.1.

Table 2.1: Characteristics of the sharing economy. Source: based on Muñoz and Cohen (2017).

Characteristics	Description
Platform dependence	Use of digital or physical platforms as primary means of exchange for communication and services
Underutilized resources	Access to resources owned by seller or facilitator with excess capacity sold off to mitigate cost of ownership
Peer-to-peer interactions	Interaction between non-institutionalized sellers and buyers of equal status
Collaborative governance	Buyers and sellers (co-)shape decision making, structures, and policies
Mission-driven	Emphasis on non-monetary rewards and alternative logics of value creation
Alternative funding	Non-institutional funding mechanisms (e.g., crowd funding)
Technology dependence	ICT enabled buyer-seller interaction at scale of high speed and flexibility; technology as core to facilitator value creation and capture

The first characteristic is platform dependence. Exchanges in the sharing economy occur on platforms – typically online platforms – for communication and service delivery (Muñoz and Cohen, 2017). Different platforms require different contributions from buyers, sellers, and the facilitator. As a consequence, different platforms also offer different value propositions to those actors. On Airbnb, for example, the contribution expected from network members is relatively high: they are expected to introduce themselves to the network through an online profile and regularly write reviews about hosts or guests, respectively, and provide feedback on how hosts can improve their listings (Chapter 1). As a consequence of these contributions, the value all actors derive from the platform increases: detailed profiles and reviews allow hosts to assess the risk of any given booking request (Karlsson et al., 2017), and reviews of listings and hosts allow guests to develop a realistic expectation of what they are about to book.

The second characteristic is that the commodity being exchanged in the sharing economy are underutilized resources (Muñoz and Cohen, 2017). Sellers can mitigate the cost of owning these underutilized resources by renting out excess capacity (Kathan et al., 2016). The sharing economy literature disagrees on two issues (Muñoz and Cohen, 2017): the issue of ownership and the issue of purpose.

Strictly speaking: sellers, not the facilitator, own underutilized resources. Some authors relax this condition, however, and allow ownership by the facilitator. Among peer-to-peer accommodation networks, Airbnb represents the case of the facilitator not owning the traded resources. Most Chinese peer-

to-peer accommodation networks represent the case where the facilitator is also a host (Chapter 13). In terms of purpose, strictly speaking, the purpose of owning the underutilized resources cannot be to make money from it. For example, if someone chooses to make their family car available on sharoo (a car sharing network), the primary purpose of the car is not to make it available to others or to earn income from renting it out. Rather, the primary purpose is to move the family from A to B. If, however, someone purchases a car with the sole intention of making money off rental income, this lies outside of the strict definition of the sharing economy. Some authors are less strict and view investment in underutilized resources for the purpose of revenue generation also as part of the sharing economy. Again, both these cases exist in peer-to-peer accommodation networks. One and the same network can include people hosting in a spare room of their house and professional real estate investors who construct purpose-built high rises for the purpose of renting out apartments to tourists via peer-to-peer accommodation networks. The co-existence of both these purposes has created substantial challenges to policy makers around the world who typically wish to encourage additional earning opportunities for people, but do not wish to tolerate what is seen as deliberate circumventing of hotel regulations by large investors (Chapter 11).

The third characteristic of the sharing economy is that exchanges occur among equals or peers (Muñoz and Cohen, 2017). This requires sellers and buyers to be of equal status, automatically excluding institutionalized market participants. For example, an exchange between a private tourist and a private home owner renting out a spare room constitutes a genuine peer-to-peer exchange. Whereas a hotel selling rooms via a peer-to-peer accommodation network – effectively using the network as a distribution channel – does not constitute an exchange among equals. In most instances, this strict definition of sharing among equals is not viable because the facilitator of the network is rarely a peer (Muñoz and Cohen, 2017). Also, most peer-to-peer accommodation networks allow hosts to be 'ordinary' people as well as professional investors (Chapter 6).

The fourth characteristic of the sharing economy is that contributions which focus on community benefits of sharing emphasize the role of collaborative governance for sharing economy platforms (Muñoz and Cohen, 2017). Collaborative governance means that active members of the network are involved in shaping policies, structures, and decision making of sharing economy platforms (e.g., Cohen and Muñoz, 2016). Most peer-to-peer accommodation networks do not allow collaborative governance. This has proved upsetting for some of the pioneers among peer-to-peer accommodation networks hosts who started hosting at a time when the networks were only just

emerging and were much more open to input from hosts. These frustrations are visible on host forums, such as the Tasmanian Airbnb host forum on Facebook discussed in detail in Chapter 16. New platforms are starting to emerge as a consequence. These platforms, such as the platform co-op ecosystem (https://platform.coop) reclaim governance from facilitators.

The fifth characteristic is that the primary driver of exchanges in the sharing economy is a mission other than profit maximization. Muñoz and Cohen (2017) refer to taxonomies of different logics (e.g., social or ecological) that drive sharing economy development other than or alongside a pure market logic. Other authors point to the value of sustainable action and community affiliation and potential rebound effects despite best intentions more generally (e.g., Kathan et al., 2016). In the case of peer-to-peer accommodation networks, some hosts (Chapter 15) are indeed driven by factors other than profit, including the wish to put unused resources to good use; the joy or meeting interesting new people; and the desire to share with the world the beauty of the place in which they live (Karlsson and Dolnicar, 2016).

The sixth characteristic is the use of alternative funding sources. An example are crowdfunding webpages which represent sharing economy platforms using a radically different funding model (Muñoz and Cohen, 2017).

Finally, the seventh characteristic is the reliance on technology of exchanges in the sharing economy. Information and communication technology enables sharing economy exchange at scale (Muñoz and Cohen, 2017), enabling a critical mass of network members to interact. The ability of networks to coordinate exchanges between large numbers of people make platforms viable and attractive to both buyers and sellers (e.g., Belk, 2014b). Although the sharing economy does not have to exist online, the likelihood of capturing the critical mass of sellers and buyers required is much higher if it does. Online platforms also increase the speed and flexibility of the exchange of underutilized resources (Kathan et al., 2016). As a consequence, the technology reliance characteristic does, practically, mean the presence of digital platforms.

The seven characteristics hold for the sharing economy in the broadest sense. But do peer-to-peer accommodation networks qualify as sharing economy in view of those characteristics?

Peer-to-peer accommodation networks are critically dependent on the platform; they cannot exist without the platform. Note that the platform is not the facilitator of the network (e.g., Airbnb), but rather the product and technical infrastructure provided by the facilitator to enable interactions and exchanges between the facilitator, the buyers and sellers. In the case of Airbnb, the platform is the webpage www.airbnb.com. Without this webpage, the network

cannot exist. The contributions of the facilitator, the buyers and the sellers, however, are different. Sellers make available access to space in exchange for the monetary or non-monetary reward. The contribution of sellers to the network, however, is not limited to the supply of space. Sellers contribute also by offering assessments of other network members, specifically guests that used their space (Chapter 1). These assessments are a means of both quality assurance and confidence building within the network. Buyers seek to gain access to space and are willing to offer a monetary or non-monetary reward in exchange. In addition, buyers contribute to the network by sharing their experiences about spaces they used and hosts they interacted with as well as providing hosts with tangible recommendations for improving their spaces (Chapter 1). These buyer contributions are helpful to all network members and thus increase the overall attractiveness and value of the network. The facilitator contributes to the network by setting up the infrastructure which allows the secure exchange of underutilized resources as well as communication between all network members. It can be concluded, therefore, that peer-to-peer accommodation networks comply with the first criterion.

The case is not quite as clear with respect to the second criterion, which requires resources exchanged on the platform to be underutilized. As discussed in Chapter 1, buyers and sellers on peer-to-peer networks are highly heterogeneous. Buyers can be business people traveling alone, or multi-generation travel parties containing grandparents, parents, siblings and all of their children (Chapter 18). Sellers can be single retirees renting out their spare room, existing luxury hotels, or purpose-built apartment units developed specifically for short-term rental on peer-to-peer networks (Chapter 15). The spare room of the single retiree qualifies as an underutilized resource at two levels: first, it exists because the owner (or long-term tenant) needs to live somewhere, not for short-term letting. Second, if the room does not sell, it stays empty and remains unused or underutilized. At the other extreme, an apartment block built by a real estate company with the sole purpose of selling space using online platforms is not an underutilized resource. It can be concluded that – in terms of the criterion of underutilized resources – peer-to-peer accommodation networks do not comply in their entirety.

Most peer-to-peer accommodation networks do not meet the third criterion (equal status of all network members) because both private and institutional sellers offer their space on peer-to-peer platforms. Lufthansa, a commercial airline, sells premium economy seats in the large shared rooms of the economy cabin on Airbnb. Lufthansa is not an exception; many for profit commercial providers of space use these platforms to distribute their spaces. These businesses are not equal to private sellers; nor are they equal to private buyers.

Most peer-to-peer accommodation networks do not meet the fourth criterion, that of collaborative governance. Although buyers and sellers have plenty of opportunities to contribute to the platform in the form of reviews and presentations of their space, they have no input into the structure of the platform or the rules of engagement on the platform. These are set exclusively by the facilitator. Membership rights are also in the control of the facilitator. For example, Airbnb expels network members who are caught discriminating against other members on the basis of race under their unbiased hospitality policy (Chapter 19).

In terms of the fifth criterion (that the sharing economy is mission-driven not profit-driven) a clear ruling on compliance is not possible. Some peer-to-peer accommodation networks, such as Couchsurfing, are indeed mission driven because the only reward for letting someone stay in one's place is the entitlement to stay at someone else's. No money changes hands. In the case of Airbnb, however, monetary rewards are the norm. The extent to which the money or the mission drive the exchange varies across hosts (Chapter 15).

The sixth criterion – that of alternative funding – is not helpful in the context of peer-to-peer accommodation networks. Different facilitators of peer-to-peer accommodation networks avail themselves of different funding sources (Chapter 5).

In terms of the final criterion (technology dependence) peer-to-peer accommodation networks are in full compliance. Without their online platform they could not enable the large number of exchanges between buyers and sellers required to make the platform interesting to both demand and supply.

In conclusion, peer-to-peer accommodation networks fully comply only with a small number of the criteria that characterize sharing economy business models. Peer-to-peer accommodation networks are technology and platform dependent. With respect to all the other criteria, they either do not comply at all or compliance depends on how the facilitator chooses to set up the platform.

Conclusions

Peer-to-peer accommodation networks are associated with the sharing economy and multi-sided platforms. However, this does not mean that they are about equal peers sharing free access to underutilized space. Instead, the discussion of sharing economy definitions and characteristics illustrates that existing peer-to-peer accommodation networks and the relationships between the parties involved (facilitator, host, and guest) depend on how the facilitator defines exchange parameters on the platform. As a consequence, some peer-to-peer accommodation networks represent the extreme sharing end

of the sharing-exchange continuum where under-utilized space is shared among network members at no cost, creating a strong sense of community, social boding and joint ownership. Others focus on maximising revenue and making transactions as efficient as possible, placing them at the exchange end of the sharing-exchange continuum. Peer-to-peer accommodation networks fall into the broad definition of the sharing economy, but populate the entire continuum of sharing versus exchange, depending on how the facilitator sets up the platform.

The insights that peer-to-peer accommodation networks fall into the broad definition of the sharing economy, and that their platforms are very different in nature depending on the business model underlying them, has major practical implications. Most importantly, it is not possible to develop one set of specific regulations suitable for all the possible sharing economy businesses and variants of peer-to-peer accommodation networks. For example, a single retiree could be offering a spare room in their house in a regional part of the country such as Toowoomba (Australia) for a small amount of money. This small amount of money helps the single retiree make ends meet, brings a bit of life and joy into their life, and some extra business to the local pub. On the very same platform, a real estate investor could evict long-term tenants and instead sell short-term accommodation in a purpose-built apartment block, deliberately circumventing hotel regulations, thus creating unfair competition for hotels without creating any additional value to the community and local economy. Sharing resources that are truly underutilized, that attract new tourists, enrich the community through social interactions, and create economic value for local businesses (as is the case with the single retiree in Toowoomba) are in the best interest of the regulator. On the other hand, rent-seeking behavior trying to capitalize on loopholes in the currently under-regulated sharing economy is detrimental to: local service providers bound by industry regulation; community members exposed to negative external effects; and the regulator losing tax income necessary to mitigate negative effects as well as to maintain shared tourism resources and infrastructures (Chapter 11).

A detailed discussion of business models which can underlie different peer-to-peer accommodation platforms and networks is provided in Chapters 3–5.

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3 Airbnb's Business Model

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Peer-to-peer accommodation platforms create value by matching guests who search for tourist accommodation with hosts who make available unused private space for short-term rental. This chapter analyzes what is new about the business model of platforms that enable and sustain peer-to-peer accommodation networks. Chapters 4 and 5 go on to analyze in detail the business model of Airbnb, the internationally leading commercial peer-to-peer accommodation network facilitator.

The *business model* is a versatile management concept that describes how actors – such as entrepreneurs, business units, firms, or groups of businesses – create, capture, and disseminate value (Bieger and Reinhold, 2011). The concept entered public and academic consciousness during the dotcom boom in the mid–1990s (DaSilva and Trkman, 2014) and has since developed into a new interdisciplinary research program of its own (Lecocq et al., 2010).

Business models are helpful tools for managers and entrepreneurs alike; they allow them to maintain a big picture view of their business, ensuring that operational decisions are in line with their overall strategy. But a business model is *not* a strategy. A strategy defines the scope of an organization, their competitive advantage, and value for shareholders (Massa et al., 2017). It is aspirational and future oriented. A business model, on the other hand, specifies how value is presently created for customers, and how value is captured and disseminated to suppliers and other partners. Hence, 'a business model is a reflection of a […] realized strategy' (Casadesus-Masanell and Ricart, 2010: 205).

Please reference as: Reinhold, S. and Dolnicar, S. (2017) Chapter 3 – Airbnb's Business Model, in S. Dolnicar, *Peer-to-Peer Accommodation Networks: Pushing the boundaries*, Oxford: Goodfellow Publishers, pp. 27–38, https://dx.doi.org/10.23912/9781911396512–3601,

Conceptually, the business model links strategy with operations, as illustrated in Figure 3. 1. The strategy specifies the mission and vision of a business, the purpose of its existence and how this purpose will be achieved. Strategy is strong on the big picture, but weak in detail. Operational practices are the exact opposite; they need to be implemented to achieve the purpose of the business, such as specific production processes, job descriptions, or advertising plans. Operational practices are strong on detail; they offer very specific and precise instructions on how to implement tasks, but they do not offer a big picture. A business model is the knot that ties together strategy and operational practices (Bieger and Reinhold, 2011). From the outside of a business, neither the strategy not the operational procedures are fully visible; the business model, however, mostly is. The business model is thus useful for analyzing how businesses or groups of actors create, capture and disseminate value.

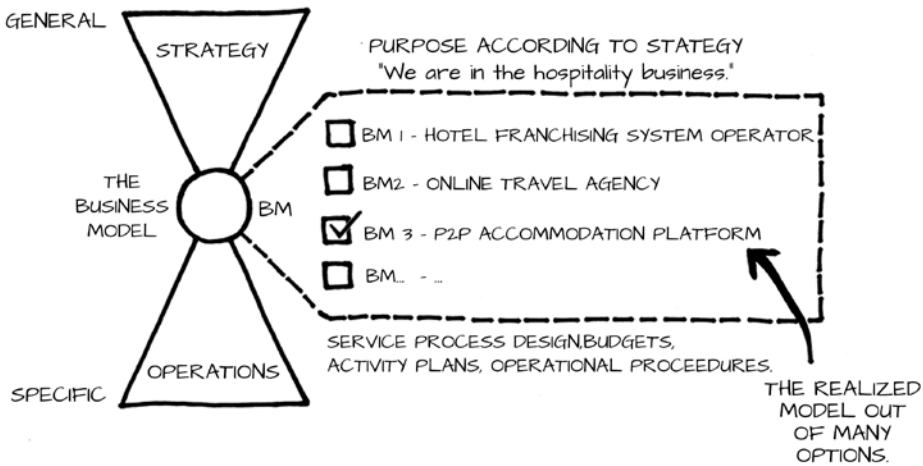


Figure 3.1: Business models connect strategy and operations. Source: modified from Bieger and Reinhold (2011: 26)

In practice, the concept of a business model offers an additional advantage: while every firm has a business model because every firm creates value, not every firm has its future mapped out in a strategy (Casadesus-Masanell and Ricart, 2010). A business model analysis of value creation builds on a firm's observable behavior. It is less susceptible to biases grounded in retrospective strategic justifications of past action that were not motivated by a strategic plan in the first place.

When used for analytical purposes, business models serve one of three different functions (Massa et al., 2017; Reinhold et al., 2017):

1 Business models systematically describe the *observable attributes* of a business in order to better understand how the business works (e.g., Zott and

Amit, 2010). Attributes include how a firm designs its services for different customer segments; how it charges for access to its services; how it motivates suppliers and partners to support its activities long-term.

2. Business models reveal how managers and employees see their business work. Here, *perceptions* of managers and employees stand at the center; how they think their business works as sets of choices and consequences (e.g., Martins et al., 2015). In their minds, the sets of choices and consequences form mental models. Those mental models allow them to interpret information and judge the potential outcome of their actions before making decisions.
3. Business models can serve as a *consulting tool* to build a new business from scratch or to redesign of an existing business (e.g., Osterwalder and Pigneur, 2009; Sinfield et al., 2012).

In this chapter, we use the business model concept to describe and understand observable key attributes of peer-to-peer accommodation networks. We focus on the integrative story that tells us how the business model of peer-to-peer accommodation works, rather than the detailed calculation describing the economic mathematical functions (Doganova and Eyquem-Renault, 2009; Magretta, 2002).

To achieve this we use Bieger and Reinhold's (2011) value-based business model framework which consists of six elements (see Table 3.1): 'a business model (1) determines what an organization offers that is of value to the customer (i.e., the value proposition), (2) how it creates value within a value network, (3) how it communicates and transfers this value to customers, (4) how it captures the created value in form of revenues and profit, (5) how the value is disseminated within the organization and among stakeholders, and finally, (6) how the value is developed to ensure sustainable value creation in the future' (Bieger and Reinhold, 2011: 32).

This chapter discusses the business model of peer-to-peer accommodation networks in general and Airbnb (Forgacs and Dimanche, 2016; Boswijk, 2017) in particular. The following two chapters analyze in detail sets of elements for the internationally leading commercial network, Airbnb; Chapter 4 covers value proposition, value creation, value communication and transfer; and Chapter 5 covers value capture and dissemination. Together, Chapters 3 to 5 provide an analysis of key design decisions for the Airbnb business model. The main purpose is to illustrate the inner workings of peer-to-peer accommodation for an iconic case and to reveal how individual elements support value creation, capture, and dissemination for Airbnb, hosts, guests, and partners. The portrait of Airbnb's business model represents a snapshot at the time of publication of this book.

Table 3.1: Business model elements. Source: based on Bieger and Reinhold (2011).

Element	Definition
Value proposition	What an actor offers that is of value to distinct customer groups (i.e., product, service, or any other unit of business) and how it is of value to those groups
Value creation	How an actor fulfills the value proposition by combining proprietary and external resources and capabilities in collaboration with suppliers and other partners
Value communication and transfer	The channels an actor uses for exchange with customers to communicate and fulfill the value proposition and/or building a relationship
Value capture	How an actor directly or indirectly acquires monetary and/or non-monetary rewards from customers by fulfilling the value proposition
Value dissemination	How an actor disseminates the acquired value to suppliers and other partners to reward their support and sustain their contribution
Value development	How an actor develops its business model in evolutionary and revolutionary terms to ensure the long-term viability of its business

The Airbnb business model

The multi-sided platform business model configuration

Particularly successful business model configurations are known by a shorthand descriptor. For example, in many contexts industry challengers operate a *low-cost business model* trimmed for cost-efficiency: easyCruises, no-frills Southwest Airlines, Aldi budget retailers, ibis budget hotels, or McFit gyms. Other frequent configurations are Ebay's *auction model* or the *bait-and-hook model* operated by Nespresso that sell coffeemakers at a huge discount (the bait) but charge a premium for exclusive coffee capsules (the hook).

Airbnb and other peer-to-peer accommodation network facilitators operate a business model configuration referred to as a *multi-sided platform* model (Rumble and Mangematin, 2015). Facilitators running multi-sided platform business models connect two or more parties (buyers, seller, and supplementary service providers). The term *multi-sided* originates from the economics literature and refers to parties connecting as different sides of a market (Rochet and Tirole, 2003). Hosts (first side) are offering unused or underutilized space. Guests (second side) are looking for a place to stay for a short period of time. Supplementary service providers (third side) may provide photography services to hosts, thus enabling them to present their space in a more attractive way on the trading platform; or concierge services that augment guest experiences and open up opportunities for entrepreneurship (Chapter 7).

Interacting via a platform is attractive because searching is easy, transaction costs are low and large numbers of buyers and sellers can trade on the platform simultaneously (Hagiu and Wright, 2015; Rochet and Tirole, 2003). The higher the number of hosts offering short-term accommodation on a platform, the more choice guests have and the more likely guests are to find a space that meets their specific requirements. The higher the number of guests using the platform to search for short-term accommodation, the more attractive the platform for hosts. Establishing a large enough pool of buyers and sellers on a platform is a 'chicken-and-egg problem'. (Rochet and Tirole, 2003: 990),and many peer-to-peer accommodation networks (Chapter 6) have failed to grow this critical mass.

Businesses that operate multi-sided platforms create value in different ways. The variety of accommodation platforms – from communal Couchsurfing to profit-maximizing Booking.com (Chapter 6) – demonstrate that the multi-sided platform configuration refers to more than a single business model (Muñoz and Cohen, 2017). The multi-sided platform configuration informs the design of the individual elements of the Airbnb business model.

Value proposition

Airbnb has value propositions for three groups: guests, hosts, and third party service providers.

In terms of hosts, Airbnb offers five value propositions:

1 **Airbnb identifies suitable guests** by enabling hosts to list their spaces on the Airbnb online platform that attracts a very large number of guests from all over the world.

2 **Airbnb mitigates risk.** Letting strangers use one's space is risky because it is not known in advance how they will behave. Airbnb puts in place measures to reduce this risk for hosts: guests have to verify their identity before being able to trade. Unless guests are new to Airbnb (Chapter 17), they have a peer-to-peer curriculum vitae (P2P-CV, Chapter 1) which contains all the reviews hosts have written about them.

3 **Airbnb handles monetary transactions.** Exchanges on Airbnb are cashless. The guest provides credit card details to the network facilitator at the time of booking. The host receives the money into their bank account 24 hours after the guest's arrival.

4 **Airbnb manages the short-term rental.** The Airbnb platform takes care of the marketing aspect of the short-term rental business, payments, deduction of taxes at some locations (Chapter 11), and helps with management by imposing structure on the rental process and offering a calendar for the host to manage bookings.

5 **Airbnb offers the opportunity to connect with likeminded hosts.** Some Airbnb hosts enjoy interacting, learning from and sharing with other hosts. Airbnb facilitates this, although some hosts interact outside of the Airbnb platform (Chapter 16).

Airbnb offers the following value propositions to guests:

1 **Airbnb enables guests to find accommodation.** The Airbnb platforms offers an interface which allows guests to efficiently compare and book a substantial number of accommodation options around the world 24 hours every day.
2 **Airbnb provides access to spaces**. Airbnb processes give guests access to the property after having completed a number of required steps.
3 **Airbnb mitigates guest risk.** To reduce the perceived risk, Airbnb puts a range of measures in place, including encouraging reviews, handling monetary transactions, and offering a guest guarantee and assistance in case they face difficulties at check-in.
4 **Airbnb augments the guest experience.** Airbnb offers more than just access to a bed. Many hosts provide guest with insider tips about the destination, making their experience more memorable.

Airbnb offers one key value proposition to third party providers**: access to a very large pool of potential clients** across the globe. For a detailed analysis of Airbnb's value propositions see Chapter 4.

Value creation

Airbnb creates value through a range of activities:

1 **Airbnb proactively grows and nurtures the guest and host pool.** This is important because a critical mass of both guests and hosts is necessary for multi-sided platform businesses to thrive.
2 **Airbnb matches hosts and guests** using prior behavior, thus optimizing which listings guests see.
3 **Airbnb tries to understand and track guest and host behavior,** which allows them to refine their platform in view of network members' needs.
4 **Airbnb builds confidence** by mitigating risk at both the host and guest end of the exchange.
5 **Airbnb manages costs** efficiently, enabling exchanges at a low price. For an analysis of Airbnb's approach to value creation, see Chapter 4.

Value communication and transfer

In the case of peer-to-peer networks in general, the platform which is used to sell the product is also the primary means of communication with network

members. Additional, less frequently used communication channels include email, mobile applications, general advertising channels and personal communications for the purpose of conflict resolution. For a detailed analysis of Airbnb's value communication and transfer activities see Chapter 4.

Value capture

Airbnb earns its money by charging hosts a commission, and charging guests a service fee, in contrast to the traditional model of online distribution channels, which charge hosts a higher commission without charging guests a service fee. Airbnb also benefits from charging guests at the time of booking and paying hosts shortly after the arrival of guests. For a detailed discussion of how Airbnb earns money to grow its business and run its operations at a profit see Chapter 5.

Value dissemination

Airbnb has a substantial number of stakeholders, including guests, hosts, partners, regulatory authorities, employees, but also landlords of hosts, suppliers of hosts and many more. Airbnb disseminates value across these stakeholders to ensure their long-term participation in the network because of the benefits they receive. A detailed analysis of Airbnb's value dissemination is provided in Chapter 5.

Value development

Since 2010, Airbnb has *grown* within the boundaries of its existing business model: it has grown its host and guest network, driving its valuation (Economist, 2015, 2017). Airbnb benefits from cross-pollination of national markets: 'when a traveler from France uses Airbnb in New York, he or she is more likely to go back to France and consider hosting, or to talk up the company to his or her friends, sparking awareness and ultimately leading to more listing activities in that market' (Gallagher, 2017: 40).

Airbnb achieved growth through advertising and referral programs; acquisitions of imitators in foreign markets; investments in vacation rental companies (in early 2017, Airbnb invested in Luxury Retreats, a Montreal-based luxury vacation rental company with more than 4000 homes in its inventory); and cooperation with corporate travel management programs (in mid–2016, Airbnb announced cooperation with CWT Carlson Wagonlit Travel, global leader in travel management and American Express Global Business Travel) to capture a larger share of the business travel market. This has also changed the types of guests and hosts attracted to Airbnb. The average host in the US is now aged 43, and the average host 35 (Gallagher, 2017). Guests and hosts changed

from 'counterculture' and millennials to 'the vanilla tourist' (Gallagher, 2017: 202).

The most apparent *evolution* in Airbnb's business model architecture was the addition of *Experiences* (Chapter 8) to its business model in November 2016 (Gallagher, 2017). This extended the value proposition for existing customer groups, and added a new group of experience hosts to its business model. The revenue model for *Experiences* is similar to the one for accommodation listings: Airbnb charges a 20% booking service fee. However, value creation, key resources and activities had to be slightly amended. Airbnb started crafting guest itineraries, granting them more control over the tourism service chains. After all, the main purpose of a visit to a destination is not to sleep, but to experience a neighborhood and live there.

Experiences are likely to be the first step towards a more *revolutionary* development of Airbnb into a one-stop travel shop (Chapter 8), where it may sell everything from plane tickets to travel insurance around the world 24 hours a day. Given the wealth of information on traveler and host behavior on its platform, Airbnb is in the best possible position to enter the big data analyst and consulting business within the tourism and hospitality industry. Airbnb is also gaining unprecedented insights into co-living arrangements and real estate designs, enabling them to work with real estate developers or provide opportunities to engage in direct design and development of Airbnb-owned estates. Airbnb may also extend the model of exchanging underutilized resources by facilitating peer-to-peer desk or office sharing, encouraged by the breakup of boundaries between work and private life, as well as entrepreneurial endeavors and work-from-home initiatives aimed at de-escalating commuter peaks and clogged traffic systems. All of those developments would require significant changes to Airbnb's present business model, and could be considered revolutionary from the facilitator's perspective.

Conclusions

Is the peer-to-peer accommodation network model new? Novelty is a matter of perspective. This is a problem for any attempt at identifying how innovative a new product, service, business model, or any other object is: the more narrowly and subjectively we define the reference standard to judge the novelty of an object, the more radical it will appear (Anderson et al., 2004).

For the specific case of business models, Markides (2006) points out that business model innovators are usually not the ones to invent new products or services. Rather, they tend to 'redefine what an existing product or service

is and how it is provided to the customer' (Markides, 2006: 20). Hence, when we subsequently discuss what is new about the Airbnb business model as an exemplar of peer-to-peer sharing economy facilitators, we need to clearly specify what we compare it to.

What is new in Airbnb's business model compared to marketplace platforms?

Nothing. Airbnb's business model is a variant of the multi-sided platform business model pattern (Hagiu and Wright, 2015; Rochet and Tirole, 2003). This pattern features in some of the earliest ebusiness model (Timmers, 1998) published long before Airbnb's conception.

What is new compared to home sharing and rental home distribution platforms?

Nothing revolutionary, but arguably enough to explain the skyrocketing success of peer-to-peer accommodation networks (Chapter 1). At a very abstract level, the idea of peer-to-peer accommodation sharing and rental home distribution platforms is very similar to Airbnb's business: these platforms create access to accommodation that is underutilized. But this is where the similarities end. Other platform facilitators (Chapter 6) run business models that differ in many aspects. Some of the early predecessors of peer-to-peer accommodation sharing trace back to Swiss and Dutch teachers associations enabling teachers to swap homes for the summer in the 1950s (Gallagher, 2017). This reciprocal exchange among peers is not associated with any monetary exchange. To date, this home exchange model is still operated by platforms like HomeExchange.com. CouchSurfing.com is another platform which enables guests to sleep on other people's couches at the cost of only a small verification fee for security. Unlike home exchange, couch surfing does not have to be reciprocal. A variant of these two models are hospitality exchanges, where home exchange is reciprocal but time delayed: hosts and guests switch roles in turns. Airbnb's model is non-reciprocal paid accommodation sharing. But Airbnb processes are distinctly different in a number of other ways (Chapter 1): the identity of network members is checked thoroughly; a substantial amount of very detailed information is available about both hosts and guests in the form of their P2P-CV which consists of all reviews they have ever received from other network members; and heavily publicized guarantees increase trading confidence, just to name a few.

Peer-to-peer accommodation networks are not a new, revolutionary business model. Rather, they have successfully redefined and evolved the existing service of short-term rental, and redesigned how it is traded at unprecedented scale.

Questions for future research

Already, Airbnb has changed dramatically in nature from when it was originally established. How fast will it change? In how many directions will it expand (Chapter 8)? Will Airbnb's expansion leave entrepreneurial opportunities for other facilitators (Chapter 7)? Currently, Airbnb is focusing on a one-size-fits-all approach and does not specifically cater to niche markets with special needs, such as people with disabilities (Chapter 22), older travelers, travelers who care particularly about keeping the environmental footprint of their travels low (Chapter 24), or gay travelers, despite the fact that the extremely wide variety of listings puts them in a unique position to be able to do so. Another niche market which is increasingly expressing frustration with Airbnb is that of ethicist hosts (Chapter 15): these are typically the Airbnb pioneers originally attracted by the idealism behind sharing unused space (Chapter 16). With Airbnb having grown dramatically and developed into a large-scale commercial operation, they increasingly feel this particular platform is not a good home for them and are looking for alternatives. Already, a number of platforms have been established that are cooperative and non-commercial in nature (Chapter 6). Niche markets represent an opportunity for new platforms to establish themselves and growth their own sufficient pool of network members. Finally, as Airbnb goes through more evolutionary and revolutionary changes in future, how will its business model change?

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4 How Airbnb Creates Value

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A business model is like an ultrasound for businesses: it provides – from the outside – detailed insight into six vital elements of a business which explain their functioning (Chapter 3). Each peer-to-peer accommodation network is slightly different and requires an independent business model analysis. Here we analyze the business model of Airbnb because it is the international market leader in commercial peer-to-peer accommodation trading and a model other platforms aspire to. We focus on value proposition, creation, communication, and transfer. The other two elements (value capture and dissemination) are discussed in Chapter 5.

The business model is like an ultrasound for businesses. An ultrasound allows doctors to see – in real time – inside the body and observe what makes it work and what may prevent it from working well. The business model does much the same thing: it looks at a business from the outside to understand what is happening on the inside, what makes the business work, what makes it live or die. To get a complete understanding of how well the body works, we need ultrasounds of all vital body parts. To get a complete picture of how a business works, we need to explore six key elements: value proposition; value creation; value communication and transfer; value capture; value dissemination; and value development. These elements have been introduced and explained in detail in Chapter 3. Chapters 4 and 5 perform an ultrasound of Airbnb with respect to subsets of elements of the business model. This chapter focuses on value proposition, value creation, and value communication and transfer.

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Value proposition

Airbnb is the facilitator of the trading platform www.airbnb.com and operates a three-sided business model. Airbnb determines how to best meet the needs of three different customer groups that represent the three sides of the model: hosts, guests, and third-party service providers. The value propositions to each of those groups are summarized in Table 4.1.

Table 4.1: Value proposition for hosts, guests, and third party service providers

Value proposition for…		
Hosts	***Guests***	***Third parties***
Identify suitable guests	Find accommodation	Find and engage with new clients
Mitigate risk	Acquire access	
Handle monetary transactions	Mitigate risk	
Manage the short-term rental	Augment experience	
Connect with like-minded hosts		

Value proposition for hosts

Hosts are looking for ways to rent out underutilized spaces for different reasons: to increase their income; to make ends meet; to get to know new people from all over the world; or to become part of a community of like-minded people. Hosts face five challenges that represent the foundation of Airbnb's value proposition. They need to:

1. identify suitable buyers;
2. mitigate the risk of renting out space to strangers;
3. safely handle monetary transactions;
4. administrate short-term rental; and
5. connect to like-minded people to share their experiences and learn.

Airbnb's platform helps hosts to achieve all these things.

Identification of suitable guests

The Airbnb platform enables hosts to present their space to a global audience. Hosts specify their conditions (such as house rules, pricing and availability) and present their short-term rental in a mass-customized way. Categories like amenities are highly standardized (WiFi symbol etc.) and allow for fast and efficient screening. Yet the platform leaves enough room for portraying the uniqueness of a space (Chapter 1). The platform deploys search algorithm optimization and machine learning to maximize transaction likelihood in view of the preferences and expectations of hosts and guests.

Risk mitigation

Minimizing risk is a key consideration for hosts (Karlsson et al., 2017). The platform verifies the identities of guests and hosts. Hosts can check the profiles of potential guests for 'red flags' (dubious pictures or negative reviews by previous hosts) and rate the experience of hosting them. Unfavorable reviews are resolved between host and guest before online disclosure. In addition, a US$1 million guarantee covers damaged or destroyed property. All of this should limit risk to the life, property, and reputation of hosts from guests who do not treat places with care, overstay their welcome, steal valuables, threaten hosts and their families, or leave damaging unjustified negative reviews.

Handling of monetary transactions

The platform facilitates a wide range of secure and broadly accepted payment options tailored to national preferences and currencies. Airbnb's payment solution not only handles monetary transactions from guest to host for booking charges and optional deposits; they also cover refunds and compensation in case of cancelation or other incidents. Relying on cash transactions between hosts and guests is not only a safety concern; it can also create socially awkward situations in many cultural contexts given that the guest may be staying at someone's private residence.

Managing the short-term rental

Renting out space requires hosts to manage a range of guest and support processes. The platform simplifies and structures those processes by defining standard tasks and minimum expectations. Specifically, Airbnb helps hosts to present and promote their accommodation to potential guests using pictures, maps, text, standardized icons, as well as host recommendations of local eateries and attractions. Airbnb also offers assistance in terms of setting prices based on market insight. The platform features a calendar which facilitates management of availability and booking inquiries to avoid double bookings. It is also the home of a huge number of reviews which effectively serve as hosts' and guests' peer-to-peer networks curricula vitae (P2P-CVs), signaling to other network members whether or not they are behaving in line with network expectations (Chapter 20). In some national or local markets, Airbnb assists the interaction between hosts and regulatory agencies for tourism tax collection (Chapter 11).

Connecting with like-minded hosts

The Airbnb platform assists like-minded hosts to connect for the purpose of sharing their experiences; helping to build a community (Chapters 16 and 20); and instill a sense of mutual learning and support. Interaction among hosts occurs both online on Airbnb's forum, and face-to-face at personal meetups.

Institutional hosts – commercial providers of accommodation which use Airbnb as a distribution channel – benefit from the same Airbnb platform features. However, they may be less dependent on management features for short-term rental, and less inclined to connect with other hosts because they work with alternative backend solutions, have specific hospitality training, and consider themselves part of a different, professional peer group. Read more about host types in Chapter 15.

Value proposition for guests

There are many potential motives for guests to look for accommodation on peer-to-peer sharing platforms: cost savings; location; child-friendly amenities; immersion in local communities; culture off the beaten track; and establishing new social ties (Chapter 15). We have holiday makers and business travelers in mind as we analyze Airbnb's value proposition. Both face four challenges:

1. finding suitable short-term accommodation;
2. gaining access to the space;
3. mitigating the risk of disappointment; and
4. augmenting the accommodation experience.

Airbnb's service design addresses these challenges.

Finding suitable accommodation

The platform supports guests in searching for and choosing accommodation. For undirected searching, Airbnb's main landing page offers inspiration in terms of themed *Experiences* (sports, entertainment, wellness, lifestyle; see Chapter 8) that drive guests to certain destinations; unconventional accommodation (such as a tree houses, castles, or retro trailers); and popular destinations. For directed searching, it presents accommodation offers on a map and as listings with first-glance information (glamor shot, price per night, business amenity availability, room or full apartment, number of beds, average rating, number of ratings, and exceptional host badge). For each listing, a profile page details information in a standardized structure: pictures, tag line (for example, 'secluded treehouse'), key amenities, short description (bragging points such as 'most wish-listed property in 2017'), amenities, pricing, house rules, cancelation policy, safety features, availability, and reviews. In addition, the platform points potential guests to information about the host, the neighborhood, and to a wish list and social media sharing options, as well as to similar listings. Based on guests' search patterns and queries, the platform deploys search algorithm optimization and machine learning to match queries with listings they are most likely to book. The convenience of booking on network platforms represents a key service quality factor (Priporas et al., 2017; Varma et al., 2016).

Gaining access

The platform standardizes the booking process and handles financial transactions between guests and hosts. Calendar management ensures a simple booking process akin to what guests have come to expect of hotel booking platforms. Payment options include a range of standard, secure payment solutions offered by financial institutions, rendering cash transactions unnecessary. Guest and host can only communicate via the Airbnb platform until the booking is locked in. Once the booking is confirmed and Airbnb has accepted payment from the guest, direct contact details are released. Airbnb delays paying hosts until 24 hours after check-in as a safety precaution benefiting guests. This protects guests and makes refunds to guests simpler in case a booked listing turns out to be unacceptable or non existent.

Mitigating risk

Guests take risks by renting space from strangers: is the accommodation offer legitimate? How can I complain if the accommodation falls short of my expectations? Will my valuables and I be safe staying at a stranger's home? The platform addresses these concerns in several ways: Airbnb validates the identity of hosts. The minimum verification relates to the telephone number and email address of a host. Voluntarily, hosts can connect their social media profiles, location, copies of their official identification documents, as well as introduce themselves in as much detail as they want on their profile page (Chapter 1). Complaints and feedback are handled directly via guest–host interaction and through the review feedback process. Guests review hosts on a scale from 1 to 5 stars and in writing using a number of categories related to Airbnb's hosting standards. After a 14-day resolution period, this assessment is publicly posted on the accommodation listing's profile page. To alleviate any burden of future proof and protect privacy, Airbnb advises guests to use their messaging solution to correspond with hosts. For guests' physical safety, Airbnb encourages hosts to instal smoke detectors and prominently position safety cards with relevant contacts and instructions. However, these measures aside, physical safety measures are restricted to advising travelers to be cautious and to contact local authorities in case of an incident; inquiring into complaints; and sanctioning rogue hosts. Airbnb does not regulate or enforce safety features at properties (Chapter 11). Airbnb offers a guest guarantee and assists if guests find themselves in an unsafe or non existent accommodation by organizing alternative accommodation. Collectively, these risk mitigation measures build confidence in the network (Chapter 1). Combined with the relatively low service fee, this encourages people to transact via the network, rather than bypassing the network to save money on commissions and service fees.

Augmenting experience

The platform connects guests to a range of 'experience hosts' (Chapter 8) who offer services at the destination. *Experiences* give people a reason to travel, may extend their stay, and help create memories.

In sum, the platform's search and filter options offer guests convenience in finding accommodation with the desired qualities from a large pool of diverse listings at low search cost. Transaction cost and risk for all network members are kept at comparatively low levels. *Experiences* draw guests to destinations and motivate overnight stays or augment trips.

Value proposition for third parties

The relationships that Airbnb facilitates between hosts and guests provide business opportunities that the facilitator is unwilling or unable to capitalize on. Instead, Airbnb opens up those services to the third side of its platform. For example, Airbnb offers a professional photography service to improve the quality of the presentation of listings. Third-party providers can either establish a new business (Chapter 7) or grow their existing customer base. Co-hosts and hosts offering experiences (Chapter 8) can also be motivated by other factors such as getting to know new people. The platform offers avenues for finding and engaging with new clients for their services. There is an entire ecosystem (Adner, 2017) of third-party service providers that have built their value proposition around Airbnb's platform (Chapter 7). Table 4.2 lists five prominent examples.

Table 4.2: Third party service providers for Airbnb. Source: examples from Airdna.co and Gallagher (2017)

Firm	Service
Guesty	An integrative platform to manage multiple accommodation rentals via a single, integrative, cloud-based solution (www.guesty.com)
HonorTab	A minibar-like service that allows hosts to manage inventory and charge for groceries and other consumable amenities (shampoo etc.) (honortab.com)
Hostmaker	A management company for accommodation rentals that handles everything from furnishing, to listing, housekeeping, pricing, and maintenance (hostmaker.co)
Keycafe	A service that mediates access to accommodation rentals by providing pick-up and drop-off points from lockers (keycafe.com)
Pillow	A management company for accommodation rentals 'that takes the work out of renting your home or apartment'. They provide similar services to Hostmaker but add a focus on facilitating collaborative solutions for short-term rental that work for building management and residents (pillow.com)

Value creation

Airbnb relies on several key activities, resources, as well as partner input to create value for hosts, guests, and third parties. Table 4.3 summarizes key activities and resources.

Table 4.3: Key activities and resources

Key activities	Key resource
Growing and nurturing guest and host networks	Tailored marketplace
Search optimization to match guests and hosts	Trust-base relationships
Understanding and tracking guest and host behavior	Database of reviews tied to profiles
Building confidence by mitigating risk	Knowledge resources
Cost management	Service recovery staff

Key activities

Key activities are routine behaviors (Feldman and Pentland, 2003) enabling Airbnb to fulfilll the value proposition outlined above. Five activities are critical to the success of the peer-to-peer accommodation platform: growing and nurturing networks; matching guests and hosts via search optimization; understanding and tracking the needs of hosts as well as guest behavior; building trust and mitigating risk; and cost management.

Growing and nurturing guest and host networks

The attractiveness of any platform model depends on how many exchanges it can facilitate. This is known as indirect network effects (e.g., Hagiu and Wright, 2015) and economies of density (Bieger and Rüegg-Stürm, 2002). The more hosts and guests Airbnb has, the more attractive it is for other hosts and guests to join. This creates a self-reinforcing cycle and explains why a small number of large networks dominate most digital markets. Not surprisingly, therefore, Airbnb employs dedicated growth managers.

Airbnb attracts new hosts in a number of ways. When Airbnb first started operating, it 'recruited' from Craig's list (American classified advertisements website) by offering hosts a co-listing opportunity (Brown, 2017; Gallagher, 2017). The Airbnb founders went door-to-door and organized events to sign up new hosts (Gallagher, 2017). They ran targeted Facebook adds for New York and San Francisco pointing to the financial benefits of renting out one's home while away on vacation to pay for their vacation (Economist, 2015). Airbnb never charged a fee for listing space, much in contrast to most other platforms which enable peer-to-peer trading (Economist, 2012), signaling to hosts that

they have nothing to lose by signing up to Airbnb. In Germany and the UK, Airbnb purchased clones and competitors to grow their local host network (Brown, 2017). In other foreign markets they sent out small teams door-to-door, soliciting hosts to sign up in person, because digital host acquisition proved cost-ineffective (Yip, 2017). Airbnb also runs a host referral program (Brown, 2017) and relies on word-of-mouth supported by storytelling (Yip, 2017). Alongside those measures, they keep investing in optimizing their services to meet hosts' needs and communicate the benefits of hosting on Airbnb as the main marketing message across multiple channels (Wegert, 2014).

Airbnb attracts new guests by consistently communicating the benefits of staying in peer-to-peer accommodation (Davis, 2016). Airbnb manages its search engine optimization and runs targeted advertisements on Google search. Airbnb attracts new guests in local markets with a temporary surge in demand (Brown, 2017). During conferences, conventions and events, hotel rooms are in high demand and hotels charge more. Airbnb offers an affordable alternative (Chapter 10). Guests that would otherwise not consider Airbnb try it, and some continue using Airbnb in the future.

Optimizing searches to match guests and hosts

Airbnb keeps the details of its search algorithms secret because they contribute to its competitive advantage. Public sources point to two kinds of optimization supervized by Airbnb's approximately 400 engineers and data scientists (Gallagher, 2017): on its own platform, and in the integration of services with search engines such as Google. In a post on its blog on matching, Airbnb discloses that its search algorithm considers more than 50 different factors to match guest and host preference in producing results. Among those are: the number of reviews and star rating of a listing, response rate and time for guest inquiries, availability of instant booking, travel date, location and neighborhood, amenities, price and type of space, as well as machine-learned host preferences concerning booking decisions and turnover preferences. Airbnb suggests that listing information (incl. photos), price, response rate/time, commitment to bookings, and ID verification are the factors most easily optimized by hosts to feature high in its search listings. What is unique is that Airbnb personalizes search result for guest and host preferences (Ifrach, 2015). Alongside the on-platform optimization, Airbnb optimizes Google AdWords for targeted advertising (Gallagher, 2017; Google, 2014) and Display Ads (Wheeler, 2014).

Understanding and tracking host and guest behavior

In the early years of Airbnb, the founders spent a lot of time talking to hosts all over the world to understand their needs, motivations, and problems. These

interactions are still important to Airbnb, but occur in more organized settings, such as the Airbnb Open. Behavioural modeling, machine learning, and issue monitoring for call center requests have mostly replaced personal conversations with the founders and employees of Airbnb (Sng and Hachey, 2016), much to the dismay of the pioneers among Airbnb hosts (Chapter 16). Large numbers of interactions on the platform allow Airbnb to learn about the behavior of all network members. Insights are used to redirect behavior (for example, to avoid discrimination; see Chapter 19) and create actionable advice for hosts (Chapter 1). Behavioral insights are not just relevant to Airbnb's current value propositions; they also open up avenues of future growth. Other stakeholders from the travel industry, real estate developers, urban planners, tax authorities, and others are also interested to learn more about this significant share of the home sharing and travel market.

Building confidence by mitigating risk

Early potential investors pointed out to the Airbnb founders that 'the idea of renting out space to strangers [is] totally weird and unbelievably risky' (Gallagher, 2017: 16–17) and that 'the very idea of letting strangers sleep in their homes was asinine [… and] simply asking for trouble' (Gallagher, 2017: 49–50). Mitigating this risk and building confidence has become a key activity in Airbnb's business model. Airbnb runs a Trust and Safety Division which deploys a range of trust and safety mechanisms aimed at all sides of its platforms.

For hosts, Airbnb provides a host guarantee for damages and liability coverage of up to one million dollars; a system for hosts to review guests; guest identity verification with connection to social media profiles; compliance information for local contexts (local and national tax codes, industry regulation for hospitality services); and they share guest behavior insights which allow hosts to optimize their listings. Guests have access to a 24/7 call center; hosts are paid 24 hours after check-in; host listings are scanned for quality (location and identity verification); guests get to review hosts; hosts are encouraged to provide guests with local emergency contacts; and service center employees are allowed to call local authorities if critical situations develop (Gallagher, 2017). Furthermore, reservations and listings are spot-checked by a Community Defense Team; data scientists score transactions for fraud probability; fraud experts monitor payments; and Twitter and Facebook are monitored for Airbnb-related distress calls (Gallagher, 2017). Airbnb employs crisis management and victim advocacy specialists, insurance experts, and a law-enforcement relations team working with local authorities (Gallagher, 2017). All of this activity is supervized by Airbnb's Trust Advisory Board.

Managing cost

Despite Airbnb's value creation hinging on personal relationships, confidence and personal experiences, its revenue model is fundamentally geared toward low margins and high volume. Compared to other platforms in the hospitality and rental space, Airbnb charges guests and hosts a small fraction of the transaction price and relies on a large number of such transactions to run a profitable operation. To this end, Airbnb relies on tight cost control that matches the cost-consciousness of its early guests (Economist, 2017).

Key resources

Key resources enable Airbnb to fulfill its value proposition by means of its key activities and operational processes. Ideally, those resources are specific to the facilitator and cannot be easily substituted or imitated by competitors. If they are also rare and valuable, they potentially serve to establish a competitive advantage (Barney, 1991). Airbnb's activities build on five key resources: the tailored marketplace; trust-based relationships; the database of reviews tied to profiles (the P2P-CV, see Chapter 1); their knowledge resources for guests and hosts; and their service recovery staff. Those resources vary in the extent to which they can be copied by competitors.

Tailored marketplace

The backbone to Airbnb's product is a responsive web platform tailored to facilitate transactions between guests and hosts. Today, open source solutions such as Sharetribe allow imitating the basic functionality of an Airbnb-style peer-to-peer platform. But in 2008, Airbnb had to custom design its marketplace from scratch to handle the technically challenging aspects of its platform: a secure, reliable payment system for international transactions which does not require a bank license; a customer service system capable of handling high volumes of requests around the clock; and a review system that allows for issue resolution and assessments that benefit both the community of guests and hosts (Gallagher, 2017).

Trust-based relationships

Building trust takes time and needs to be earned (Dierickx and Cool, 1989). The attractiveness of Airbnb depends on the number of guests and hosts who have confidence in the Airbnb platform. Trust depends on hosts and guests extending confidence in the facilitator to fulfill its value proposition reliably and with integrity (Morgan and Hunt, 1994). As an early mover in peer-to-peer accommodation, Airbnb has been both at an advantage and disadvantage when it comes to establishing trusted relationships. On the one hand, Airbnb had

to invest considerable resources to convince hosts and guests that its services can be used with confidence. The result of Airbnb's efforts is that peer-to-peer accommodation has become a mainstream phenomenon. Competitors and imitators benefit from this wide acceptance. But Airbnb was the first to establish trusted relationships and the first to grow its host and guest communities to a critical size. The network benefits resulting from this growth have made Airbnb's upfront investment in building trusted relationships worthwhile.

Database of reviews tied to profiles

Every review is valuable to all network members. Hosts use reviews of their listings, their P2P-CV, as promotional tool. Hosts use guest reviews to assess the risk involved in accepting a booking request (Chapters 1 and 17). Guests use reviews of listings and hosts to assess the quality and suitability of the accommodation. Airbnb benefits from the collective database of reviews in two ways: first, reviews drive website traffic and contribute to the value of its services from a host and guest perspective. As a resource, they are not easy to imitate or copy because they are tailored to Airbnb's platform and offer. Second, reviews signal quality issues and cases that require the facilitator's attention or intervention such as fraudulent host listings.

Knowledge resources

Understanding and tracking guest and host behavior creates and requires knowledge resources. Each transaction leaves a trace of data on Airbnb's platform that contributes to the facilitator's understanding of accommodation sharing. However, Airbnb also had to build vast knowledge resources to facilitate hosts, deal with guest complaints, regulator requests, and other stakeholders for a multi national business (Gallagher, 2017). While some of this information is publicly accessible (FAQs), most information is encoded in systems facilitating internal practices; for example, in its call center (Sng and Hachey, 2016) or on its host knowledge platform in the form of webinars. Acquiring and processing this information is both time and labor intensive, and requires domain experts hired by Airbnb either as employees or in advisory capacity.

Service recovery staff

Many technology companies outsource call centers to save money. Airbnb runs its own call centers because its service recovery staff are a key resource to building trust and mitigating risk. After all, Airbnb's agents deal with issues that concern the physical safety of hosts and guests, not just software glitches.

Partners

Information on partners and suppliers that contribute to the value creation of Airbnb is very limited. Table 4.5 summarizes selected partners listed by Spiderbook and Travel Market Report (Montevago, 2016). Amazon Web Services hosts all of Airbnb's web services, eliminating the need for Airbnb to run its own marketplace hardware infrastructure, and allowing quick scaling of processing capacity (Amazon, 2017; Gallagher, 2017). In addition, Airbnb cooperates with a number of business travel companies (Montevago, 2016) for its integration with corporate travel programs.

Table 4.5: Some partners and suppliers of Airbnb. Source: based on Spiderbook.com and Travelmarketreport.com (2017)

Partners		Suppliers	
AmEx Global Business Travel	Hipmunk To Instagram	Akamai Technologies Amazon	HootSuite Media Inc.
AGR Investments	Lloyd Lyft Inc.	Dailymotion	Twilio Inc.
Apple	MyAssist Inc.	EatWith Media Ltd.	Zendesk Inc.
Boku Braintree	Pepsico	Facebook	
BCD Travel	Priceline.com	Flickr	
Carlson Wagonlit Travel	Penny & Co.	France Par	
Crucialtec Danal	Sequoia Capital	Gigamon Inc.	
Etisalat	Vayable Inc.	Google	

Value communication and transfer

Airbnb's accommodation sharing platform serves a dual purpose: it is the facilitator's main line of communication with customers and stakeholders as well as its point of sales and distribution channel. Airbnb communicates with hosts and guests via its platform, email, mobile applications, and general advertising. In rare instances, phone conversations are possible. Opportunities for personal interaction are created through the Airbnb Open as well as local host get-togethers organized by Airbnb and, more recently, host clubs.

To grow and nurture its community of hosts and guests, Airbnb emphasizes the importance of human interactions for travel and the unique experiences which can originate from this interaction – fostering a sense of belonging. This is apparent from visual communication (the famous Airbnb logo); marketing messages ('belong', 'don't go there. live there'); listing content curation (professional photography); and the way Airbnb presents its guidebooks, neighborhood guides, and film-poster-like city host listings (Davis, 2016; Wheeler, 2014). Its content-driven marketing strategy further includes economic impact studies for cities such as Paris and Sydney; its own glossy print magazine *Pineapple* (now called *airbnbmag*); short films like *Birdbnb*; a blog with a behind-the-scenes

look at Airbnb; and timely content on social media on Instagram, YouTube, Twitter, and Facebook, e.g., 'A host of Haunted Homes' for Halloween (Wegert, 2014).

Direct host–guest communication is facilitated via Airbnb's platform messaging system that keeps a record of every instance of interaction in case of complaints or legal issues (Gallagher, 2017).

From a distribution and value transfer perspective, the platform serves as point of sale for Airbnb's services and distribution. Beyond that, the platform facilitates the integration of efforts by hosts and guests necessary to ensure a pleasant, memorable peer-to-peer sharing experience.

Conclusion

The value proposition, creation, and communication and transfer element portray how Airbnb creates value for hosts, guests, and third parties by means of its services. The business model elements nicely illustrate the interdependencies among design decisions for Airbnb's platform: safety and risk mitigation, convenient and cost-efficient processes, as well as service design to grow the network and lock-in members on each side of the platform, connect the individual elements. Chapter 5 explores how these aspects materialize in the design of Airbnb's revenue model and how it disseminates value to its stakeholders.

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5 How Airbnb Captures and Disseminates Value

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This chapter analyses two of the six vital business model elements, explaining the functioning of peer-to-peer accommodation networks: value capture and dissemination. The other elements are discussed in detail in Chapter 4. We focus on Airbnb because it is the international market leader. Separate business analyses are necessary for other peer-to-peer accommodation networks given that each functions in a slightly different way. In this chapter the business model value capture and value dissemination are discussed in detail for Airbnb.

Value capture

Airbnb's revenue model is to charge a commission on all transactions between hosts and guests. Airbnb's operating revenues consist of guest fees, which range between 5% and 15 % of the transaction value, and host fees, which range between 3% and 5% of the transaction value.

Guests are charged upon booking; hosts are paid one day after check-in. This has safety advantages for guests. But it also allows Airbnb to work with this money – effectively an interest-free loan from guests – during this time. In terms of cash flow management, this awards Airbnb advantages similar to those of Amazon, where customers pay days before receiving the goods or banks, which use people's money between the time a payment order is placed and the time of payment. The money flows for Airbnb, as well as one of the main competitors Stayz (owned by Homeaway), are illustrated in Figure 5.1.

Please reference as: Reinhold, S. and Dolnicar, S. (2017) Chapter 5 – How Airbnb Captures and Disseminates Value, in S. Dolnicar, *Peer-to-Peer Accommodation Networks: Pushing the boundaries*, Oxford: Goodfellow Publishers, pp. 54–62, https://dx.doi.org/10.23912/9781911396512–3603

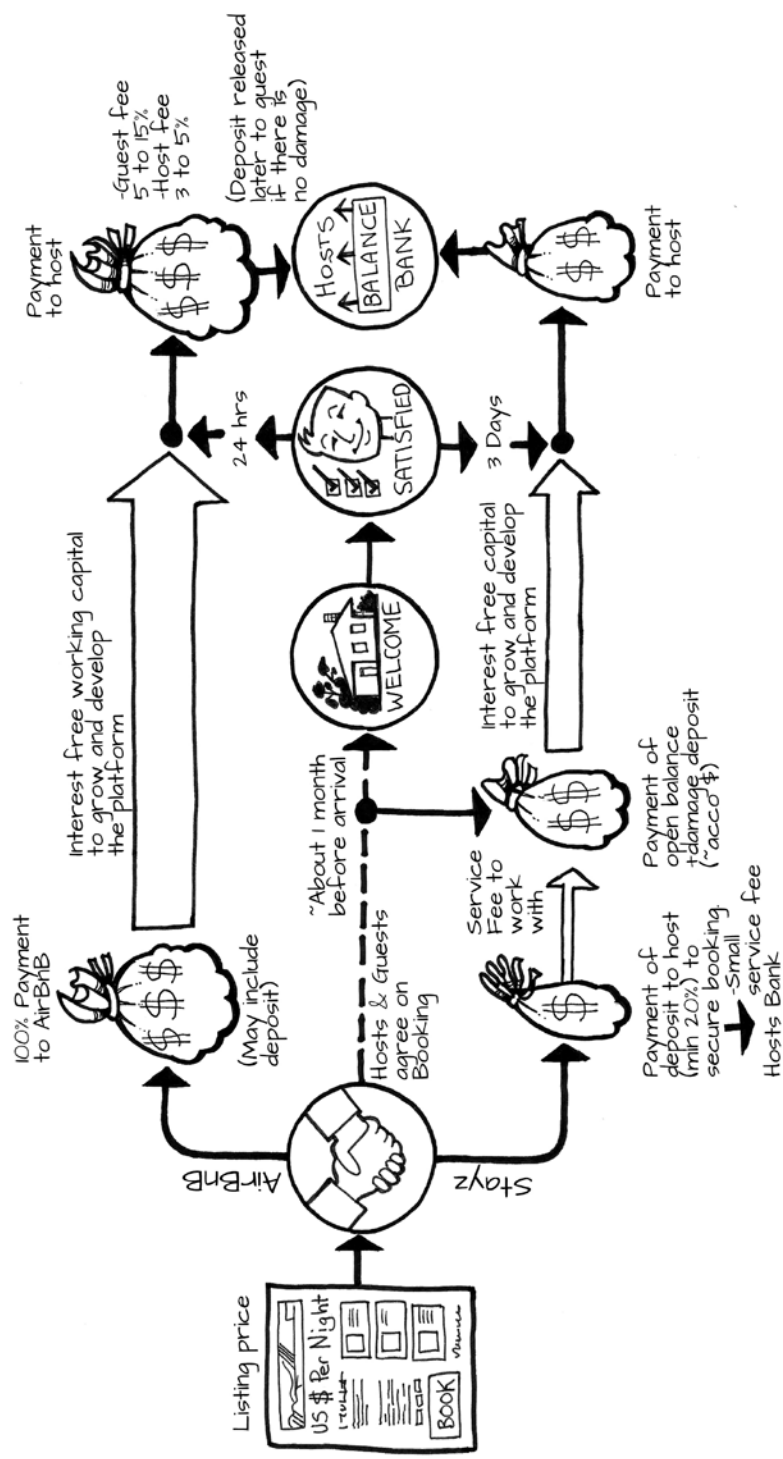


Figure 5.1: The money flows in Airbnb and Stayz

As can be seen, the two money flows (shown on top for Airbnb and at the bottom for Stayz) are quite different: Airbnb charges the guests the full amount at the time of booking. This is the price of accommodation and may also include a security deposit, depending on host settings for the listing. The money stays with Airbnb for the entire time between booking and trip, and is only transferred – minus the commission – to the host 24 hours after the guest has arrived and has not signaled any problems with the booking.

In contrast, Stayz only charges a deposit at the time of booking. The deposit amount is set by the host, but has to be at least 20% of the total transaction value. Stayz deducts from this deposit its commission and immediately transfers the remaining amount to the host. About one month before the guest arrives, they pay the remainder of the accommodation cost. One week before check-in, the guest has to transfer a security deposit as specified by the host. This security deposit is automatically returned to the guests after their stay unless the host reports damage and claims some of the security deposit to repair the damage. The host is paid the remaining accommodation cost three days after check-in.

The comparison of money flows in Figure 5.1 illustrates the differences in cash flow management: Airbnb is maximizing the amount of money they can work during the entire time between booking and trip, giving them a significant competitive advantage in terms of value capture over similar platforms. They can use this money to pay wages, expand their networks and grow their business.

Airbnb is not a publicly traded company. The details of its revenue structure and profits are unknown. However, the company is said to have first been profitable in 2016 with revenues projected to hit 2.8 billion dollars in 2017 with EBITDA at 450 million dollars (Gallagher, 2017). To achieve this, Airbnb has – according to Crunchbase (2017) – relied on ten investment rounds and contributions of approximately 3.4 billion dollars from 41 different investors.

Value dissemination

Airbnb depends on a substantial number of stakeholders to be able to create value for guests, hosts, and third parties. To ensure that all stakeholders continue to contribute to the success of the network, Airbnb needs to ensure that they gain benefits from their active engagement or, at least, from not boycotting Airbnb. Airbnb therefore has to interact with different stakeholders in very different ways.

Figure 5.2 illustrates Airbnb's relations with selected stakeholders, structured along Post, Preston, and Sachs' (2002) dimensions of strategic settings: resource base, industry structure, and socio-political context.

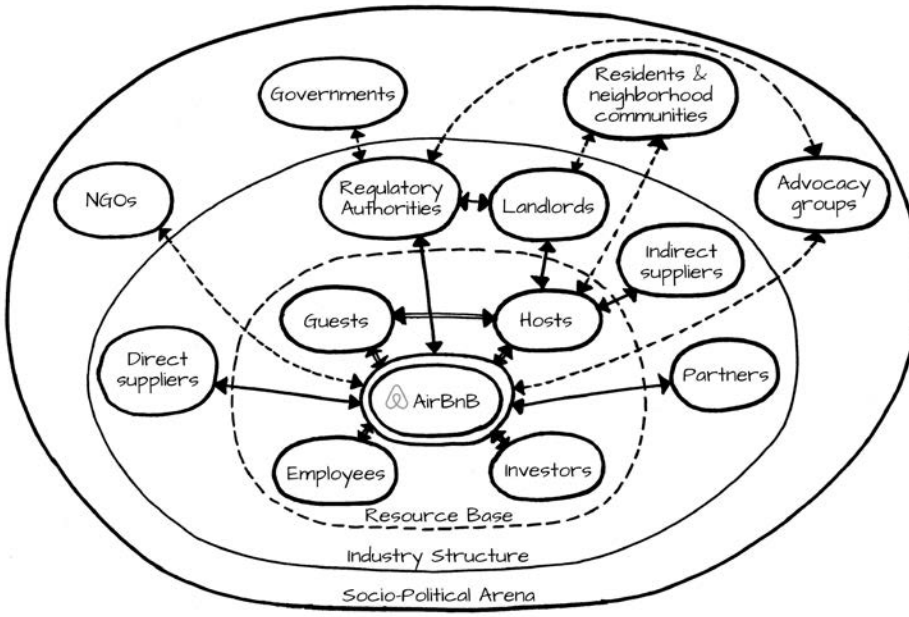


Figure 5.2: Airbnb's stakeholder network. Source: based on Post et al. (2002: 10)

What hosts contribute, risk, and receive

Hosts contribute space. Their unique property, and any related services they may offer, extends what Airbnb can sell. The host's offer contributes to the attractiveness of the platform for guests by increasing both the quantity and the variety of the listings on offer (see Chapters 1 and 4). Hosts also contribute their reviews of guests, which represent an invaluable source of information for risk assessment by other hosts. Superhosts – those who have a minimum number of trades a year and perform at a high level (Chapter 16) – also contribute advice and other knowledge resources to the host community.

Hosts incur a number of risks: they risk damage to their property by inconsiderate guests. They risk negative reputation arising from external effects such as noise or litter that that their neighbors have to bear. They risk losing goodwill with home-owners associations and other advocacy groups that either disapprove of peer-to-peer network accommodation or resent the external effects of guests in their local neighborhoods. Finally, they risk legal proceedings and fines in contexts in which subletting or renting out accommodation is a grey area or subject to legal restrictions (Chapter 11).

Airbnb purposefully shares value with hosts to ensure the benefits they gain from their active participation in the peer-to-peer accommodation network outweigh the risks they take. Airbnb gives hosts approximately 97 cents out

of every dollar earned through renting out their space. Airbnb also provides a range of tools and services which hosts can use to optimize their listing and rental income on Airbnb's platform at no cost. In general, Airbnb's key activities are geared toward growing and nurturing a network of committed, hospitable hosts with unique, desirable listings by fulfillling their value proposition (see Chapter 4). At the time of writing this book, Airbnb has more than three million listings in 191 countries around the globe. The bargaining power of individual host who may not be satisfied with the mix of what they contribute at which risk for which benefit (Chapter 16) is limited. Realistically, they can only delist their property.

What guests contribute, risk, and receive

Guests make two main contributions to the platform: (1) they make bookings which generate income for hosts and Airbnb, attracting more hosts and guests into the network; (2) they write reviews about hosts and spaces. These reviews serve as an invaluable source of information for other guests looking to book short-term accommodation. Guest reviews may also help other hosts improve their listing and their services.

Guests face a number of risks: they face the risk of disappointment because their selected listing might not feature amenities advertized, or be a scam listing that does not exist. If they stay at the host's property at the same time as the host, they risk their privacy if hosts overstep boundaries or use hidden or disclosed recording devices. In more extreme cases, guests might risk theft, robbery, or physical abuse. If guests misbehave – violate house rules or local legislation – they face punishment by the network (Chapter 19), exclusion from the network (Chapter 16) or legal proceedings. Severe cases – which feature prominently in the media and are curated and collected on webpages such as airbnbhell.com – tend to be rare, considering that more than half a million people sleep in Airbnb-traded accommodation every single day of the year. Gallagher (2017: 92) reports that 'of forty million guests staying on Airbnb in 2015, instances that resulted in more than $1,000 of damage occurred just 0.002% of the time'.

The many ways Airbnb benefits guests are outlined in its value proposition. In short, Airbnb aggregates, structures, and quality checks (to a limited degree) peer-to-peer accommodation listings and provides safe, convenient standard processes and systems for booking and other necessary guest-host interaction while charging below average fees. Mitigating the risks identified above is a key priority as witnessed by Airbnb's key activities and resources (Chapter 4).

At the time of writing, Airbnb has had more than 200 million guests staying at one of their listings. While the platform offers a number of mechanisms

to safeguard against and resolve conflicts among guests and hosts, a guest's bargaining power vis-à-vis Airbnb is very limited. Their main strategy in case of a major disagreement would be to intentionally boycott the platform and take legal action.

What other stakeholders contribute, risk, and receive

Figure 5.2 illustrates that Airbnb depends on several relationships with other stakeholders. Here, we highlight the interactions with three groups: (1) landlords and real estate developers; (2) neighbors and local communities; and (3) regulators and tax authorities.

Landlords and real estate developers

In principle, real estate developers and landlords could rent out accommodation on Airbnb themselves. In that case, the earlier discussion of host contributions, risk, benefits, and bargaining power would apply to them. However, many landlords and real estate developers are indirectly linked to Airbnb because their long-term tenants sublet rooms or their entire property. In this case they do not contribute to Airbnb directly, nor do they do so voluntarily. Yet they incur substantial risk, may benefit, and may have some bargaining power.

The risk associated with tenants subletting their properties are the same as those faced by hosts: short-term rentals may result in higher wear as well as damages to the property, or other tenants may complain because of negative external effects originating from guests, such as unreasonable levels of noise or reduced security because strangers have access to an apartment complex which is typically only accessible to residents. Neighborhood advocacy groups may also complain and ask for intervention or compensation because of negative external effects they experience.

Landlords and real estate developers can benefit from Airbnb in several ways – assuming that they tolerate sub-letting of their premises:

1. Airbnb supports efforts for trading-friendly building programs. Airbnb has been working with rental conglomerates to allow tenants to rent out their apartments while landlords and real estate developers retain rights to set certain parameters such as check-in times (Gallagher, 2017). According to Gallagher (2017) apartments are now being designed with sharing in mind.
2. In certain local 'markets, landlords have already begun pricing the expectation of an Airbnb revenue stream into the rents they charge' (Gallagher, 2017: 204). Fully aware that their tenants will use their accommodation to generate income, they capitalize on this opportunity.

3 Airbnb tries to mitigate some of the risk stemming from neighborhood and community complaints by facilitating local host clubs to act as advocacy clubs and supplying studies on economic benefits created by sharing behavior for local communities in specific markets. They also offer neighbors the opportunity to lodge complaints directly with Airbnb, which Airbnb can then discuss with the host.

In case landlords and real estate developers disapprove of subletting, they have a number of options depending on the specifics of local tenancy law. In general terms, they can terminate the lease of their long-term tenants and seek legal compensation for damages to their property and business because of tenants' hosting activity. It is unclear what legal claims landlords and real estate developers could have to ask for compensation from Airbnb (McNamara, 2015).

Neighbors and local communities

Neighbors and local communities provide the backdrop to guests' travel experiences. There is certainly scope for pleasant, meaningful interactions among those groups, and travelers creating added frequencies might revive residential areas and create an existence for local shop owners. However, neighbors and local communities also bear the brunt of negative side effects originating from peer-to-peer accommodation sharing. Edelman and Geradin (2015) list a number of externalities that originate from the changes that short-term rental behavior affects in neighborhoods: guests upset locals by 'being lost and asking for assistance, consuming rivalrous public resources (such as parking spaces), failing to care for shared resources, and generally perceiving that they are unaccountable for their actions because they are not staying in the community' (Edelman and Geradin, 2015: 313). In addition, *de facto* hotels – short-term rental unit complexes commercially marketed on Airbnb without regular tenants that live in those apartments for 275 days a year – distort the housing market, deplete the rental market, and cause a shortage in affordable housing.

Airbnb tries to mitigate part of these negative externalities by co-designing 10% of its *Experiences* (see Chapter 8) with local nonprofit organizations (Gallagher, 2017). Airbnb donates all its revenues from social impact experiences to those local nonprofits. That way the traveler inflow to local communities leaves a share of revenue that specifically benefits local communities (or disadvantaged community members), which bear the Airbnb guest externalities.

Airbnb also has a complaint interface for neighbors to register noise, party, or disturbance complaints; issues in common places (parking, littering, etc.); general concerns with hosting activity; or personal safety concerns and criminal activity. Hosts or guests proven to be in violation of Airbnb terms of use can be expelled from the network. Other than that there is little room for neighbors

and local communities to intervene if they are displeased with the local effects of sharing. They can petition their landlords and local regulators, but generally, their bargaining power vis-à-vis Airbnb is limited.

Regulators and tax authorities

Finally, regulators and tax authorities set the parameters for the industry structure in which Airbnb operates. Regulators' stances on listing properties on peer-to-peer networks vary tremendously (Chapter 11). In many local markets, the home sharing practice is outlawed (McNamara, 2015; Gallagher, 2017). To change this, Airbnb 'has forged key agreements over the years with cities like London, Paris, Amsterdam, Chicago, Portland, Denver, Philadelphia, San Jose, Shanghai, and many more' (Gallagher, 2017: 106). Alongside the concerns of local resident voters and the illegality of home sharing in certain constituencies, authorities are concerned with a loss in business taxes (for tourist and hospitality services) and undeclared income. In several local markets such as Amsterdam (The Netherlands) or Zug (Switzerland), Airbnb is now working with local authorities to either collect tourism taxes on their behalf whenever a transaction is realized or to simplify and clarify how and under what circumstances non-institutional host need to file their sharing activity. Regulators and tax authorities have most bargaining power in dealing with Airbnb.

Conclusion

Overall, the discussion of Airbnb's value capture and dissemination demonstrates how the peer-to-peer network facilitator has optimized its business model for two ends: first, generating free cash flows that cover the operating expenses and growth of its platform business; and second, establishing lasting ties and support from its key stakeholders for its networks to prosper in the long run.

Across all six business model elements, Airbnb seems to have found a workable balance in designing a multi-sided accommodation platform business that provides the right trade-offs between the relative cost of participating in transactions on its platform – as guest or host – and the benefits associated with its value proposition. The way individual elements of its business model are designed creates virtuous cycles that grow its guest and host network, provide entrepreneurial opportunities for third party service providers, and allow Airbnb to grow and evolve its business. Yet 'no great business model lasts forever' (Chesbrough, 2007: 15) because business models and their components are inherently dynamic (Demil and Lecocq, 2010). It will thus be interesting see how Airbnb evolves its business model(s) and continues to deal with the

interdependencies that persist between its elements, its overall architecture, and business context.

Acknowledgments

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6 Airbnb and its Competitors

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Airbnb is the peer-to-peer accommodation network that gets most of the attention – positive and negative. But Airbnb is not the only one. The aim of this chapter is to provide an overview of existing peer-to-peer accommodation networks, explore their characteristics and propose a typology of peer-to-peer accommodation networks and booking sites.

Airbnb is the talk of the town. All the excitement about peer-to-peer accommodation and all the rage against peer-to-peer accommodation focus on Airbnb. The present book is no exception. The example used in most chapters is Airbnb. The reason is that Airbnb is currently the undisputed market leader of commericial peer-to-peer accommodation in most countries (Forgacs and Dimanche, 2016; Oskam and Boswijk, 2016), with the exception of China (Chapter 13).

The rapid growth and stellar success of Airbnb (Oskam and Boswijk, 2016; Tussyadiah and Pesonen, 2016) have raised awareness among tourists of the existence of peer-to-peer networks as an alternative for booking short-term accommodation. Although peer-to-peer accommodation networks existed before Airbnb, most were unable to gain the critical mass of hosts and guests required to successfully operate as a multi-platform business (Chapters 2 and 3). The same growth and success have also created challenges for highly populated areas, where short-term rental returns have become more attractive to property owners than long-term rentals, thus reducing the pool of available long-term accommodation for locals (Lee, 2016; Gurran and Phibbs, 2017). Public policy makers around the world increasingly find themselves under pressure (Chapter 11) to deal with the competitive asymmetry of the established commercial accommodation sector and Airbnb (Zervas et al., 2017;

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Forgacs and Dimanche, 2016). These challenges have not resulted from peer-to-peer accommodation networks in existence before Airbnb, simply because of their limited sizes.

Airbnb was so successful that a range of challenges – many beyond our imagination a decade ago – became evident. Consequently, Airbnb became the target of much public outrage and faced accusations of wrongdoing at many levels. It was accused of avoiding regulation for short-term rentals (Benner, 2017), thus gaining an unfair competitive advantage (Hickey and Cookney, 2016); of excluding travelers with special needs (Ameri et al., 2017; Chokshi and Benner, 2017; see Chapter 22); and of taste-based discrimination (Parkinson, 2016; Edelman et al., 2017; see Chapter 19). Of course, the same accusations could have been made against Couchsurfing.com and HomeAway.com. But they were not, because none of those platforms reached the critical mass where the commercial trading of space between 'ordinary' people became challenging.

This chapter gives an overview of the broader peer-to-peer accommodation network landscape, and explores why Airbnb is the international market leader, the prototype for this business model, just as Hoover became the prototype for vacuum cleaners, Kleenex for tissues, and Google for online search engines.

Network facilitators around the world

Table 6.1 contains a list of peer-to-peer accommodation network facilitators around the world. The listing is not comprehensive because it is impossible to identify local facilitators in all countries; it is incomplete because not all information about all facilitators is publicly available. Table 6.1 is based on a listing by JustPark (2017) that contains information about the headquarters, the year of establishment, and disclosed funding. Additional facilitators and information about all facilitators was included through online searches. Facilitators operating in China are not included; Chapter 13 discusses those in detail. Facilitators that are no longer active – including Roomorama (New York, US), FlatClub (London, UK), iStopOver (Toronto, Canada), chillWRKR (New York, US) and Upe places (San Jose, US) – are not included. The exact reasons for those facilitators not being active are mostly not known. Roomorama has posted the following statement their webpage (Roomorama, 2017):

> After many years of connecting travelers and hosts, Roomorama.com will be ceasing to accept any new bookings, while we decide our future from here. Increasing competition and regulatory headwinds have made it ever more challenging to operate in this industry, and Roomorama would like to thank all our customers and hosts who have supported us over the years.

Table 6.1: Facilitators of peer-to-peer accommodation trading, (in order of year established)

Name	Headquarters	Est'd	Disclosed funding	Host fee	Facilitator fee	Members	Hosts	Listings	Countries	Host interaction
HomeExchange		1992 (as book)		Home exchange	Annual fee	65,000	65,000	65,000	150	No
Booking.com	Amsterdam (the Netherlands)	1996		Price	Commission			21 M	227	No
Perfect Places	Los Altos (US)	1996		Price	Commission			75,000	103	No
Sabbatical Homes	Manhattan Beach (US)	2000		Price	Commission					Yes
Traum-Ferienwohnungen	Bremen (Germany)	2001		Price	Commission			94,148	75	Yes
Couchsurfing	San Francisco (US)	2004	$22.6M	Free	No	12M			All	Yes
Ferienhausmiete	Berlin (Germany)	2004		Price	Commission		19,000	30,000		Yes
HomeAway	Texas (US)	2005	$510M	Price	Annual fee or commission			> 2 M	190	Yes
Rent Like A Champion	Chicago (US)	2006		Price	Commission		4200	1000	1	No
BedyCasa	Montpellier (France)	2007	$3.5M	Price	Commission	330,000	50,000	50,000	162	Yes
FlipKey (TripAdvisor)	Boston (US)	2007	$500k	Price	Commission			300,000		No
Rentini	New York (US)	2007		Price	Commission					No
Airbnb	San Francisco (US)	2008	$3.4B	Price	Commission	150 M	3 M	> 3 M	190	Yes
Onefinestay (Accor)	London (UK)	2009	$80.9M	Price	Commission			2500	4	No
Oasis	Miami (US)	2009	$2.5M	Price	Commission					No
AURA	Sydney (Australia)	2009		Price	Commission				1	No
HouseTrip	Lausanne (Switzerland)	2009	$60M	Price	Commission					Yes
9flats	Singapore	2010		Price	Commission				100	Yes

Name	Headquarters	Est'd	Disclosed funding	Host fee	Facilitator fee	Members	Hosts	Listings	Countries	Host interaction
Gay Homestays	Manchester (UK)	2010	$34K	Price	Commission					Yes
Wimdu	Berlin (Germany)	2011	$90M	Price	Commission	2.5 M		350,000	150	Yes
SleepOut	Mauritius	2012	$170K	Price	Commission					Yes
Sonder (formerly Flatbook)	San Francisco (US)	2012	$13M	Price	Commission					No
travelmob (HomeAway)	Singapore	2012	$1M	Price	Commission					Yes
Bancha	Rome (Italy)	2012	$33K	Price						Yes
Dada Room	Mexico City	2012	$151K	Price			250,000		6	Yes
Kozaza	Seoul (Korea)	2012	$500K	Price	Commission					Yes
Room n House	Mumbai (India)	2012	$166.4k	Price	Commission				1	Yes
Misterb&b	San Francisco (US)	2013	$10.5M	Price	Commission		100,000	130,000	135	Yes
Homestay	Dublin (Ireland)	2013	$3M	yes	yes			50,000	160	yes
GoCambio	Youhal (Ireland)	2014		Hosts share homes, guests share skills	No					Yes
Camplify	Newcastle (Australia)	2014		Price	Commission				1	No
Horizon	Seattle (US)	2014		Free, guests can make donation	No					Yes
Wimbify	San Francisco US)	2015		Trading in virtual credits	Commission				3	Yes
Accomable	London (UK)	2015	$439k	Price	Commission			1100	60	No
Noirbnb	Miami (US)	2015		Price	Commission					Yes
Innclusive	US	2016		Price	Commission				130	Yes
Stay Square	Perth (Australia)			Price	Commission				1	No
Ferienhaus-Privat	Germany			Price	Commission			300		No

As can be seen from Table 6.1, most facilitators of peer-to-peer accommodation networks charge a commission for their services and enable hosts to charge a fee for the provision of space to guests. Some give hosts the option to pay a one-off annual fee, or a commission, which is a percentage of the fee paid by the guests. Exceptions are facilitators such as Home Exchange, GoCambio and Wimbify; they work on a barter model where accommodation is exchanged for other services. Another exception is Couchsurfing, which facilitates free trading of space.

Another point of distinction is whether or not the trading of space involves personal interactions between the guest and the host. Of the facilitators listed in Table 6.1, 14 do not depend on guest–host interaction and 23 do.

The most interesting characteristic of the facilitators is the number of hosts and guests that are members of the network. The pool of hosts and guests is the single most important driver of success for multi-platform businesses (Chapter 3), because hosts prefer listing their spaces on platforms accessed by many guests. And guests prefer searching for accommodation on platforms containing a large number and wide variety of accommodation options across many geographical locations. This characteristic leads to the identification of a very small number of facilitators with a major competitive advantage. Couchsurfing has a near-monopoly in the fee-free trading of space with 12 million members and listings in every single country in the world. Among commercial facilitators, Booking.com, Airbnb and HomeAway are the market leaders with 21, 3 and 2 million listings, respectively, offered in between 190 and 227 counties around the world. These listings are not exclusively peer-to-peer offers; they also include offers by commercial accommodation providers. From the perspective of most guests, this is not of critical importance; what matters is the ability to choose from a wide range of options to find the property that best matches their needs (Chapters 1 and 15).

This analysis illustrates that, while there is a theoretical entrepreneurship opportunity (see Chapter 7) in establishing new networks, any new entrants will find it extremely difficult to compete with those three facilitators. New entrants are more likely to succeed if they focus on very specific niche markets, the travel needs of which are being neglected by the internationally leading facilitators, such as people with disabilities (Chapter 22) and people who care deeply about keeping the environmental footprint of their vacation as low as possible (Chapter 24).

A typology of facilitators

Two dimensions differentiate between facilitators of peer-to-peer accommodation networks: (1) Do guests rent short-term accommodation for money or not? This dimension discriminates between commercial and non-commercial peer-to-peer accommodation networks. (2) Does the host matter? When renting space from a stranger whose listing is not independently quality assured, host credibility is critically important. The guest must have confidence that the host actually can offer the listed space; that they will offer it in the same condition that is depicted on the online listing; that they will not invade guests' privacy; and that they might even interact with guests by baking a cake and having morning tea with them or by showing them around town or at least sharing with them interesting off-the-beaten-track areas of the destination (Karlsson and Dolnicar, 2016).

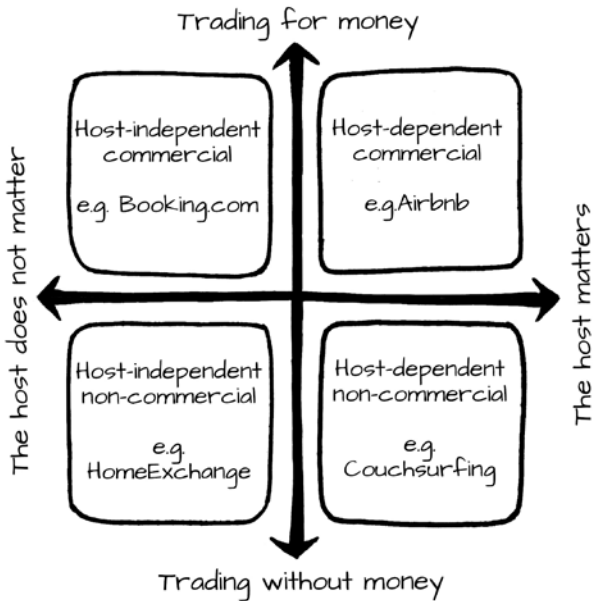


Figure 6.1: A typology of peer-to-peer accommodation network facilitators

A typology of peer-to-peer networks using these two dimensions is proposed in Figure 6.1; it differentiates between four basic types of facilitators:

1 **Host-independent commercial facilitators**, e.g., Booking.com. Only the space is profiled on the platform; no information is provided about the host. Booking.com does not verify the accommodation and does not guarantee that the information about it on their platform is accurate. Although Booking.com is not typically referred to as a peer-to-peer accommodation network because it was a traditional online travel agent

for many years, it currently lists 794,537 holiday rentals which may be offered by individuals or commercial accommodation providers.

2 **Host-dependent commercial facilitators.** The prototypical example is Airbnb. Guests pay money in return for having short-term access to the host's space; the credibility of the host is central to successful trading.

3 **Host-independent non-commercial facilitators.** An example is HomeExchange, where hosts and guests swap their homes without interacting with one another face-to-face. The facilitator charges an annual membership fee, no money changes hands between exchange partners.

4 **Host-dependent non-commercial facilitators.** The prototypical example is Couchsurfing. Members can pay a voluntary fee to the facilitator for verification, otherwise, no money changes hands between hosts and guests. The host has a substantial impact on the guest experience given that the guest typically shares joint space with the host. Couchsurfing hosts share their space because they enjoy helping; want to make friends; appreciate the concept of reciprocity (Kim et al., 2017); and it has a transformative power on participants (Decrop et al., 2017).

The business models for the four prototypes are analyzed in Table 6.2.

What Airbnb hosts think makes Airbnb different

To understand how hosts perceive competition among peer-to-peer networks, we conducted interviews with hosts who had used more than one facilitator, asking them what they liked and disliked about them and which one they preferred. Some hosts report having more confidence in Airbnb than in other peer-to-peer accommodation networks because they were able to learn more about guests using the Airbnb platform. One host put it as follows:

> I get a lot of information about guests. I can see how they present themselves and I have read how previous hosts have assessed their behavior as a guest. This is extremely important to me because the house we are renting out is our family's holiday home. We are renting out to be able to afford it. We will only rent it out if we can have confidence that guests will treat it with respect.

But hosts do not perceive everything about Airbnb to be good. Negative comments include Airbnb trying to get hosts to reduce prices in off-peak seasons – which other facilitators do not. One host explains:

> My room is that price for a reason, we have a certain standard and we're not going to lower our standard or our price.

Table 6.2: Business model comparison of four prototypical facilitators

	Couchsurfing (host-dependent non-commercial)	**Airbnb** (details in Chapters 3–5) (host-dependent commercial)	**HomeExchange** (host-independent non-commercial)	**Booking.com** (host-independent commercial)
Value proposition				
Guests	Find accommodation, provide access, mitigate risks, augment experience	Find accommodation, provide access, mitigate risks, augment experience	Find accommodation, provide access, mitigate risks	Find accommodation, provide access, mitigate risks
Hosts / hotels	Meet new people; join a community; feel good because you are sharing	Earn money; meet new people; join a community; feel good because you are sharing	Exchange homes	Earn money
Third parties	Get access to new clients	Get access to new clients	Get access to new clients	Get access to new clients
Value creation				
Key activities – guest	Offering standardized information; quirkiness; connecting; social networking (meet other members with similar interests; join an event created by members; use the mobile app to hangout with other nearby travelers; some use it as online dating service)	Offering standardized information; connecting; connecting members; offering guarantees; building trust; quirkiness	Offering standardized information; connecting; offering guarantees (My Home Exchange Guarantee); building trust	Offering standardized information; connecting
Key activities – host	Offering standardized information; connecting; social networking (as for guests, above)	Offering standardized information; connecting; matching members; guarantees; building trust; guest profile and reviews (risk assessment); recommendations for improvement by guests	Offering standardized information; connecting; offering guarantees (My Home Exchange Guarantee)	Connecting
Key resources	Platform (webpage); lead users	Platform (webpage); call center; lead users; insurance	Platform (webpage); call center; lead users	Platform (webpage); call center

	Couchsurfing	Airbnb	HomeExchange	Booking.com
Value communication and transfer ... Communication for exchange of information:				
Host / hotel and guest	www; app; SMS; email	www; email; SMS; apps	www; email; SMS;	www; email; SMS; general media advertising; apps; hotel website
Facilitator and host	Couchsurfing.com; app; email	Airbnb.com; email; general media advertising; apps	HomeExchange.com; email; general media advertising	Booking.com; general media advertising; email; app
Facilitator and guest	Couchsurfing.com, app; email	Airbnb.com; email; general media advertising; app	HomeExchange.com; email; general media advertising	Booking.com; email; general media advertising; app
... Distribution of goods and services				
Host/hotel and guest	www; apps; email	www; email; SMS; app	www; email; SMS	www; email; apps; general media advertising
Facilitator and host	Couchsurfing.com; app; email	Airbnb.com; email; general media advertising; app	HomeExchange.com; email; general media advertising	Booking.com; general media advertising; email; app
Facilitator and guest	Couchsurfing.com; app; email	Airbnb.com; email; general media advertising; app	HomeExchange.com; email; general media advertising	Booking.com; email; general media advertising; app
Key	Keylock with code; café; cleaner; host directly	Keylock with code; café; cleaner; host directly	Keylock with code; café; cleaner; host directly	Hotel reception
Value capture ... Main vs auxiliary performance				
Host and guest	No money transaction, no revenue	Space; linen; cleaning	Space	Space; linen; cleaning; food; drink; meeting room; parking; spa
Facilitator and host	Voluntary verification payment which allows unlimited messaging; confirms identity; provides 24/7 support	Exposure; connection; confidence	Exposure; connection; confidence	Exposure; connection
Facilitator and guest	As for guest	Connection; confidence	Exposure; connection; confidence	Connection

	Couchsurfing	Airbnb	HomeExchange	Booking.com
…Charge per item vs flat rate				
Host	Flat rate (voluntary verification payment)	Per transaction	Flat rate (annual fee)	Per transaction
Guest	Flat rate (voluntary verification payment)	Per transaction	Flat rate (annual fee)	Per transaction (guest money goes directly to host account)
… Transaction vs usability pricing				
Host	Usability (voluntary verification payment)	Accessibility	Usability (annual fee)	Accessibility
Guest	as for guest	Accessibility	Usability (annual fee)	Accessibility
… Fixed vs variable pricing				
Facilitator charging host	Fixed (voluntary verification payment)	Fixed (between 3–5% depending on cancelation policy selected by host)	Fixed (annual membership fee)	Fixed – a percentage of each booking (15%–25%)
Host charging guest	Free	Fixed – seasonal and weekend variation, sometimes extra fee for more than 4 people	Free, exchanging homes	Fixed – seasonal and weekend variation
Facilitator charging guest	Fixed (voluntary verification payment)	Fixed – typically between 6–12% of the total accommodation fees and depending on the specifics of the booking (i.e., generally the higher the subtotal, the lower the percentage)	Fixed (annual membership fee)	Free
… Single payment vs installments				
Host	Single payment (voluntary)	Single payment (deduction of revenue)	Single payment (annual membership fee)	Single payment
Guest	Single payment (voluntary)	Single payment or in instalments (for specific bookings e.g., long-term reservations guests can choose to pay in instalments)	Single payment (annual membership fee)	Can pay partially for some bookings and pay the rest later

	Couchsurfing	Airbnb	HomeExchange	Booking.com
… Purchase vs funding/renting				
	No payment	Renting	No payment (exchanging homes)	Renting
… Payment in advance vs after transaction				
Guest	No payment	In advance	In advance	In advance and at time of value transfer when guests check in
Host	No payment	As soon as guest arrives	In advance	
... Direct payment vs 3rd party sponsoring				
	No payment	Direct payment	Direct payment	Third-party sponsoring
Value dissemination				
Host	Risk property; risk reputation; risk community good will	Risk property; risk reputation; risk community good will	Risk property; risk reputation; risk community good will;	Risk property; risk reputation
Guest	Risk life; risk scam; risk of expectations not being met; risk privacy	Risk life; risk scam; risk privacy; risk of expectations not being met	Risk life; risk scam; risk of expectations not being met	Risk of expectations not being met
Facilitator	Risk reputation; profitability	Risk reputation; profitability	Risk reputation; profitability	Risk reputation; profitability
Neighbors / community	Noise; reduced safety; littering	Noise; reduced safety; littering	Noise; reduced safety; littering	Noise; reduced safety; littering
Host	Remove property	Remove property	Remove property	Remove property
Guest	Boycott platform	Boycott platform	Boycott platform	Boycott platform
Facilitator	Expel	Expel	Expel	Expel
Neighbors / community	Complain; sign petitions	Complain; sign petitions	Complain; sign petitions	Complain; sign petitions

Some hosts dislike certain features of the Airbnb platform, such as the imposed 24-hour limit on accepting or declining bookings. If the host does not process bookings within that time window, the Airbnb calendar automatically blocks out these days. Other facilitators do not impose this time pressure.

> I hate that Airbnb forces me to accept or reject a booking within 24 hours. It takes a bit of interacting to figure out if I feel comfortable with hosting someone … definitely more than 24 hours!

Another negative sentiment reported by an Airbnb host relates to the process of declining bookings. Declining bookings on Airbnb is not the exception: in one study of Airbnb hosts, 75 % indicated that they had declined a booking request in the past stating reasons such as the guest not coming across as honest and trustworthy, and doubts in the stated reason for wanting to rent the space (Karlsson et al., 2017). It appears from this prior work that the right to decline is very important to hosts, especially hosts which are closer to the *Ethicist* end of the continuum (Chapter 15) and wish to protect their space. Not surprisingly, therefore, if networks make it impossible or difficult to decline bookings, hosts are not happy. The following quote illustrates this well:

> Airbnb is very pushy in trying to prevent me from declining a booking. First they tell me how much money I am missing out on. Then they ask for a reason. Then they say they will disclose the reason to the guest – which I think is awful! And, on top of all this, they warn me that they may review the decline. It puts me under pressure. I rent out my house only if I am in the driver's seat. If I get to decide when I make it available and to whom. If that flexibility is gone, I am gone.

Conclusions

A large number of peer-to-peer network facilitators exist, yet only few have made a breakthrough because they have managed to increase the pool of guests and hosts quickly enough that the platform they are running is attractive for both guests and hosts to use. Most facilitators charge a commission and allow hosts to charge a fee for the provision of space, but the detailed functionalities of the online platforms differ significantly. A simple typology can be used to differentiate between four prototypal types of facilitators: host-independent commercial facilitators (such as Booking.com); host-dependent commercial facilitators (such as Airbnb); host-independent non-commercial facilitators (such as HomeExchange); and host-dependent non-commercial facilitators (such as Couchsurfing).

Questions for future research

Will the rich – Booking.com, Airbnb and HomeAway – just get richer, or are there still opportunities for new network facilitators to enter the market and be successful? Can such new entrants succeed as mainstream providers or do they need to specialize on market niches currently not catered for in a satisfactory manner? Are there types of guests and hosts (Chapter 15) who will turn their back on facilitators who accept listings from commercial accommodation providers and move to new ones that are committed exclusively to pure peer-to-peer trading?

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7 Entrepreneurship Opportunities

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This chapter explores entrepreneurship opportunities resulting from the emergence of peer-to-peer trading. Opportunities range from high risk – like the establishment of an entirely new peer-to-peer trading platform – to very low risk – like a local window cleaner picking up additional business from peer-to-peer accommodation network hosts. The unusual aspect of those opportunities is that they: (1) mostly represent opportunities for micro-entrepreneurs potentially opening new avenues for earning money to people who have difficulties finding permanent employment (see Chapter 14); and (2) have the potential to strengthen local economies of rural and regional areas.

Academic and public debates relating to peer-to-peer accommodation networks typically focus on hosts, guests and network facilitators, such as Airbnb (Cheng, 2016). Yet the economic impact of peer-to-peer accommodation networks goes well beyond those groups. The emergence of these networks has provided unprecedented opportunities for entrepreneurship (Burtch et al., 2016; Sigala, 2017). Additional entrepreneurship opportunities arise from both basic service requirement to enable hosts to make space available for trading on a peer-to-peer accommodation webpage, and from the desire of hosts to maximize the profit from their hosting activity (Sigala, 2017).

Basic services required to participate in peer-to-peer accommodation trading include cleaning, garden maintenance, pool cleaning, house maintenance,

Please reference as: Sigala, M. and Dolnicar, S. (2017) Chapter 7 – Entrepreneurship Opportunities, in S. Dolnicar, *Peer-to-Peer Accommodation Networks: Pushing the boundaries*, Oxford: Goodfellow Publishers, pp. 77–86, https://dx.doi.org/10.23912/9781911396512–3605

fire alarm checking, and many more. Given that guest satisfaction and revisit intention are driven by the same factors on Airbnb as they are in the context of established commercial accommodation providers, such as hotels (Olson, 2013; Möhlmann, 2015; Ert et al., 2016), all these basic services are essential to secure positive reviews, which, in turn, ensure future business (Lee et al., 2015). Because of the comparatively high proportion of 'ordinary people' renting out underutilized space on peer-to-peer trading networks, basic support services represent a major opportunity for local micro-entrepreneurship: a local cleaner, window cleaner, and gardener may be tasked with getting the property ready for guests. And a property manager may be paid to coordinate the servicing of the property, offering new opportunities for people with skills and experience in hospitality (Chapter 14).

Profit maximizing services include tools which are offered by peer-to-peer accommodation networks directly, such as the automatic pricing tool (Airbnb, 2015; Hill, 2015). Many online providers of similar optimization tools offer their services independently of the trading platform (Sigala, 2017). Examples include price optimization tools, research insight interfaces and booking tools. The increasing demand for providing profit maximizing services at an international level, coupled with the global research offered by technologies, also opens up substantial opportunities for entrepreneurs to internationalize their business. They could still be micro-entrepreneurs, but are less likely to be local because online services can be offered globally.

This chapter provides examples of the many kinds of entrepreneurship facilitated by peer-to-peer accommodation networks. An overview of the opportunities is shown in Figure 7.1.

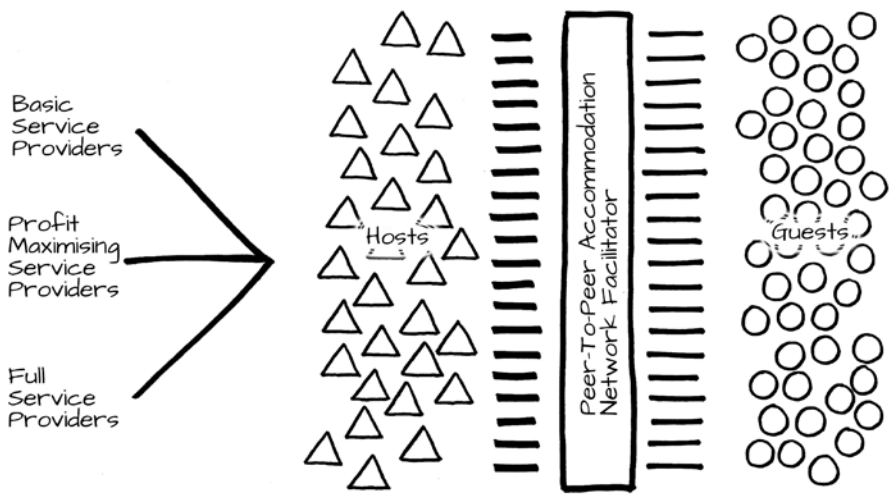


Figure 7.1: Entrepreneurship opportunities in peer-to-peer accommodation networks

The most risky entrepreneurship opportunity with the highest potential payoff, if successful, is to facilitate a new peer-to-peer trading network (black box in Figure 7.1). The entrepreneurship opportunity for hosts is to become micro-hoteliers (triangles). Micro-hoteliers, in turn, may use the services of a wide range of other service providers, including those providing *basic services* (enabling hosts to list an unused space) and *profit maximizing services*.

Network facilitators

Peer-to-peer trading platforms provide two critical services to people interested in trading unused or underutilized resources (Sigala, 2014): a global online platform that connects sellers to potential buyers in a cost-efficient way; and processes that facilitate the development of credibility and allow network members to assess risk before entering into a trading arrangement. Examples of the many processes peer-to-peer accommodation networks put in place are discussed in Chapter 1; details of the business model are given in Chapters 3–5.

The fact that Airbnb has established itself as the leading commercial peer-to-peer accommodation network globally has not prevented competitors such as Homeaway from trying to convert successful traditional booking sites for short-term accommodation into peer-to-peer accommodation networks, and new start-ups from trying to enter as facilitators of new networks. The survival and competitiveness of facilitators depends on their ability to attract – within a reasonably short amount of time – a critical mass of active buyers and sellers which will increase the attractiveness to all network members as it increases demand for hosts and the number of accommodation options for guests. Another success factor is offering a credible platform that ensures that guests and hosts can transact efficiently at a minimum perceived risk.

An inspection of the 36 networks discussed in Chapter 6 shows that – with the exception of the Chinese networks (Chapter 13) – none of them were able to grow a pool of hosts and guests as large as that of Airbnb. Many start-ups failed, and their network platforms are no longer active. The two main competitors with large demand and supply pools (HomeAway and Booking.com) have converted hosts and guests from a different business model they were operating before mainstream tourists adopted peer-to-peer accommodation trading.

Trying to establish a new platform is risky, because success depends on: platform features that facilitate the development of confidence in the network; the financial ability to offer generous guarantees to hosts and guests; and the ability to grow host and guest numbers quickly enough that neither hosts nor guests are frustrated by the lack of trading opportunities. This is difficult to achieve, given the current dominance of Booking.com, Airbnb and HomeAway.

The expansion of Airbnb into various sub-markets – shared rooms, private villas, castles, treehouses, and tents – and the diversification to other travel service components (such as *Experiences*; Chapter 8) leaves limited space and opportunities for new generalist peer-to-peer accommodation networks to emerge and thrive in the market. An exception may be specialized niche networks that cater to a small subsection of the population. Such niches – and they may be honeymooners, recreational vehicle users, travelers with disabilities (Chapter 22), gay travelers, travelers who care passionately about the environment (Chapter 24), or those with pets – may be attracted to these sub-segments of the market if they feel that their specific needs are not catered for by the globally leading networks. Two examples are Camplify (www.camplify.com.au), a peer-to-peer accommodation network for recreational vehicles only, and Misterb&b where you can 'stay like a gay local' (www.misterbandb.com).

The entrepreneurship opportunity of becoming a network facilitator is the only one that allows the entrepreneur to dictate the terms. In all other instances, the network facilitator running the trading platform determines 'the rules by which they must play' (O'Regan and Choe, 2017:166).

Micro-hoteliers (hosts)

On peer-to-peer accommodation networks without a monetary return in exchange for space, hosting is not an entrepreneurship activity. But when trading on a platform which does, hosting itself is the most obvious entrepreneurship opportunity resulting from the emergence of peer-to-peer accommodation networks. Most hosts report that earning extra money is one of the key reasons for hosting (Karlsson and Dolnicar, 2016), even if hosts also enjoy other aspects such as the social or the sharing aspects (Chapter 15). The monetary aspect matters to most hosts, although they do not express it in terms of profit or return on investment. Rather, they typically state the value of the additional income in terms of what they can buy with it, for example:

> Paying rates and other bills on the property, as well as the mortgage, and general income for the family.
>
> We use the money to travel around Australia.
>
> We've recently sold our café and hosting … gives us that replacement income.

Some hosts start by renting out a part of their house but then take their entrepreneurship to the next level by purchasing or developing purpose-built spaces. For example:

> We are now renovating our home to allow for more accommodation for either international students during the winter, and Airbnb during the summer months.

All the examples above are from hosts who are 'ordinary' people, not commercial accommodation providers or real estate investors. But peer-to-peer accommodation networks also offer entrepreneurship opportunities for real estate companies and venture capitalists who build or buy entire apartment blocks with the sole purpose of renting them out on these networks.

Basic service providers

Hosts may choose to do all the work relating to their hosting activity themselves, and are more likely to do this if they are renting out part of the property they live in. Many hosts, however, do not personally service the space they are listing. Some may find it too burdensome, or may not have the required skills to manage their listing; they may be renting out space located far from where they live; they may have a full-time job and other commitments that place restrictions on their available time; or they may be commercial accommodation providers who are using peer-to-peer networks as a distribution channel.

Many services are required to make a space viable for short-term rental: guests need to be able to access a key from somewhere; the space needs to be cleaned; towels and bed linen, light bulbs, and broken appliances have to be replaced; the garden maintained; the pool cleaned; the functioning of the smoke alarm checked. Every one of those services is an opportunity for external service providers to earn money; an entrepreneurship opportunity.

All the above services are inexpensive, but tasks such as repainting a house, building a carport or renovating the bathrooms also fall into the category of basic services which hosts may require to keep their underutilized space tradeable on peer-to-peer accommodation networks. These represent more substantial investments which open up entrepreneurship opportunities for local builders, or could lead to the development of specialized renovation service providers.

Many of the basic services are likely to be provided by locals. Yet a number of online providers have emerged – leveraging another entrepreneurial opportunity – which offer these services at national level (Sigala, 2017). GuestPrep (guestprep.com) offers 'hotel style cleaning', laundry services, and restocking for short-term rental spaces. The Keycafe (www.Keycafe.com) welcomes guests and manages key handovers at the guest's convenience without the host being involved; cleaning can also be booked through them. Given the many service providers that may be involved in getting a property ready for guests, another opportunity has been identified by businesses like Properly (www.getproperly.com) which manages other providers, such as cleaners, to ensure that the guests' expectations of the service are met. Smart keylocks and deadbolts are sold by igloohome (www.igloohome.co), allowing key handovers without the involvement of either host or service provider.

Peer-to-peer accommodation networks open up significant opportunities for basic service providers to strengthen their business or develop a new business focusing specifically on catering to needs of peer-to-peer network accommodation hosts.

Profit-maximizing service providers

While basic services ensure that an unused or underutilized space is suitable for listing on a peer-to-peer accommodation network, profit-maximization services help optimise the listing in view of maximal return. Many micro-hoteliers lack specialized knowledge in marketing and managing tourist accommodation. Given the pressure to provide and promote such services in a professional way in order to ensure survival, selection and sales online, the lack of knowledge and expertise by micro-hoteliers creates another opportunity for new entrepreneurs to emerge.

The specialized services offered by such entrepreneurs range from home decoration and design services to the provision of statistics, research and data on the short-term rental market which inform key decisions such as pricing. A number of providers offer advice specifically on pricing (www.everbooked.com, beyondpricing.com, preceonomics.com, pricemethod.com). Specific marketing services can also be commissioned, which help hosts develop the most attractive online listing for the space to be listed.

Another way that may help hosts increase rental returns is to offer additional services to guests. Developing and selling these represents another entrepreneurial opportunity. Examples include a digital guest welcome book (www.touchstay.com) which allows guests to access practical information and local insider tips.

Other businesses that have emerged as a consequence of hosts wanting to maximize their profit are online management platforms for short-term rentals, such as that offered by Guesty (www.guesty.com) and training services, where hosts can sign up for a fee and then access resources, do a real estate analysis investment course and attend regular Q&A sessions.

Established commercial accommodation providers use such services as well. Many have yield management systems which are purchased from external providers. With the market for such services changing from a few large hotel chains to millions of 'ordinary' people who are offering space on peer-to-peer accommodation networks, new entrepreneurship opportunities have emerged for both traditional providers of profit-maximizing services, as well as for new entrepreneurs who may be able to offer more customized solutions suitable for users who are not experts in hospitality management.

Full service providers

A number of businesses offer the full service package to hosts. GuestReady (www.guestready.com) and MadeComfy (madecomfy.com.au), for example, do everything from conducting a pricing analysis, to organizing professional photos, setting up the listing, handing over keys, checking the property after the guests check out, and cleaning and maintaining it.

The services of these entrepreneurs resemble services provided by hotel management companies in the established commercial tourist accommodation sector. Just as those enable real estate companies to entirely outsource the running of hotel operations, full service providers to peer-to-peer network accommodation hosts enable anyone who is interested in trading unused or underutilized space to become a micro-hotelier without getting personally involved in running the business.

Conclusions

Peer-to-peer accommodation networks have opened up an unprecedented number of entrepreneurial opportunities. At the center stands the opportunity of establishing new peer-to-peer trading platforms. While the market for generalist facilitators of short-term accommodation trading may be saturated (Chapter 6), there is still potential to establish niche platforms which cater to segments of the tourist market which are not catered for by generalist platforms.

Hosting itself is an entrepreneurial opportunity which can help ordinary people make ends meet or buy a few luxuries they otherwise would not be able to afford (Karlsson and Dolnicar, 2016; Chapter 15). But the profit potential of short-terms rentals has also attracted large investors who develop properties specifically for renting on peer-to-peer networks. For them, also, these networks represent a significant entrepreneurial opportunity.

In terms of the number and range of entrepreneurial opportunities, however, the provision of services to hosts has the highest potential. Each host who chooses not to manage all aspects of renting out their space personally, relies on a number of service providers to set up the listing, get the space ready initially and then repeatedly every time guests stay, and handle administrative matters related to their business. Many different providers help with all these aspects. Peer-to-peer networks are aware of the value of these services to their hosts. As a consequence, Airbnb, for example, hosts regular events – Airbnb Opens – where network members and service providers meet and learn about service needs and available service offers.

Entrepreneurial opportunities resulting from peer-to-peer accommodation networks have a number of implications:

- The availability of host support services enables and facilitates trading of space between 'ordinary' people. At the same time, the adoption and use of these services has the potential of changing the nature of peer-to-peer accommodation by increasing the proportion of commercial providers. The higher the proportion of these, the more similar tourist accommodation booked through peer-to-peer networks will become to what is now seen as the traditional commercial accommodation sector.
- The increasing market power of large international peer-to-peer accommodation networks like Airbnb led to a movement against online platforms run by venture capitalists. Resistance against the platform facilitator can become quite emotional (Chapter 16). Some network members have chosen to develop alternative platforms owned entirely by the members themselves. Such platforms are referred to as cooperatively owned platforms, one example of which is the co-op ecosystem (www.platform.coop), which describes its vision as follows: 'Platform cooperativism is a growing international movement that builds a fairer future of work. It's about social justice and the bottom line. Rooted in democratic ownership, co-op members, technologists, unionists, and freelancers create a concrete near-future alternative to the extractive sharing economy' (Platform co-op, 2017).
- The entrepreneurial opportunities offered by the sharing economy have created new types of jobs and a new form of employment (Chapter 14), hidden from official employment statistics. The security of this new form of employment depends on the success of the online trading platform. Although platform facilitators benefit from this work because they earn a commission, they offer no employment protection (Swarns, 2014). Consequently, many argue that peer-to-peer accommodation networks are not a solution to current workforce challenges in the hospitality sector, but rather a new form of neoliberal capitalism (Belk, 2014). Earning money by trading on peer-to-peer networks also has major implications for policy makers and official statistics collecting agencies because concepts of work are changing.
- Peer-to-peer accommodation network hosts offer services that are very similar to those offered by established commercial tourism accommodation providers. Yet in most countries, they are not required to comply with the same regulations, thus potentially representing unfair competition (see Chapter 11). It is likely, however, that this will change over the coming years as policy makers around the world align regulations for accommodation similar to that offered by the professional hospitality sector.

Questions for future research

Although the entrepreneurship opportunities arising from the popularity and increased demand for peer-to-peer accommodation networks are obvious, it is not known which kinds of services are currently being used by the hosts. Nor is it known exactly which fraction of hosts and service providers to hosts are local micro-entrepreneurs and which fraction are large-scale commercial businesses. It would be interesting to determine this and study how opportunities for micro-entrepreneurs as well as entrepreneurs in rural and regional locations can be maximized. As peer-to-peer networks continue to increase their market share, the opportunities resulting from them will increase. What is not clear, however, is the future nature of service providers. Currently it appears that a substantial proportion are micro-entrepreneurs. It is possible, however, that commercial providers will start catering to the market and outbid micro-entrepreneurs.

Another question for future research is whether the micro-entrepreneurship opportunities can help people who struggle to find permanent employment with an organization; either by hosting themselves or by offering support services to hosts. In addition, future entrepreneurship potential resulting from the expansion of peer-to-peer trading to the full suite of travel-related products (Chapter 8) needs to be studied in detail. Little is known about how the established commercial hospitality sector will deal with the increased professionalism of peer-to-peer accommodation networks resulting from service providers assisting hosts without hospitality management skills. Additional questions for future research are how guests will make choices between professional offerings and offerings by 'ordinary' people on peer-to-peer networks. Will there be a trend away from professionalism that may negatively affect micro-entrepreneurship opportunities?

Socio-cultural implications of a higher rate of involvement in micro-entrepreneurship have not been studied yet. Understanding these is critical to being able to assess potential positive and negative effects of the flexibility and insecurity of earning as a micro-hotelier. Finally, the new entrepreneurial opportunities require new skills to be taught by hospitality schools and university programs. The exact nature of the skills and knowledge required to be a successful entrepreneur in peer-to-peer accommodation networks and servicing hosts needs to be determined and new teaching programs developed. Almost certainly, an increased focus on learning about entrepreneurship will be unavoidable.

Acknowledgments

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8 Networks Becoming One-stop Travel Shops

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This chapter explores whether peer-to-peer accommodation networks are rapidly developing into one-stop travel shops. Already, airplane seats and a wide range of tours, called *Experiences*, can be booked on Airbnb. Will tourists soon be able to book everything from airport transport, plane tickets, accommodation, local transport, tours, and travel insurance online? If so, what are the regulatory challenges associated with this? Who is qualified to offer an *Experience* of kite surfing?

Peer-to-peer accommodation networks in general, and Airbnb in specific, have upset the established commercial tourism accommodation sector, which views them as competitors who have fewer regulatory hurdles to manage and fewer taxes to pay (Chapter 11). Local governments are also in turmoil because trading of short-term accommodation reduces capacity in the long-term rental market. As short-term tourism rental is more lucrative, property owners are moving out of the long-term rental business (Chapter 11). Public debate has also been ignited about the alleged disadvantage to people with special needs (Chapter 22) and taste-based discrimination on these networks (Chapter 19).

The assumption underlying all of these discussions is that these peer-to-peer networks are primarily *accommodation* providers. They are not. As soon as a platform is working effectively and a sufficient pool of buyers and sellers actively participate in trading, network facilitators such as Airbnb are in the position to sell everything a traveler needs, including seats on planes, tours,

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local transport, travel insurance, travel vaccinations, and other travel-related services. Airbnb has high brand recognition, and Airbnb users have a high likelihood to book on the platform again. The return likelihood puts Airbnb first in Australia with 84%, followed by Flight Centre with 76%, and Booking.com with 75% (Roy Morgan Research, 2017). This puts Airbnb in an exceptionally good position to diversify. Already, Airbnb is moving towards becoming a one-stop shop for all travel needs with the introduction of *Experiences*.

Even airlines are leveraging Airbnb's sharing rental platform. In 2016, Lufthansa sold premium economy seats from Frankfurt to New York City on Airbnb (Farber, 2016; The Economist, 2016). In 2014, KLM offered the opportunity for three winners to spend a night in an airplane apartment on a grounded plane at Schiphol Airport in the Netherlands (Airbnb, 2017a; KLM, 2014).

The transformation of Airbnb from space trader into a one-stop travel shop has already started. It started with *Experiences* – activities, events and tours which have been available on the Airbnb platform since November 2016. At the launch, Brian Chesky, CEO and co-founder of Airbnb, stated (Airbnb, 2017b):

> Homes are just one small part of a great journey…This was the moment we realized we needed to create a holistic travel experience…The entire trip...to start with the magic...The magic is in the people. It's all about immersing in local communities.

Experiences provides immersion in local communities through engagement in small group activities and tours in selected destinations around the world. Airbnb positions providers as 'heroes' of the experience and place. *Experiences* provides the opportunity for tourists to walk in the shoes of locals. Unusual experiences include training like samurai in a traditional Japanese dojo; hunting for truffles in the Italian countryside; visiting the home of a person living off the grid in inner city Sydney; and learning stunt tricks on the beach in Los Angeles. Several *Experiences* are in direct competition with mainstream activities and tours, such as cooking classes, surf lessons, bike riding, hiking, and guided city-walking tours (Airbnb, 2017c).

This chapter explores the diversification of peer-to-peer accommodation networks and speculates about potential positive and negative side effects.

The transition to one-stop travel shops

A review of 36 platforms (see Chapter 6) indicates that there is no general trend of peer-to-peer accommodation networks expanding beyond offering accommodation and associated services such as cleaning and property management yet – Airbnb is the pioneer of diversification. The only other platform attempting

to harvest the entrepreneurship opportunity (Chapter 7) of expanding beyond trading short-term accommodation is Australian-based start-up Riparide. On Riparide users can rent uniquely themed adventure-style accommodation: teepees, glamping tents, farm stay cottages, ski lodges, retro beach shacks and Kombi vans. Guests can also book adventure activities, such a Llama trek, ice climbing and surf lessons, as well as rent adventure equipment, such as surfboards.

To begin to understand the expansion of peer-to-peer networks beyond accommodation, the remainder of this chapter analyzes Airbnb as it takes its first steps towards transforming into a one-stop travel shop.

The introduction of *Experiences*

To understand the profile of *Experiences* offered by Airbnb, we conducted an analysis of four categories of *Experiences* in July 2016: sport (n = 41), nature (n = 59), entertainment (n = 64), and food and drink (n = 55). These categories have the highest potential of competing directly with the mainstream tourism industry at destinations. The analysis includes all 219 *Experiences* offered around the world in these categories in July 2017.

Table 8.1: Activities for sport, nature, entertainment, and food and drink Airbnb *Experiences*

Sport		**Nature**	
Surf lesson	24%	Hiking	20%
Bike ride tour	15%	Gardening or florist experience	14%
Stand up paddle board lesson	12%	Farming experience	10%
Sailing tour/lesson	10%	Photography	8%
Kayaking tour	5%	Walking tour	8%
Stunt lesson	5%	Sailing experience	5%
Other	29%	Horse riding	3%
		Kayaking	3%
		Other	12%
Entertainment		**Food and drink**	
Traditional dancing	11%	Culinary experience	33%
Music	11%	Cooking class	24%
Acting and theatre	9%	Wine tasting/winery tour	15%
Comedy	9%	Spirit tasting/workshop	7%
Photography	8%	Coffee tour/workshop	7%
Local food and beverage	6%	Beer tasting/brewing workshop	4%
Burlesque lesson	5%	Food markets and shopping	4%
Wrestling lesson	3%	Other	6%
Sailing and cruising	3%		
Motorcycle ride	3%		
Magic workshop	3%		
Other	29%		

Table 8.1 profiles the types of activities that can be booked through Airbnb *Experiences* in the sport, nature, entertainment, and food and drink categories. In the sport category, for example, surf lessons account for a quarter of all offers. Hiking is the number one nature experience on offer, followed by gardening or florist experiences and farming. Dancing and music dominate the entertainment category, and culinary experiences, cooking classes and wine tastings together account for nearly three quarters of all food and drink-related experiences.

We analyzed each of these categories further according to type, number of reviews, location, duration, inclusions, language, price, host gender, maximum group size, and the frequency of offering the experience. As shown in Table 8.2, most offers across those four categories are single-day activities, typically lasting for between three and four hours. Many offers include meals (37%), food/snacks (32%), a drink (57%), and equipment (53%). Food and drink experiences – not surprisingly – are more likely to include food (62% of all experiences in this category) and drink (84% of all experiences in this category), compared to the other categories. Similarly, the sporting activities are more likely to include equipment (83%) than the other categories. Most of the experiences (96%) are in English language, with some offered in the local and sometimes even a third language.

The average price is AU$93. Entertainment experiences have the highest average price at AU$100, and sport experiences the lowest at AU$85. Only the nature and entertainment categories offer *Immersions* (multi-day activities). The price for *Immersions* ranges from AU$203 for a one-day murder mystery to AU$976 for a walkabout nature experience over the course of three days in Los Angeles.

Group sizes range from 14 to 25. The average group size across all categories is seven to eight guests. The entertainment and food and drink categories tend to have larger groups than the sport and nature categories. There is great variation in the frequency of different experiences. Some sport and nature-related experiences run every single day; others only once a week. The average frequency across the four categories was two to three days per week.

Looking at the people who offer experiences reveals that most are male. They are also mostly located in the US, the global hotbed of Airbnb *Experiences*. US *Experiences* are predominantly located in Los Angeles – the home of 11% of all experiences globally. Four other major hubs for experiences are Barcelona (Spain), Tokyo (Japan), Paris (France), and Sydney (Australia).

Table 8.2: Profiles for sport, nature, entertainment, and food and drink Airbnb *Experiences*.

	Sport	Nature	Enter-tainment	Food and drink
Type				
Immersion (multi-day)	0%	3%	17%	0%
Experience (single day)	100%	97%	83%	100%
Review				
Most number of reviews	231	363	79	182
Percentage with no reviews	17%	22%	38%	13%
Average number of reviews	30.4	18.6	7.6	29.1
Location				
United States of America	**22%**	**32%**	**28%**	**16%**
Spain	**20%**	7%	8%	**15%**
Czech Republic	7%	2%	3%	0%
France	7%	3%	**14%**	5%
Japan	7%	8%	9%	9%
South Africa	7%	0%	3%	4%
Australia	5%	3%	2%	**18%**
Germany	5%	2%	3%	2%
Italy	5%	**12%**	8%	9%
Portugal	5%	8%	2%	2%
England	0%	8%	3%	4%
Brazil	0%	5%	3%	2%
Canada	2%	2%	0%	2%
China	0%	2%	0%	2%
Cuba	2%	2%	0%	2%
Ireland	2%	2%	3%	2%
Kenya	0%	2%	2%	0%
Korea	2%	0%	0%	0%
Mexico	0%	0%	3%	4%
Poland	0%	0%	2%	0%
Duration (experiences only)				
Maximum (hours)	5.5	12	8	6.5
Minimum (hours)	2	1	2	2
Average–mode [2] (hours)	2	2	3	3
Average–mean [1] (hours)	3.2	4.2	3.2	2.9
Inclusions				
Meals	22%	24%	38%	62%
Food/snack	20%	44%	27%	36%
Drink	66%	64%	80%	84%
Equipment	83%	56%	48%	24%
Language				
English	100%	93%	92%	100%
English and local language	27%	17%	14%	13%
English, local and other non-local language	2%	2%	5%	2%

Price (in Australian dollars)				
Highest price experiences	$175	$271[4]	$374	$236
Lowest price experiences	$39	$29	$10	$42
Average price experiences–mean[1]	$85	$94[4]	$100	$94
Highest price immersion	N/a.	$976	$475	N/a.
Lowest price immersion	N/a.	$448	$203	N/a.
Average price immersion–mean[1]	N/a.	$712	$273	N/a.
Host gender				
Male	76%	65%	56%	58%
Female	20%	25%	39%	38%
Mixed genders[3]	5%	10%	5%	4%
Maximum group size				
Largest	14	20	25	20
Smallest	3	2	2	3
Average–mode[2]	10	10	10	10
Average–mean[1]	6.7	7.3	8.8	7.9
Frequency (days per week)				
Maximum	7	7	5	6
Minimum	1	1	1	1
Average–mode[2]	1	1	1	1
Average size–mean[1]	3.5	2.5	1.7	2.6

Notes. [1] Mean – the sum of the values divided by the number of values.
[2] Mode – most frequent duration/price.
[3] More than one host.
[4] One Experience for AU$664 was removed from this analysis as it was an outlier.

Sport

Surfing lessons represent 24% of experiences in the sport category. Most are beginner lessons where visitors can learn to surf with a local. However, there was one advanced surfing experience with a former professional surfer at Bondi Beach in Sydney (Australia). Bike tours of cities are also popular, with 15% of all sports-related experiences globally providing this service. Other experiences include stand-up paddleboard lessons (12%); sailing lessons (10%); kayaking tours (5%); and stunt lessons (5%). Unusual experiences include kite surfing lessons; learning to play boules in Paris (France); playing street basketball in La Habana (Cuba); exploring caves in Cape Town (South Africa); and joining locals for a soccer game in Barcelona (Spain). All *Sports Experiences* are single-day activities taking, on average, 3.2 hours, and mostly offered in the US (22%) and in Spain (20%) by males (76%). Two-thirds of these experiences include a drink (66%). The average maximum group size is six to seven people and, on average, sport-related experiences are available three to four days per week with many only offered once a week.

Nature

One-in-five *Nature Experiences* relate to hiking in natural areas. Gardening and florist experiences, such as making a bonsai or a floral arrangement class, are also available (14%). Farming experiences, such as truffle hunting or visiting a lavender farm, represent 10% of *Nature Experiences*. Photographic classes and walking tours represent 8% each. The US (32%) and Portugal (12%) are home to most of those experiences, which range in duration from one to 12 hours. The average duration is four to five hours, and some provide a snack (44%) and drink (64%). The price ranges from AU$271 to AU$29 for an *Experience* and AU$976 to AU$448 for an *Immersion*. The activities have mostly male hosts (65%); a group size of seven to eight people; and run two to three days per week.

Entertainment

Learning traditional dances of the local city, and music-based activities represent 11% each of all offerings in the entertainment category. Acting and theatre (9%), comedy (9%), and photography (8%) classes also feature prominently. The proportion of *Immersion* offerings in this category is the highest, with 17%. The US and France are home to most entertainment offerings. The duration of *Entertainment Experiences* ranges from two to eight hours with an average of three to four hours. Meals (38%) and drinks (80%) are often included. The average price is AU$100. The highest priced *Immersion* costs AU$475 for three VIP party experiences over three days in San Francisco (US). The group size is slightly larger than in other categories, with group sizes of up to 25 and an average of eight to nine guests. This category has the highest proportion of female hosts (39%) of the four categories analyzed here. Entertainment activities typically run one to two days per week. Some of the most unique experiences include: burlesque lessons, Kimono experience, magic workshop, music studio recording, and a reality television workshop.

Food and drink

One-third of all food and drink-related experiences are culinary activities, such as behind-the-scenes experiences in leading restaurants, tasting local cuisine and dining experiences. Cooking classes are also a core offering, representing 24% of experiences in this category. Tasting and workshops relating to wine (15%), spirits (7%), coffee (7%), and beer (4%), as well as visiting a food market or going food shopping with a local host (4%) is also offered. Australia has the most offerings in this category (18%), followed by the US (16%) and Spain (15%). Most *Food and Drink Experiences* take three hours; there are no *Immersions* offerings. Most experiences include a drink (84%) and almost two-thirds include

a meal (62%). The average price is AU$94, with prices ranging from AU$236 for a Japanese cooking class to AU$42 for coffee workshop, both offered in Tokyo. Host gender balance was more even in this category compared to sport and nature: 58% of hosts are male and 38% female. The average group size is seven to eight guests with group size ranging from three to 20. *Food and Drink Experiences* run, on average, two to three days per week.

Airbnb is also expanding its offering beyond accommodation through partnerships with airlines. As an initial step, Airbnb worked with Delta, Lufthansa and KLM, enabling passengers to book Airbnb accommodation via a direct link from the airlines' websites. The Australian airline (Qantas) offers its reward program members the opportunity to earn one loyalty point for each dollar spent on Airbnb (Qantas, 2017). Media agency Bloomberg (Zaleski and De Vynck, 2016) reports that Airbnb will expand this offering by developing an online flight-booking service that will compete with existing online travel retailers, such as Expedia and the Priceline Group, which includes brands such as agoda.com and booking.com. Media reports also suggest that Airbnb is working with the restaurant reservation app Resy, to allow booking restaurants via the Airbnb platform. This feature is expected to be launched in late 2017 (Hartmans, 2017; Roof, 2017). Airbnb will also soon offer audio walks through a partnership with Detour. Downtown Los Angeles, San Francisco, London, Paris, Tokyo and Seoul will pioneer this service (Mason, 2016).

Conclusions

As soon as a peer-to-peer trading network is firmly established and has a sufficient pool of buyers and sellers, it becomes easy to extend the range of products and sevices. Any successful peer-to-peer network offering travel-related services will inevitably try to become a one-stop travel shop. To date, only Airbnb has taken this step, possibly because its size and brand recognition place them in pole position.

The transformation of peer-to-peer accommodation networks into more comprehensive providers of travel-related products and services will almost certainly catch both the tourism industry and policy makers by surprise again (Chapter 11). Neither have managed to adjust to the new nature of short-term accommodation provision in tourism. In fact, only few established providers of tourism services have begun to think strategically about innovating to protect and grow their market share in view of the growing demand for local-hosted experiences. In 2009, for example, two large international travel companies – Intrepid Travel and WHL Group – jointly launched Urban Adventures. Intrepid Travel is a large Australian-based inbound tour operator, taking over 70,000

people on small group tours to destinations around the world annually. WHL Group is an international travel company, incorporated in Hong Kong, with over 300 local franchises worldwide (Intrepid Urban Adventures, 2017). This product aims to extend Intrepid Travel's small group multi-day immersive tour offerings by introducing shorter (one day or less) experiences. City tours are from two hours to a full day. According to their website, they offer 468 tours across 128 cities and six continents around the world (Intrepid Travel, 2017). Experiences appear on the website by region and theme. Tour providers are 'Affiliates' and the business model is franchise-based. This model is more akin to a regular tour business; however, Urban Adventures offers a platform to easily establish a tour business and market directly to customers via the Intrepid Travel network. However, unlike Airbnb *Experiences*, the owner of the business does not necessarily have to guide the tour, and there are more business conditions placed on the franchisee. For example, Affiliates must offer a guaranteed departure every day and there are no minimum guest numbers.

Other platforms are also attempting to harvest new entrepreneurship opportunities (Chapter 7). For example, in 2017, the Australian-based start-up, localyokl, launched a platform offering local guided, immersive experiences similar to *Airbnb Experiences*. Italian-based start-up Wimbify is planning to offer 'local hero' host city experiences, specifically targeting lesbian, gay, and bisexual travelers. The focus of Wimbify on a very specific niche segment may protect it from competition by Airbnb, which has – to date – not made an effort to cater specifically for niche markets (Chapters 22 and 24). Other social platforms have also emerged that connect travelers with one another. For example, the Australian-based Travelo app allows users to find and interact with like-minded travelers to create traveling communities.

The entrepreneurship opportunities (Chapter 7) and implications on employment in hospitality and training of people for future employment in hospitality are significant (Chapter 14): anyone who needs to earn some extra money can become a micro-entrepreneur and share their hobby with visitors. This is likely to further increase the proportion of people who will engage in contingent, gig-based employment; put pressure on permanent employment by established providers of these products and services now being traded among peers; but also open up income-earning opportunities for people who have difficulties working in inflexible permanent employment arrangements.

While tourism industry and policy makers around the world are still busy trying to develop suitable responses to the high demand for peer-to-peer accommodation trading, network facilitators are already moving into a new area, an area which may bring even bigger regulatory challenges. Who should be allowed to offer food experiences? Is there a risk that their non compliance

with food and safety regulations of commercial food providers will put customers' health at risk? Who is responsible if an experience goes horribly wrong?

Questions for future research

With every expansion of the offerings of peer-to-peer trading networks, the number of research questions grows exponentially. Some of the key questions for the future include: at which point of the development of a peer-to-peer accommodation network can the network facilitator expand offerings? Are there entry points other than short-term accommodation that may allow peer-to-peer trading networks to become one-stop travel shops? Has Airbnb become so dominant that it is impossible for new peer-to-peer travel trading sites to compete? Is there an incentive for peer-to-peer travel trading sites to expand from connecting buyers and suppliers to themselves entering the market as suppliers, as is the case with Chinese networks (Chapter 13)? Which extensions of service offerings are most risky to consumers? Which kinds of regulations could be set in place to protect consumers? How do destination marketing organizations and industry associations integrate peer-to-peer offerings into their membership and governance structures? Do peer-to-peer experiences offer consumers more social capital than conventional tourism offerings? How will peer-to-peer travel trading sites disrupt pricing, commission structures and distribution channels in the tourism industry? What innovations are conventional tourism businesses making to address this changing marketplace? What are the implications of these endless micro-entrepreneurship opportunities for (training for) employment in the hospitality sector (Chapter 14)? What are the implications of potentially large numbers of tourism service providers entering the market on tourism and hospitality industry associations and destination marketing organizations, typically funded via membership fees by registered commercial providers?

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9 Filling Infrastructure Gaps

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This chapter discusses the potential of peer-to-peer accommodation networks to fill significant and ongoing accommodation infrastructure gaps at specific destinations or even entire countries. The case discussed here is that of Slovenia, a small country located at the heart of Europe with one of the highest proportions of nature protection areas worldwide. Slovenia is experiencing substantial growth in tourism demand while having serious shortages in tourism accommodation, especially in the main tourism areas. Hotels are mostly state owned and not maintained to ensure quality standards. New hotels are not being built to meet rising demand. Peer-to-peer accommodation networks can fill this accommodation shortage with little need for investment and construction. The challenge Slovenia faces, as it develops new regulations for listing space on such networks, is how to maximize the benefits peer-to-peer accommodation networks can offer while minimizing potential negative side effects.

To ensure a flourishing tourism industry, a destination needs to have certain infrastructure. Tourists have to be able: to get to the destination from their home country; to move around the destination; to have access to attractions which they can explore while on holiday; and to have a place to sleep. The lack of airports, train connections, good streets, and tourist accommodation can significantly limit tourism revenues. Yet the infrastructure critical to tourism is expensive to construct and to maintain at a standard high enough to sell to tourists. Many tourist destinations struggle to ensure adequate infrastructure.

Please reference as: Kneževič Cvelbar, L.K. and Dolnicar, S. (2017) Chapter 9 – Filling Infrastructure Gaps, in S. Dolnicar, *Peer-to-Peer Accommodation Networks: Pushing the boundaries*, Oxford: Goodfellow Publishers, pp. 98–108, https://dx.doi.org/10.23912/9781911396512–3607

An example of an established tourist destination facing significant infrastructure challenges is Slovenia. Slovenia is a small European country with a population of two million people bordering Austria to the north, Croatia to the south, Italy to the west, and Hungary to the east. Slovenia was part of Yugoslavia until its declaration of independence in 1990. Slovenia was the most developed of all regions in former Yugoslavia, putting it in a strong economic position as an independent nation. Slovenia joined the European Union in 2004 and introduced the euro as its currency in 2007.

Currently, Slovenia's GDP is at 82% of the average GDP of member countries of the European Union, the unemployment rate stands at 9%, the average net salary is 1,006 euro and public debt is 83% of GDP.

The tourism industry in Slovenia

The Slovenian economy is manufacturing-based and relies heavily on the pharmaceutical, chemical, machinery, automobile, and materials industries. While Slovenia has welcomed the tourism revenue generated and the positive effect of tourism revenues on balancing service exports, the Slovenian government did not prioritize tourism development.

The Slovenian tourism industry contributes 7% to the national GDP and 8% to total employment (Bank of Slovenia, 2015). Tourism receipts in 2015 were 2.257 billion euro, representing an increase of 4% from 2014 (Bank of Slovenia, 2015). Tourism exports represent 37.6% of all service exports in Slovenia (Bank of Slovenia, 2015).



Photo: Soča River, Slovenia. Source: Aleš Fon

The main source markets for Slovenia are Austria, Germany, Italy, and Croatia. Tourist arrivals from Russia were increasing significantly until 2014, but growth has stagnated since. While small in absolute size, high growth rates are currently being experienced from China and Korea (STO, 2016; SURS, 2016). The number of international tourists visiting Slovenia reached an all-time high in 2016, with 4.3 million (11.5% more than the year before) and generating 11.2 million overnight stays (SURS, 2016). This growth rate makes Slovenia one of the fastest growing destinations in Europe (see Figure 9.1). Given the political instability in a number of other key European destinations – including Turkey, Egypt and Morocco – the Slovenian tourism industry is expected to continue to grow. Slovenia is perceived as one of the safest countries in the Europe, and in the world. The World Economic Forum (2015) ranks Slovenia 14th (of 141) in terms of safety and security; the Global Peace Index (2016) ranks Slovenia 10th (of 163).

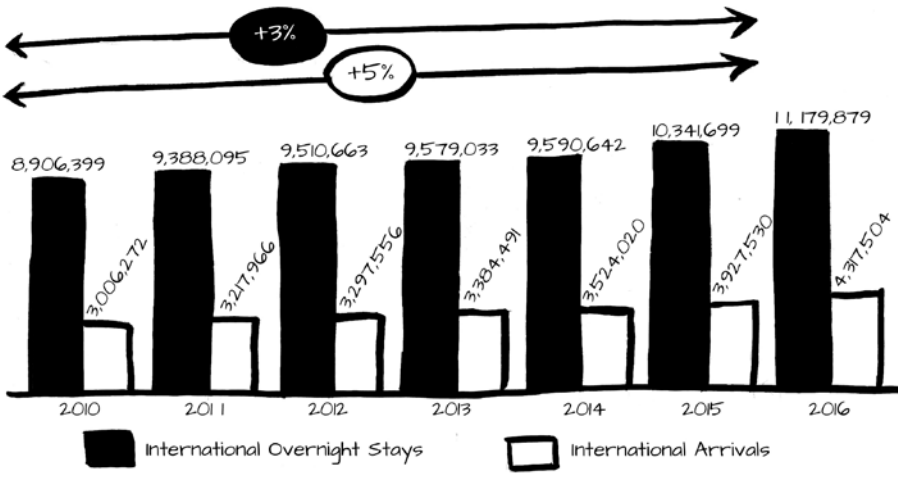


Figure 9.1: International overnight stays in and international arrivals to Slovenia and growth rates from 2010 to 2015. Source: SURS (2016).

The key attractions Slovenia has to offer are the hospitality of locals and Slovenia's pristine natural areas (SURS, 2016). Approximately 40% of the area of Slovenia is part of the European Union's Nature 2000 network of nature protection areas. The average for countries of the European Union is 18% (EC, 2017). The World Economic Forum puts Slovenia in first place in terms of the percentage of protected areas and in 19th place for efforts of environmental protection of its natural resources (WEF, 2015). The Slovenian Tourism Organization won the National Geographic World Legacy Destination Leadership Award in 2017, and Slovenia's capital Ljubljana was declared Green Capital of Europe in 2016.

Tourism in Slovenia occurs in four regions: the Alpine region offers mountain holidays, outdoor recreation and professional sport tourism. Mediterranean Slovenia has beaches as well as large caves accessible to the public. Leading tourism products are MICE, sun and sea, and gastronomy. Pannonian Slovenia is rich in mineral and thermal waters. Key tourism products include health and wellbeing tourism, local gastronomy, and rural tourism. Central Slovenia is defined by Slovenia's capital Ljubljana, surrounded by untouched nature and home to many festivals and events. Key tourism products are MICE and festivals, culture, and touring.

Barriers to tourism growth

The Slovenian tourism industry is facing a number of challenges to its growth and prosperity. Slovenia is not easy to access by air, having only one international airport with limited connections from major European cities. Only 1.4 million passengers used Ljubljana airport in 2015 (SURS, 2016). This passenger number is low compared to the neighboring countries of Croatia and Italy; Zagreb airport had 2.58 million passengers (Zagreb Airport IPFS, 2016), Venice airport 9.6 million (Venice Airport Statistics, 2016).

Slovenian tourism offers lack distinction and do not effectively harvest Slovenia's unique nature-based attractions. Nature-based tourism products are not well integrated in tourism offers, and stakeholders fail to translate the unique natural attractions Slovenia has to offer into viable tourism products which have the potential to drive demand and generate revenue (MGRTa, 2017).

Establishing and successfully operating small and medium enterprises is difficult in Slovenia because of substantial administrative hurdles – especially relating to development planning and workforce-related regulations. (Slovenian Development Strategy, 2017).

Slovenian has two slogans: the national slogan 'I feel S**love**nia', and the tourism slogan 'Active. Green. Healthy.' While the 'I feel Slovenia' slogan is perceived very positively both nationally and internationally, the tourism slogan suffers from inconsistency in brand communication when individual campaigns are launched each year. For example, the national tourism organization's 2016 'Make new memories' campaign did not tie in with either of the two main slogans, thus potentially leading to brand confusion. Brand inconsistency can be detrimental to Slovenia's tourism industry given that Slovenia is still relatively unknown globally as a tourism destination (MGRTb, 2017).

Most of the Slovenian hospitality sector is state owned. The government is not an active owner with good strategic planning. Consequently, the Slovenian

hospitality sector is underperforming. Government is waiting for strategic investors, but nobody is willing to invest, leading to a significant accommodation shortage. Neighboring Austria has twice as many beds per capita and Croatia four times as many (Eurostat, 2016).

In conclusion, the growth of Slovenia's tourism industry is exclusively demand driven. Tourism suppliers are attempting to respond to this growth by adapting their business models. Meanwhile it is becoming very hard to find a free bed in Slovenia's most popular tourist destinations: Ljubljana, Bled, and Portorož.

Accommodation shortage

The traditional accommodation sector did not change much over the past decade, thus not keeping up with the substantial growth in demand between 2010 and 2016. During this period, only 8862 new beds were added to the market, bringing the total to 126,809 in 2016. Of these, 39% are in hotels; 20% at camping sites; and 41% in other forms of accommodation such as hostels, apartments, farms, mountain huts, and on boats. The growth in beds is unevenly distributed across providers: only 3% of the growth occurred in hotels, while camping sites increased their capacity by 13%, and other accommodation providers by 9%. This difference in growth rates is illustrated in Figure 9.2.

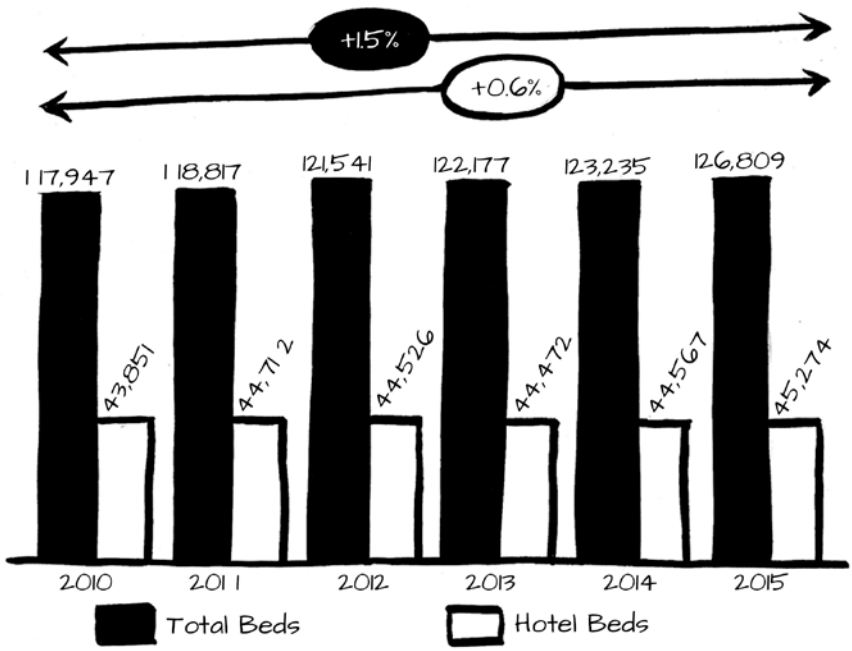


Figure 9.2: Number of total beds and hotel beds and growth rates from 2010 to 2015 in Slovenia. Source: SURS, 2016

Not surprisingly, therefore, the Slovenian hotel sector finds itself in a crisis: 23% of hotel beds are in spas, health, and wellness resorts; 29% in mountain resorts and 19% in seaside resorts. The remaining hotel beds are in Ljubljana, Slovenia's capital (SURS, 2016). Most of these hotel beds (83%) are in three- or four-star rated hotels; only 11 hotels (6.3%) are five-star rated. The largest 20 companies control 70% of the capital, 64% of assets; 83% of income, and 86% of employees (Hosting, 2016).

The main cause of the hotel crisis is that the government directly or indirectly (through governmental funds) controls 66.5% of the ownership in the 20 largest hotel companies in Slovenia (Hosting, 2016). When Slovenia joined the European monetary space in 2007, Slovenian hotels had access to substantial loans at low interest rates. Making the most of this opportunity until 2009 made hotels vulnerable to the global financial crisis in 2010; they found themselves unable to repay those loans. The government intervened, taking over the debts and, with it, ownership of the hotel industry. From 2010 to 2015 the government passively owned those hotel companies. Currently, approximately 30 hotels are owned by government in Ljubljana, Bled, Bohinj, and Portorož, the main Slovenian tourist destinations. Only a few Slovenian hotels are part of international hotel chains, including Kaminski, Sheraton Four Points, Best Western, and Radisson Blue. Table 9.1 summarizes the key performance indicators of the Slovenian hotel industry.

Table 9.1: Key performance indicators of the Slovenia hotel industry from 2010 to 2015. Sources: Hosting (2016), MGRT (2016)

	2010	2011	2012	2013	2014	2015	Compound average growth rate
Number of rooms	21,697	22,082	22,015	22,102	22,072	22,344	+0.6%
Number of beds	43,851	44,712	44,527	44,472	44,567	45,274	+0.6%
Average occupancy rate (%)	46.2	48.0	48.2	47.8	48.4	50.5	+1.8%
Average daily rate (in EUR)	74.4	75.9	75,8	73	70.2	68.9	–1.5%
Revenue per available room (in EUR)	17,798	18,849	18,910	17,909	17,442	17,871	+0.1%
Earnings, before interest, taxes, depreciation and amortization per room in EUR	3205	3456	3837	3205	3009	3837	+3.7%

To put these key performance indicators into perspective, Table 9.2 provides comparative data for the four neighboring countries. Austria and Italy are both world-renowned tourism destinations welcoming significantly more tourists in absolute terms than the other neighbors. Austria and Croatia have the largest number of tourists per capita. Slovenian and Hungarian hotels have significantly lower average daily rates than hotels in Austria, Italy, and Croatia.

Occupancy rates achieved in Slovenia are higher than those in Croatia, but significantly lower than the rates in Austria, Italy, and Hungary.

Table 9.2: Comparison of hospitality KPIs in the region. Source: MGRT (2017)

KPIs in 2015		Austria	Italy		Hungary
Number of overnights (millions)	10	113	393	71	28
Number of tourists (millions)	4	35	113	14	11
Average daily stay	2.6	3.2	3.5	5.0	2,5
Number of overnights per capita	5.0	13.3	6.5	16.8	2.8
International tourism receipts (billions EUR)	2.8	21.2	43.4	9.1	6,2
Average daily room rate in hotels (in EUR)	69	101	124	84	69
Average occupancy rate in hotels	50%	71%	66%	43%	72%

With the hotel industry in crisis, alternative accommodation providers – including private rooms and apartments, farms, and hostels – emerge as beneficiaries. As can be seen in Table 9.3, the average annual hotel growth rate was 3% for overnight stays between 2010 and 2016.

Table 9.3: Number of overnight stays in different accommodation types and average annual growth rate, 2010 and 2016 (Source: SURS, 2016)

Type of accommodation	Overnights		Average yearly growth rate (2010–2016)
	2010	2016	
Hotels	5,491,176	6,625,214	3.2%
Motels	24,147	15,058	–3.3%
B&B	157,406	198,129	4.1%
Guest houses	180,600	198,806	1.7%
Apartments	572,224	621,833	1.6%
Camps	1,170,610	1,396,801	3.1%
Tourism farms	83,143	151,261	10.6%
Hostels	88,901	338,545	25.1%
Private rooms, apartments & houses	398,515	908,470	14.9%
Mountain huts	85,724	101,022	3.2%
Social (accessible) accommodation	530,286	437,196	–3.1%
Other accommodation	10,617	21,409	16.0%
Temporary accommodation and marinas	113,050	122,148	1.5%

Hostels recorded an average annual growth rate in overnight stays of 25%; from 89,000 in 2010 to 338,000 in 2016. The number of overnight stays in private rooms, apartments, and houses grew from approximately 400,000 in 2010 to 900,000 in 2016, equating to an average annual growth of 15%. Farm stays also benefited, recording an average annual growth of 11%. The number of beds in the category of private rooms, apartments and houses booked on peer-to-peer

accommodation networks is difficult to estimate. But the overall trend is hard to deny: more tourism demand combined with a stagnating hotel sector offers unique market opportunities for providers of private rooms, apartments and houses, hostels, and farm stays.

Peer-to-peer accommodation networks in Slovenia

How many private beds are traded on peer-to-peer accommodation network platforms by tourists in Slovenia is unknown. Estimates indicate that Airbnb lists some 6000 beds. These are associated with 157,000 overnight stays in 2016. Airbnb listings are located mainly in Slovenia's capital Ljubljana, the world-renowned Alpine lake destination Bled, and the seaside destination encompassing the townships of Portorož and Piran. Figure 9.3 shows the distribution of overnight stays in Slovenia as well as that of accommodations available for rent on Airbnb. Bubble size indicates volume. As can be seen, space available for rent on Airbnb is concentrated on the key tourist destinations characterized by high demand pressure and accommodation shortages (right picture in Figure 9.3) and does not yet cover all areas of interest to tourists.

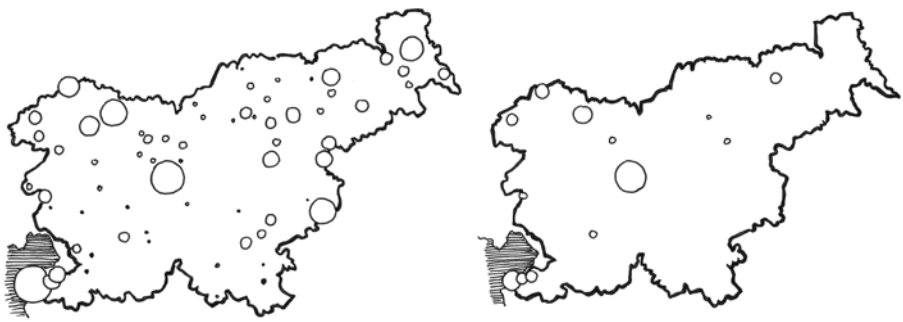


Figure 9.3: Distribution of number of overnights stays (left) and Airbnb active rentals in Slovenia (right)

Data available from Airbnb statistics (Airdna, 2017) indicate that 44% of listings are in Ljubljana; 15% in Bled; and 11% in Piran. These three destinations alone account for 71% of all listings in Slovenia. Two-thirds of these listings are properties rented out in their entirety – mostly one-bedroom properties. One-third are rooms only.

The average daily rate for an apartment is about €53 in Ljubljana, €69 Euro at the seaside, and €73 in Bled (STO, 2017). These prices are within the price range of a room in a hotel, as can be seen in Table 9.2.

In Ljubljana – where most Airbnb properties are located – providers are offering the equivalent to five middle-size hotels in capacity. Most listings are located in the city center.

Regulatory framework

In Slovenia, 19 laws apply to peer-to-peer network accommodation. A person wanting to list space on a peer-to-peer trading platform would have to study a substantial number of legal documents. To be in full compliance with Slovenian law, 15 different approvals from local and state authorities are required. The most challenging barrier is to obtain the approval of all the apartment owners in the building in which the property is located. The average apartment block has between 80 and 100 owners, making it practically impossible to get every single one to agree. Consequently, many people list their properties without approval. According to estimates (Jenko, 2015) 80% of all properties listed on Airbnb in Slovenia are not registered, but a neighbor could always object. The legal solution, which is currently being debated, would require approval only by neighbors directly adjacent to the property being listed, making it easier for Slovenian residents to legally list their properties.

Over the last two years, the government has attempted to resolve these challenges. A working group consisting of experts from seven government bodies was set up to develop a solution. The immediate outcome was to impose high fines (€4,000) on people who list unregistered properties. Despite the fine, listings on Airbnb are growing and the expansion of the number of beds in peer-to-peer accommodation networks is facilitating the needs of the market. By the end of 2017, new legislation will offer a stronger foundation for trading space on peer-to-peer accommodation networks.

Conclusions

The case of Slovenia is an example of how new business models (Chapter 3) can shape the market and help fill critical gaps in the infrastructure. Established Slovenian accommodation providers were unable to cater to the growing tourism demand. But plenty of empty beds were available in people's homes and in people's holiday homes. These people decided to make them available for rent for economic, social, and environmental benefits. The economic benefits are obvious for those listing the properties: they have the opportunity to earn additional income. Social benefits include bringing tourism (and tourists) closer to the local population and, in so doing, offering a more authentic experience to tourists and making even more accessible to them to experience the friendliness and hospitality of the Slovenian population. Social benefits for the hosts include meeting new people, learning about the worlds through conversations with these people, or simply having a bit of company (Chapter 15).

The key environmental benefit is that new buildings do not have to be constructed. Instead, existing dwellings can be reused. Additional environmental

benefits are that accommodation listed on peer-to-peer networks offer fewer services – no daily room cleaning, no daily changing of towels, no thirsty gardens maintenance, no pools – thus reducing the use of water, chemicals and electricity (Chapter 24).

However, increasing the number of listings on peer-to-peer accommodation networks comes at a cost, especially in high-density areas such as the capital Ljubljana. A growing trend is being observed of 'weekend moving families'; predominantly young families renting out their properties on weekends and during the peak tourist season (when they are on vacation) to earn additional income. Such situations can cause social costs. The opportunity to make money by renting out space on peer-to-peer accommodation networks currently pushes locals out of their homes for limited periods only. Looking at experiences in other countries (Chapter 11), this could easily change to locals being pushed out of the city center altogether because of growing demand pressure.

Large providers of traditional accommodation offers in Slovenia were too slow to react to market changes. Networks of ordinary Slovenian residents with the facilitation of an efficient online platform were quicker and more effective in contributing to a solution for the structural problem of lack of accommodation capacity. Technology and a new business model were taking the role of institutions that are – in classical economic theory – the entities that should be solving structural market problems on the market.

Questions for future research

The key issue that requires further investigation is how to harvest peer-to-peer accommodation networks for the benefit of a tourist destination and a nation while minimizing negative side effects. In the case of Slovenia, peer-to-peer networks can assist with a major structural problem that is difficult to solve in any other way. Accommodation capacity could be increased by the click of a few buttons if laws were less restrictive. In contrast, building additional hotels would take a long time, depend on large investors and come at high environmental cost. Key questions are: How reactive are local populations to changes in legislation? Do they ignore legislation and list properties irrespective of local laws? Or do laws affect listing? If so: to which extent? Can laws and regulations allow harvesting benefits with minimal side effects? Can regulations target certain types of listings? For example, can regulations facilitate listing entire properties in rural and regional areas which would benefit most from additional economic activity brought by tourists while, inhibiting listings which have the potential of displacing locals, such as those in densely populated areas in high demand for long-term rentals?

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10 Supporting Events

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Airbnb was born around an event. The founders of Airbnb offered inflatable mattresses and breakfast to conference attendees in San Francisco who could not find a place to stay. Airbnb launched at the 2008 Democratic National Convention where attendees with unused space in their homes hosted attendees unable to find commercial accommodation. Airbnb was conceived and born around events. This chapter explores the role peer-to-peer accommodation networks can play in the context of both large, international events and small rural and regional events.

The contributions of events to destinations

Events generate tourism activity; raise awareness of a destination; enhance the image of a destination (Jago et al., 2003; Kaplanidou and Vogt, 2007); and can be used to shift tourism demand from peak seasons to low or off seasons (Getz et al., 1998; Higham, 1999; Higham and Hinch, 2002).

Generating tourism activity

Events generate tourism activity and, with it, tourism revenue and employment opportunities for the local population. Conferences staged in Brisbane (Australia) over the 2017–2018 financial year will attract some 32,000 delegates who will spend more than 118,891 days in Brisbane, contributing $70 million to the economy (Choose Brisbane, 2017). The Hay Festival in Wales, a writer's festival, attracts 82,000 spectators and brings £20.6 million to the economy (Event Impacts, 2017). During the festival, local hotels and bed and breakfasts are fully booked out, a camping site is set up and a website encouraged those within a 40-mile radius to offer spare bedrooms to festivalgoers.

Please reference as: Fairley, S. and Dolnicar, S. (2017) Chapter 10 – Supporting Events, in S. Dolnicar, *Peer-to-Peer Accommodation Networks: Pushing the boundaries*, Oxford: Goodfellow Publishers, pp. 109–119, https://dx.doi.org/10.23912/9781911396512–3608

Longer events generate more additional tourism activity. Destinations prefer hosting longer events (Daniels and Norman, 2003) and event organizers proactively add to the program to extend the duration of events (Kelly and Fairley, 2018). The type of event influences length of stay, room nights, and expenditure patterns. Youth sport events, for example, generate more hotel room nights (Daniels and Norman, 2003), while girls sport events generate more expenditure (Schumacher, 2007).

Events also allow hotels to charge more, especially hotels located close to the event (Herrmann and Herrmann, 2014), making the accommodation sector the primary beneficiary of many events (Mules, 1988).

Raising awareness of a destination

Events raise awareness for a destination and give people a reason to visit (Veltri et al., 2009). One of the most striking examples is the Burning Man festival, an event bringing more than 60,000 people to the middle of the desert, a place they would otherwise not have visited. Burning Man illustrates one of the key challenges of events: people need somewhere to sleep. Burning Man takes a radical approach: people set up tents or bring their recreational vehicles.

Enhancing the image of a destination

Events shape destination image (Chalip et al., 2003; Green, 2002; Xing and Chalip, 2006) directly and indirectly through media reporting (Getz and Fairley, 2004). Destination image effects are strongest when the event and the destination image are congruent (Xing and Chalip, 2006). Optimally, the destination is strategically integrated into event marketing, and the event is integrated into destination marketing (Chalip, 2017).

Shifting demand to off-season

Regular season sporting events are one example of how small-scale events can drive tourism activity in off-season periods. Fans travel to follow their sport teams (Fairley, 2003). Regular season competitions can be accommodated by existing local infrastructure, and have a positive impact on lodging industry revenue (Dermody et al., 2003). Conferences and exhibitions are particularly effective in generating tourism activity in times of low demand (Getz and Page, 2016).

Overall, it can be concluded that events benefit destinations. As a consequence, governments and destination management organizations are interested to attract as many events as possible. Accommodation capacity is a key challenge.

Accommodation challenges relating to events

While the accommodation sector benefits hugely from events – 70% of expenditure at an event is spent on accommodation and food (Marsh, 1984) – a shortage of accommodation capacity is a barrier to staging events. During events, the number of people at the destination increases dramatically. This is the case for both international mega-events, as well as local events in small townships. For the 2012 London Olympic and Paralympic Games, 470,000 people visited London (visitbritain, 2013). During the 2014 Rio World Cup, one million foreign tourists visited Brazil and another three million Brazilians traveled around the country (CNN, 2014). An example of an event in a small township is that of the Birdsville Races. Birdsville is located in central Australia on the edge of a desert; it has a population of 120 people and one pub. When it hosts the annual Birdsville Races, the number of people in Birdsville increases to 6,000.

Event organizers have to ensure sufficient accommodation for event attendees. Price and quality of the accommodation, as well as proximity to the event, affect the decision to attend an event or not (Roche et al., 2013). Cities competing to host large-scale events have to provide details about accommodation capacity as part of the formal bidding process (Higham, 1999).

Providing accommodation for events

Three approaches can provide the required accommodation: building permanent infrastructure; bringing in temporary infrastructure; and harvesting existing infrastructure.

Building permanent infrastructure

Destinations that lack accommodation frequently construct hotels specifically for events (Lopes et al., 2014). Building additional accommodation places a substantial burden on the environment (Chapter 24) and the additional rooms may stay empty after the event when tourism demand returns to normal levels (Cho, 2004).

Bringing in temporary infrastructure

Cruise ships are an effective way of quickly increasing accommodation capacity. Both the 1992 Barcelona Olympic Games and the 2004 Athens Olympic Games used cruise ships to increase room capacity. The Super Bowl XXXIX in Jacksonville (Florida) used the same approach. The National Football League required the host city of the Super Bowl to provide 17,500 luxury hotel rooms. Jacksonville did not have 17,000 hotel rooms, let alone 17,500 luxury hotel rooms. Docking five cruise ships instantly increased room capacity by 3667, leading to Jacksonville's successful bid to host the Super Bowl. A positive side

effect of using cruise ships as accommodation was that they provided additional attractions to the visitors of events, including bars, nightclubs, and restaurants.

Harvesting existing infrastructure

Small-scale events frequently use existing infrastructure, making them more sustainable for the host communities (Veltri et al., 2009) and putting less pressure on public funding (Higham, 1999). When Los Angeles hosted the 1984 Olympic Games, for example, taxpayers voiced opposition to funding the Games. Little public funding was made available to construct new accommodation. Instead, existing alternative forms of accommodation such as university student residences were used.

Another approach is to use existing budget accommodation providers to cater for the accommodation needs of event attendees. For the 1986 Asian Games, the 1988 Olympic Games, and the 2002 FIFA World Cup, yogwans were used (Cho, 2004). Yogwans are Korean-style inns, which are slightly more expensive than youth hostels.

For the 2010 FIFA World Cup in South Africa, MATCH Event Services – the organization that handles accommodation for FIFA – entered agreements with non-hotel accommodation, including bed and breakfasts, guesthouses, and backpacker lodges (TEP, 2006). This was the first time official event accommodation involved the owner living on the property (TEP, 2008). The 10,000 non-hotel rooms provided were star-graded by the Tourism Grading Council of South Africa to ensure adequate accommodation standards. Non-hotel accommodation provided 18% of the 55,000 rooms needed for event attendees (Swartz, 2008, as reported in Rogerson, 2009).

The role of peer-to-peer networks

Given that the spike in demand for accommodation is temporary in the case of events, activating existing unused or underutilized space is the perfect solution to the accommodation capacity problem. Peer-to-peer accommodation seem uniquely suited to assist event organizers and destinations.

The idea is not new. Homestay programs are commonly used to accommodate volunteers at mega-events (Fairley et al., 2007). The emergence of generic peer-to-peer accommodation networks offers additional opportunities, including the expansion of short-term accommodation when demand is high; affordable accommodation for event attendees; and avoiding the construction of hotels not needed after the event. The risk of peer-to-peer networks facilitating events is that listings are not quality controlled. Bad accommodation experiences can reflect badly on the event and destination image.

Already there is substantial evidence of peer-to-peer accommodation networks supplying accommodation to event attendees:

- During the 2014 FIFA World Cup, Airbnb had over 26,000 listings in Brazil. Local hosts generated over $38.3 million during the event (Airbnb, 2014).
- During the 2012 London Olympic Games more than 1,800 Airbnb hosts in London generated close to four million dollars (Airbnb, 2014). Airbnb took an active role in educating hosts – referred to as 'unofficial ambassadors of London' – about the event and connecting them to the government and Olympic authorities; and in providing a standard set of information materials to guests (Airbnb, 2014).
- Airbnb became an official sponsor of the 2016 Rio Olympic Games, as the official 'alternative accommodations' provider (US Today, 2015), alleviating the shortage in hotel beds available. As part of the sponsorship, official Olympic sites had links to Airbnb.
- Airbnb signed a four-year partnership with the New York City Marathon in 2014 (CNBC, 2014). The partnership complements (insufficient) hotel offerings for more than 50,000 runners and wheelchair participants and one million spectators.

Airbnb has been proactive in setting up partnerships with host cities and events and created resources to encourage event organizers and destination managers to work with Airbnb. Their report, *Hosting big events* (Airbnb, 2014), emphasizes environmental sustainability (Chapter 24) and provides case studies on Airbnb's unofficial role around events, such as the 2012 Olympic Games.

Airbnb also sponsors sport teams that engage in regular season competition, which are effectively small-scale events. Airbnb designed promotions to encourage fans of those teams to sign up as hosts with the announcement of the sponsorship. For example, through a sponsorship with the North Melbourne (Australian Rules) Football Club, Airbnb is the naming rights partner of the team's weekly website announcement. Further, North Melbourne football fans are offered cash incentives to sign up to be an Airbnb host (Sport Business Insider, 2016).

However, the theoretical potential of peer-to-peer accommodation networks to collaborate with event organizers and destinations does not necessarily reflect the sentiments of event organizers and destination managers. We interviewed event managers and destination marketers within a region that relies heavily on events. Their responses painted a picture of skepticism about the viability of collaborating with peer-to-peer networks for a number of reasons.

Tourism organizations supporting events are often membership based. They are responsible for promoting the region and driving tourism. For example,

Visit Sunshine Coast – a destination marketing organization – encourages tourism businesses and event organizers to become members to enable cooperative and strategic marketing action (Visit Sunshine Coast, 2017). The membership fee provides access to workshops, industry data, and advertising via the Visit Sunshine Coast website and visitor centers. Some 70% of members are accommodation providers. Members must have the appropriate insurances and approvals. Concerns raised about peer-to-peer networks are that they are unregulated and uninsured, making them noncompliant with membership requirements and a potential risk to visitors of an event. As one destination manager puts it:

> We don't promote businesses or have members … that are not regulated … So if they're not, if they don't have public liability insurance, if they're not seen as a true business then we would actually say, 'No, you know you can't be a member.' … So if they're doing it correctly then, 'Yeah, come on board as a member, but if you're not doing it correctly then sorry, no.'

Many destinations collect taxes or levies from accommodation providers. This tax income funds promotion of the destination and support of events. The Sunshine Coast collects a compulsory tourism and major events levy on any land. Revenues raised assist destinations in increasing tourism activity (Sunshine Coast Council, 2017). Peer-to-peer network hosts at the Sunshine Coast – as opposed to other destinations (Chapter 11) – are not required to pay levies because they are not officially registered as tourism providers. The destination marketers we interviewed felt that hosts should comply with regulations, pay levies and become members of tourism organizations. Converting hosts to official accommodation providers would have positive and negative consequences: it may improve the quality of all accommodation offers, but would create more competition.

Another insight gained from the interviews with event managers is that regularly occurring events have established accommodation partners. These long-term partners offer free accommodation for artists and VIPs in exchange for cross-promotion opportunities and being marketed alongside the event through offering packages to attendees. Event managers are skeptical about setting up similar partnerships with peer-to-peer accommodation networks because the facilitator does not quality control listings. Also, the event's dignitaries are often housed in the complimentary accommodation of a high standard. Event managers believe that offering dignitaries high quality accommodation is an important criterion for their choice of accommodation providers. Event managers doubt that peer-to-peer networks can offer the same quality assurance:

> We're a little bit fussy about the accommodation … we make sure the artists have a really good time. We can't afford for them not to enjoy the experience of where they stay. If we end up having something that's really not what you really like to be staying in for a couple of days then your experience isn't as positive as it might be… You just don't know… You could have a great experience… but there is that quality control thing which is a bit harder.

Another concern raised was that accommodation providers frequently organize shuttle bus transfers for attendees to facilitate mobility during the event. Shuttle bus services are efficient if they move between limited stops. Having to pick up people across the wider destination area would not be as practical. Event managers and destination marketers also feel that attendees want easy access to restaurants and attractions, and these are typically located near traditional tourism accommodation.

Overall, the event managers we talked to appear sceptical about the role of peer-to-peer accommodation networks as partners and facilitators of events.

Conclusions

Events are a key driver of tourism activity. They can benefit destinations in a number of different ways: they have the potential to increase the range of tourist offers, to raise awareness of a destination, to enhance the destination image, and to push tourism demand to off-seasons.

One of the key challenges for event organizers is the availability of sufficient accommodation for attendees. A number of solutions are available: building new hotels; bringing in temporary accommodation; and activating existing accommodation. The latter is the most environmentally friendly solution, as it does not require use of new land and construction of new dwellings (Chapter 24). Peer-to-peer accommodation networks offer an efficient mechanism for the quick activation of a large pool of accommodation, as illustrated by Airbnb opening up accommodation to people in need after natural disasters (Chapter 21).

While some events have embraced collaborating with peer-to-peer accommodation networks, others remain sceptical with key concerns relating to quality control, decentralized location and the fact that peer-to-peer accommodation hosts do not pay a levy to support tourism in general and the event organization in specific.

None of these concerns, however, represent obstacles in the long term. Peer-to-peer accommodation networks are already, in many places around the world, collecting tourism levies and passing them on to the destinations (Chapter 11).

Many destinations have also already implemented regulatory frameworks that require registration and certification of peer-to-peer accommodation listings (Chapter 11). Peer-to-peer accommodation networks have also introduced internal schemes of quality assessment, allowing them to differentiate basic from superior accommodation – Airbnb already has a business travel category. Similar categories with even more stringent criteria could identify executive and luxury listings. Peer-to-peer accommodations could offer grants directly to event organizers; they could theme accommodation during the events to present to attendees in a more unified way; and they could activate the local community beyond providing accommodation. Locals could offer additional services including paid experiences (Chapter 8) or free support, such as information provision (Hajibaba et al., 2017).

To conclude: peer-to-peer accommodation networks have the ability to shrink and expand accommodation capacity quickly and efficiently. As such, they are, in theory, the perfect match for event organizers and destinations interested in hosting events. While some organizers have already embraced peer-to-peer accommodation networks, others are reluctant. We predict that this reluctance will be overcome, as peer-to-peer accommodation networks increasingly become part of the mainstream tourism accommodation sector.

Questions for future research

Will destinations, local tourism organizations and convention bureaus embrace peer-to-peer networks as a solution to the need for temporary expansion of available short-term accommodation? If so, how will this new relationship affect existing partnerships between destinations, local tourism organizations and conventional bureaus and hotels? Are peer-to-peer networks more suitable to facilitate certain kinds of events? If so, which events? Can peer-to-peer networks enable events in places struggling to host them due to infrastructure limitations? What are the environmental implications of using existing housing infrastructure instead of building additional commercial accommodation to meet demand of mega-events? Could listings on peer-to-peer accommodation networks be included in the theme of the event? Will destinations and convention and visitor bureaus not be able to provide grants to event organizers because peer-to-peer network hosts do not pay tourism or bed tax? Will peer-to-peer networks start offering grants to event organizers directly?

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11 Regulatory Reactions Around the World

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Peer-to-peer accommodation networks are a global phenomenon. Many cities and states around the world are facing significant regulatory challenges because of the high demand for peer-to-peer network accommodation. This chapter discusses that challenges which have arisen and how a number of cities and states around the world – including New York, San Francisco, Paris, London, Amsterdam, Berlin, Barcelona, Reykjavík, Tokyo and Tasmania – have introduced new or changed existing regulations to address those challenges.

> 'The online peer-to-peer business model exists in a state of limbo' (McNamara, 2015: 170).

When the exchange of space for money among peers was small in scale, it did not create any difficulties. Sharing models of various kinds have existed long before the emergence of peer-to-peer accommodation networks. One example from the 1950s is the home-swapping program for members of the Swiss and Dutch teachers associations (Gallagher, 2017). But Airbnb's platform design – which gave the masses the confidence to rent their spaces out to strangers – increased the involvement of people in peer-to-peer accommodation trading dramatically. Suddenly everyone with a spare house, flat, room, or bed wanted to earn a little bit of pocket money by renting this unused space out for a small fee.

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Many positive side effects quickly became visible: people who were unable to work in regular, permanent jobs could earn some extra income (Chapter 14); a substantial number of micro-entrepreneurship opportunities emerged not only in hosting, but also in providing services to hosts (Chapter 7); temporarily spiking accommodation needs associated with events (Chapter 10) as well as natural disasters (Chapter 21) could be satisfied with the click of a button by opening up a large number of existing spaces which are typically vacant.

But the scale of the peer-to-peer network accommodation phenomenon has also brought with it many negative side effects (Dredge and Gyimóthy, 2015; Lee, 2016; Oskam and Boswijk, 2016): the attractiveness of the short-term rental market increases housing prices (Horna and Merantea, 2017) and is making housing unaffordable for locals in some places (Gurran and Phibbs, 2017; Lambea Llop, 2017); the character of neighborhoods is changing with large numbers of non-residents being present in what used to be purely residential areas; residents' quality of life can be negatively affected by inconsiderate short-term visitors; the established commercial accommodation sector is under pressure by what it perceives as unfair competition (Hajibaba and Dolnicar, 2017; Koh and King, 2017); and the safety of tourists is potentially not guaranteed, with accommodations listed on peer-to-peer networks not having to comply with the same rigorous safety regulations as commercial providers.

Residents acknowledge both the positive and the negative consequences of peer-to-peer accommodation networks selling their cities (Jordan and Moore, 2017). The aim of this chapter is to discuss briefly those challenges and explore how different cities and states around the world have responded to them.

Challenges arising from high demand

Reduction in housing availability

The short-term rental business is more lucrative than the long-term rental business. The availability of efficient platforms for peer-to-peer trading of accommodation makes it easy for anyone to make unused space available for short-term rental. Consequently, some of the long-term rental pool is reallocated to the short-term rental pool. People who rely on long-term rental arrangements may find themselves squeezed out of the market and without accommodation in their preferred location. The financial attractiveness to property owners of the short-term rental market can lead to a reduction in housing availability. This phenomenon occurs in highly sought-after tourist locations where demand for short-term accommodation is high (Steinmetz, 2015; Comiteau, 2016; Valerio, 2016).

Reduction in housing affordability

Not only can the pool of long-term rentals decrease, the price of long-term rentals can also increase because landlords account for the fact that people renting the property can earn additional income by subletting it or renting out a room on the short-term rental market (Schofield, 2014; Steinmetz, 2015; Davies, 2016). Barron et al. (2017) found Airbnb growth in the US could explain 0.25% in annual rent growth and 0.42% in annual house price growth from 2012 to 2016. Barcelona experienced a 33% rise in rental prices over the three-year period from 2013 to 2016 (Lomas, 2016).

The changing character of neighborhoods

Neighborhoods that used to be purely residential now attract tourists who stay in the homes of locals. These tourists use local infrastructure designed for locals, such as parking spaces, potentially reducing availability to locals (Hargrove, 2015; Sheppard and Udell, 2016).

Reduction of residents' quality of life

Because of the changes to neighborhoods, local residents may perceive their quality of life to be lower. They not only find themselves having to compete for parking spaces with tourists, but also having to put up with additional noise, and they may find the neighborhood or their apartment complex to be less safe because strangers have access (Sheppard and Udell, 2016; Williams, 2016).

Unfair competition

Established commercial providers of accommodation feel that they are exposed to unfair competition by 'amateur' accommodation providers who do not need to pay tourism taxes or to comply with any regulations and can, as a consequence, offer space at a lower price (Mahmoud, 2016; Benner, 2017).

Unsafe tourist accommodation

Because providers of peer-to-peer accommodation are not required to comply with the same safety regulations as commercial accommodation providers, it is possible that the safety risks for tourists are higher. Of course, most of the spaces are residential properties for locals and compliant with safety regulations for local residents. Yet safety regulations for commercial accommodation providers are more stringent (Guttentag, 2015; Doherty, 2017).

Regulatory responses

New York (US)

New York faced challenges as soon as peer-to-peer network accommodation emerged, with the wording of the definition of 'permanent residency' in the Multiple Dwelling Law of New York opening a loophole to short-term renting, which was closed in 2011 (Lazarow, 2015). Despite this, in 2015, New York was Airbnb's largest market with 25,000 active hosts (Dzieza, 2015), and more than half of New York residents felt that it was their right to rent out their space to tourists (Interian, 2016). At the same time, hotels, property owners, tenant groups, and neighborhood groups were upset about the negative effects the entrance of Airbnb into the market had for them. Affordable housing advocates complained that Airbnb was exacerbating the housing crisis (Dzieza, 2015).

The effects that Airbnb had on New York and the extent of discontent about it among local residents led to the New York State Senate passing a bill in June 2016 which made short-term rentals of less than 30 days for entire homes illegal (Dickey, 2016). On 21st October 2016, the bill became law (Senate Bill S6340A, 2016). Behavior noncompliant with this law was illegal on the side of the host, not the network facilitator. The fine for a first-time offence was set at $US1000, for second violation $US5000, and for a third violation $US7500 (Kokalitcheva, 2016). The new law had a major impact on peer-to-peer accommodation networks such as Airbnb, HomeAway, and FlipKey: Airbnb listings dropped from 20,000 to 300 (Gebicki, 2017).

A new bill is now under consideration, which would legalize rentals under 30 days when the host is away, provided the host registers with the state and only rents one apartment at a time (Warerkar, 2017). This amendment acknowledges that people may wish to rent out their unused primary residence while on vacation. It is still permitted in New York to rent out space that is part of a permanent resident's home when the host is present without needing registration (Griswold, 2016; Airbnb, 2017a).

Paid short-term rentals without the host being present require a change of occupancy from long-term residential to transient rental, needing a safety inspection by the city to ensure it meets transient occupancy standards, which are more stringent than those of residential occupancy. These standards include fire safety, egress, accessibility, elevators, and electrical compliance (Ragalie and Gallagher, 2014).

New York City and New York State impose a number of taxes on all hosts, including a state sales and use tax, a city hotel room occupancy tax, and state and city nightly room fees (Airbnb, 2017a). Airbnb collects and remits occupancy tax (2% to 5% of the listing price) on behalf of the host (Airbnb, 2017b).

San Francisco (US)

Housing activists in San Francisco argued that short-term rentals remove housing stock from a rental market already struggling with scarce housing and skyrocketing real estate prices (Steinmetz, 2015). Between 925 and 1960 housing units in the city were deliberately kept vacant for letting via peer-to-peer accommodation networks (Truong, 2015).

The city passed legislation requiring all hosts to register. Airbnb sued the city for this legislation, but a federal judge rejected Airbnb's request to block the legislation (Reuters, 2016). After one year of legal arguments, Airbnb and regulators reached agreement: Airbnb agreed to provide information about all their hosts in San Francisco – including their names and addresses – to the city (Kerr, 2017).

San Francisco now requires short-term rental operators to obtain an annual valid business registration certificate for a fee. Hosts also need to register biannually with the Office of Short-term Rentals at a cost of US$250 (Airbnb, 2017c; San Francisco Business Portal, 2017). Hosts are only permitted to register their primary residence, where they live for at least 275 days per year. Hosts are required to report quarterly all short-term stays of their property (Airbnb, 2017c; San Francisco Business Portal, 2017). San Francisco imposes a Transient Occupancy Tax, which is 14% of the listing price for reservations shorter than 30 nights. Airbnb collects and remits this tax (Airbnb, 2017c).

There is a 90-day limit on renting out one's primary residence without being at home overnight at the same time as guest, which is referred to as 'un-hosted rental'. However, there is no limit if hosts share their space while they are at home overnight at the same time as guests – a 'hosted rental' (Airbnb, 2017c; San Francisco Business Portal, 2017).

Hosts in San Francisco must display a printed sign inside their home that provides information about the location of all fire extinguishers, gas shut-off valves, fire exits, and pull fire alarms and comply with San Francisco's minimum construction, design, and maintenance standards for buildings, including regulations on habitability, health and safety (Airbnb, 2017c).

Paris (France)

France is Airbnb's second largest market after the US with 350,000 listings in 2017. Paris is Airbnb's biggest city market with 65,000 properties listed in 2017 (Reuters, 2017).

The City Hall of Paris is facing: dramatic price increases for smaller rental properties and a decrease in supply; upset operators of two- and three-star hotels which pay substantially higher taxes; and residents complaining about a

reduction in quality of life due to the continuous coming and going of transient residents (Origet du Cluzeau, 2017, personal communication).

In March 2016, the government passed a law, according to which – from January 2017 onwards – hosts have to register with City Hall (Stothard, 2016). The annual rental limit for primary residences is 120 days in Paris. Those wanting to rent out their primary residence for longer or to rent out residential space they do not live in, must register a commercial property (Stothard, 2016). Airbnb created automated limits to ensure host compliance (Reuters, 2017) and collects and remits the same nightly tourist tax paid by hotels (Stothard, 2016). This tax is collected from guests as part of their reservation (Airbnb, 2017d). People who turn residential properties into commercial properties have to purchase commercial properties of the same floor space in the area and convert them to residential properties (Stothard, 2016).

New laws prepared in 2017 propose: allowing municipalities to set the day limit (with Paris dropping to 90); making the registration process more stringent; imposing heavy fines for noncompliant hosts; and making permission of building co-owners compulsory. Paris wants to complete these regulatory changes before the 2024 Olympics when demand for temporary housing will skyrocket (Origet du Cluzeau, 2017, personal communication).

London (UK)

In February 2015, Airbnb was legalized by an amendment to the housing legislation although – at that time – many London homes were already listed on peer-to-peer accommodation networks (Coldwell, 2015). This new law permits short-term letting of residential premises (entire homes) for up to 90 days a year without planning permission (Department for Communities and Local Government, 2015). Prior to this date, such rentals constituted a change of use and required planning permission.

Following this, London officials were concerned that short-term rentals could reduce the availability of long-term rentals and that legislation might be required (Churchill, 2016). In response to these concerns, since 1 January 2017, Airbnb automatically limits entire home listings to 90 nights a year (Airbnb, 2017e). This rule does not apply to renting out parts of the primary residence.

Entire homes rented out for longer than 90 nights a year need planning permission for a change of use (Booth and Newling, 2016). Hosts need to pay council tax. Hosts renting their main or only residence can benefit from the 'rent-a-room' allowance, which allows income of up to £7500 tax free from sharing their space in their only or main home (Airbnb, 2017e).

Hosts that rent their space for a fee need to abide with fire safety law; they

need to conduct a fire safety assessment, improve fire safety measures if necessary, and make a written record of significant findings. Local fire services may inspect the property to make sure it is safe for guests (Chief Fire Officers Association, 2008).

Amsterdam (The Netherlands)

In February 2014, Amsterdam City Council created a new category of accommodation called 'private rental' which allowed residents to rent out their primary residences for up to 60 days a year (Clarke, 2014). There is no cap on the number of days for renting a room or space that constitutes less than 40% of the main residence (Airbnb, 2017f). Hosts need to pay income and tourist tax (Airbnb Citizen, 2014). Up to four people can stay at a property at a time (Shankman, 2014). These rules attempt to address some problems such as overcrowding, nuisance issues, and higher rental prices (van der Zee, 2016).

In December 2014, Airbnb and the city of Amsterdam signed an agreement based on which Airbnb started collecting and remitting tourist tax on behalf of hosts from 1 January 2015 (Airbnb, 2017g). Guests who book spaces in the City of Amsterdam on Airbnb pay 5% Amsterdam Tourist Tax as part of their reservation (Airbnb, 2017h). Since the start of 2017, Airbnb also limits hosts' ability to rent out unlicensed entire homes to 60 days per year (Airbnb, 2017f).

A number of side effects of short-term rental of Amsterdam properties on peer-to-peer accommodation networks have emerged. According to the Dutch bank ING, Airbnb increases real estate prices because people are willing to pay more for a property knowing they can make extra money by renting it out (van der Zee, 2016). Families with children are leaving Amsterdam because they cannot afford living in attractive areas of the city any more (van der Zee, 2016).

Since April 2016, Amsterdam has allocated €1 million for 12 months to scraping digital records to identify illegally advertized apartments. They sue those who do not live in their homes, rent multiple properties to tourists, rent over the 60-day limit, or to more than four people at the same time (City of Amsterdam, 2016; Dutch News, 2016; O'Sullivan, 2016).

Berlin (Germany)

A housing law – originally introduced in 2014 – was brought into force in May 2016, banning short-term rentals of entire properties without a permit (Lomas, 2016). Property owners can apply for a permit, but the number of licenses granted is low, especially in high housing demand areas (O'Sullivan, 2016). The short-term rental of private rooms in primary residence is legal if the rooms rented out do not cover more than 50% of the floor space (Robertson, 2016).

This ban – known as the *Zweckentfremdungsverbot* – is one of the toughest in Europe (O'Sullivan, 2016). The word *Zweckentfremdungsverbot* means prohibition of using space in unintended ways. It does not only include short-term rentals, but also unoccupied properties and the demolition of properties intended for residential use. The ban came into effect to prevent rising property prices and a growing housing shortage in Berlin (Oltermann, 2016). The ban had a significant effect with 40% of Berlin's Airbnb listings disappearing following the law's introduction (O'Sullivan, 2016).

Berlin's city council encourages residents to report suspicious short-term rentals of neighbors (Lomas, 2016). Residents can do this simply by completing an online form. The fact that the city welcomes reporting of unintended use of properties gives neighbors substantial powers in controlling the negative side effects of short-term rental of residential properties.

Barcelona (Spain)

Barcelona is the fourth largest Airbnb city market in Europe behind Paris, London and Rome and the ninth largest city market in the world (Tadeo, 2017). Like in many other cities, short-term rentals in Barcelona have resulted in lack of housing for residents (Valerio, 2016).

In May 2013, the Catalonian government made it a requirement for holiday homeowners to register with City Hall (De Vlieger, 2013a). Hosts also need to provide officials with copies of their guests' passports, contact number and duration of stay (De Vlieger, 2013b), along with proof of payment of income tax. A tourism tax came into effect in November 2012. It is €0.75 per person per night in Barcelona and €0.5 in the rest of Catalonia (De Vlieger, 2013a), and applies to holiday home rentals as well as commercial accommodation providers.

Since May 2014, Barcelona City Council has slowed down issuing holiday rental licenses (Brace, 2014). This means that the only way to start a new Airbnb is to buy an existing property with a license (Kharpal, 2017). To get this license, the space needs to meet certain safety criteria including fire safety (Kozhevnikova, 2016). In December 2015, the council fined Airbnb and HomeAway €60,000 each for advertising unregistered homes, and for not responding to requests to provide details on non-registered homes advertized (Lomas, 2016). The city council estimates that, in 2016, Barcelona had 15,881 tourist apartments on offer, 6275 of which were illegal (Lomas, 2016).

In 2017, Airbnb and Barcelona City Hall agreed to work together. Airbnb removed 1300 illegal entire homes that could affect long-term housing availability in Barcelona (Airbnb Citizen, 2017b). Airbnb now also limits the number

of home rentals per host to one property in the central Barcelona area. If a host wants to rent more than one property, they need to register as a business (Tadeo, 2017).

The short-term rental of private rooms in the primary residence of the host is not regulated (Lomas, 2016).

Reykjavík (Iceland)

Tourism is Iceland's largest revenue generator (Brown, 2016). Between 2015 and 2016, the number of Airbnb listings increased by 124% (Davies, 2016). In 2016, Airbnb doubled the number of rooms available to tourists when both Reykjavik as a city and Iceland as a tourist destination needed it most (Sheivachman, 2016). Airbnb's growth however has resulted in a dramatic increase in house prices and the scarcity of long-term rentals (Davies, 2016). Reykjavik resident Nicholas Herring was given three months to find a new apartment after his landlord decided to advertise the property on Airbnb. He could not find a new home because of the housing shortage in Reykjavik during the summer tourist season. Herring says: 'If landlords need money, they will turn to Airbnb. They can make in two days on Airbnb what I paid in a month' (Comiteau, 2016).

In November 2016, 4% of the local housing stock was on Airbnb. Six months later the percentage increased to 5%. In 2016, there were 50,000 apartments in the city of Reykjavik; 2551 of them, or 5%, were Airbnb units (Brown, 2016).

In 2016 a new law was passed limiting short-term rentals of properties to 90 days per year. The law applies to the primary residence of the hosts and one other property owned by the same host intended for personal use. The combined number of days for more than one listed property is 90 days, or two million ISK, in gross rental income (Ministry of Industries and Innovation, 2016). Hosts need to register their property every year and pay a registration fee of 8000 ISK (Fontaine, 2016). The property needs to meet certain health and safety requirements. Those hosts wanting to rent more than 90 days need to register as a business (Comiteau, 2016). The law applies to both renting part of a house and entire home rentals.

Tokyo (Japan)

Japan legalized Airbnb services in June 2017 and now allows hosts to rent out space – both spare rooms in their primary residence or an entire property – for up to 180 nights a year. Hosts need to register with local governments (Alpeyev, 2017). Prior to this date, rentals of less than 30 days required a hotel license (Japan Property Central, 2017).

Tasmania (Australia)

In 2016, the Tasmanian Government proposed a limit of 42 days a year on unlicensed short-term rentals, and held public hearings into its proposal in Hobart, Launceston, and Burnie. Properties rented out longer than the six-week cap each year needed to comply with additional planning regulations (Smiley, 2016). In late 2016, more than 120 Tasmanian Airbnb hosts protested against the proposed 42-day limit (Crawley, 2017), leading to a modification of the regulations.

Since July 2017, hosts have been able to list up to four rooms at their primary residence without a permit. Larger ventures, shacks and investment properties require registration with local government, at a cost of AU$250 (Aird and Burgess, 2017).

Hosts renting out more than four rooms in their own home, and investment properties or shacks less than 300m^2, need to complete a simple form with their local council and perform a self-assessment declaring that their property meets the minimum safety standards; the council then issues a permit. For investment properties over 300m^2, building and planning requirements are necessary (Tasmanian Government, 2017). For example, fire safety features may include: smoke alarms of a suitable type, placed as per the National Construction Code; exits within multi-storey buildings are to be clearly marked and mapped for the visitor (Tasmanian Government, 2017).

Hosts need to declare income earned from short-term rentals of all or part of their residential property (Australian Taxation Office, 2017).

Conclusions

Many places around the world have experienced, are experiencing or will experience, the same regulatory challenges resulting from peer-to-peer trading of accommodation. Lee (2016) suggests regulations should counteract the increase in long-term rents; add to the affordable housing stock; disincentivize converting long-term rental properties into short-term rental properties and the 'hotelization' of unit blocks; address gentrification; increase access to benefits derived from peer-to-peer accommodation networks; and promote socio-economic integration. Quattrone et al. (2016) and Maxim (2017) suggest that regulations may have to be neighborhood-dependent, given that there are substantial differences in the nature of peer-to-peer listings across geographical areas with specific socio-demographic characteristics. Most policy makers have implemented similar regulations, as shown in Table 11.1.

Table 11.1: A summary of regulatory reactions to peer-to-peer accommodation networks

	Maximum time a primary residence can be rented out unhosted	Formal registration of property	Payment of a tourism-related tax	Short-term hosted rental
New York	Illegal	No	Yes	Unregulated and unlimited in duration
San Francisco	90 days	Yes for all host	Yes	Unregulated and unlimited in duration
Paris	120 days	Yes for all hosts	Yes	Unregulated and unlimited in duration
London	90 days, for entire home listings no matter if it is primary residence or not.	Yes if more than 90 nights	No (hosts pay council tax and VAT)	Unregulated and unlimited in duration
Amsterdam	60 days (for up to four people)	Yes if more than 60 nights	Yes	Unregulated and unlimited in duration (a room or under 40% of main residence)
Berlin	Entire home listings are illegal without registration	Yes for entire homes	No (not tourist or occupancy tax but VAT)	Unregulated and unlimited in duration (as long as the rented space does not cover more than 50% of the floor space)
Barcelona	Entire home listings are illegal without registration	Yes for entire homes	Yes	Unregulated and unlimited in duration
Reykjavík	90 days a year at the legal residence of a host and/or one other property owned by that same host, intended for personal use	Yes for all hosts	No (not tourist or occupancy tax but VAT)	90 days a year at the legal residence of a host and/or one other property owned by that host, intended for personal use
Tokyo	180 days	Yes	No (Consumption Tax, which is VAT equivalent)	180 days
Tasmania	Unregulated and unlimited in duration (if no more than 4 rooms in primary residence)	Yes, if not the primary residence or more than 4 rooms in primary residence	No (not tourist or occupancy tax but GST)	Unregulated and unlimited in duration

As can be seen, the short-term rental of space within the primary residence of the host when the host is present ('hosted rental') remains largely unregulated and permitted, although some cities impose tourism tax on such short-term rentals. In terms of short-term rental of primary residences when hosts are not present ('unhosted rentals'), regulators generally define a number of nights per annum up to which it is permissible to engage in unhosted rentals – in some cases with, in other cases without, registration. As soon as hosts exceed this limit, they are typically required to obtain some kind of commercial license for short-term rental.

Most of the locations discussed in this chapter have started collecting tourism-related taxes and fees, as well as registration fees from hosts with Airbnb assisting with collection. The aspects of unfair competition and the lack of safety regulations have not been fully addressed by most regulations because registration processes imposed on hosts are not as rigorous as those for hotels. While the discussed locations have taken action out of necessity, most have not. This is particularly surprising, given that these pioneer locations serve as excellent case studies pointing to successful solutions. Local councils which have not regulated short-term rentals are also forfeiting tourism-related taxes. The regulatory uncertainly around peer-to-peer accommodation networks means that public debate about benefits versus externalities of peer-to-peer accommodation continues and hosts remain exposed to potentially serious legal consequences (McNamara, 2015).

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12 Drivers of Price in City Destinations: Vienna

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Peer-to-peer accommodation networks have been described as disruptive innovations, as revolutions in tourist accommodation, where demand is driven by new factors such as living like a local, authenticity and meeting new people. If indeed reasons for trading on these networks are so fundamentally different, prices should reflect that. This chapter investigates what drives the price of Airbnb listings in Vienna, and asks whether these price drivers are indeed new, or whether they reflect those in established commercial accommodation.

The emergence of and high demand for peer-to-peer accommodation has received a lot of attention, not only from the tourism industry, but also from the population as a whole. While selling space to tourists for a short term is nothing new, many aspects of how peer-to-peer accommodations platforms structure trading have transformed the hospitality sector. As a consequence, cities and states have faced challenges they have never before faced in relation to commercial tourism accommodation: their residents have found themselves competing with tourists for housing, and areas with high tourism demand have become unaffordable to live in (Chapter 11). It is difficult to deny, therefore, that there is something different about peer-to-peer accommodation networks.

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Studies into motivations for becoming an active member of peer-to-peer accommodation network, be it as a host or as a guest, have also revealed motivations which – while not entirely new – are not so prominent in the context of established commercial accommodation. While many hosts trade space to earn some extra money, they are also driven by the enjoyment of meeting new people, and sharing the beauty of the place in which they live (Karlsson and Dolnicar, 2016). Guests have always liked cheap accommodation, but in relation to peer-to-peer networks, they emphasize the benefit of living like a local, in an authentic space, rather than in a standardized hotel room (Tussyadiah and Pesonen, 2016; and Chapter 15). Tourists commonly use reviews when choosing accommodation. But in peer-to-peer networks, reviews are the central piece of information that allows both hosts and guests to assess the risk of the proposed trade. Consequently, people's profiles on the network have become more important than ever (Ert et al., 2016; Karlsson et al., 2017). Hosts and guests actively build their peer-to-peer accommodation network curriculum vitae (P2P-CV, Chapter 1) and use reviews to impress other network members and increase the chances of trading successfully on the network platform.

It is not obvious, therefore, if peer-to-peer accommodation networks are a new phenomenon or not. And if they represent an incremental development from established commercial accommodation, how different are they really? One objective measure of what matters in terms of the demand for a product is the price. Drivers of price provide insights into what people are willing to pay for, and what makes a product attractive to them. If peer-to-peer accommodation networks are nothing new, we would expect price drivers to reflect the price drivers in established commercial accommodation. If it is indeed radically different, we would expect this to manifest in new drivers of price.

This chapter aims to determine which of these two scenarios holds in reality through a study of the price drivers of Airbnb listings in Vienna.

Price drivers of established commercial accommodation

Price drivers have been studied extensively in the context of the established commercial tourism accommodation sector. There is general agreement that the location of the accommodation plays a key role. It has to be close to the key attraction point of the destination, which could be the city center or main shopping area for a city (Andersson, 2010; Thrane, 2007; Chen and Rothschild, 2010) or the beach for a sun and sea destination. Proximity to the beach increases price (Espinet et al., 2003; Thrane, 2005; Rigall-I-Torrent et al., 2011). Other locations of interest include business precincts (Lee and Jang, 2011) and airports

(Lee and Jang, 2011; Pawlicz and Napierala, 2017).

The availability of a range of amenities also increases accommodation price. Prices are higher if guests are able to connect to the internet from their hotel rooms (Chen and Rothschild, 2010); if the room is air conditioned (Espinet et al., 2003); if it is equipped with a safe (Andersson, 2010) and a minibar (Espinet et al., 2003; Thrane, 2007); and if there is a TV (Espinet et al., 2003; Thrane, 2005; Chen and Rothschild, 2010) and a hairdryer (Thrane, 2007).

Features at the hotel – rather than room – which are associated with higher prices, include pools, balconies, sport facilities (Andersson, 2010; Chen and Rothschild, 2010; Rigall-I-Torrent et al., 2011), free parking (Thrane, 2007) as well as shuttle services (Chen and Rothschild, 2010), and restaurants, conference facilities, and bars being located in the hotel (Thrane, 2005; Chen and Rothschild, 2010).

Prior work leads to inconclusive results with respect to the association of room service with price; some studies conclude room service increases price (Rigall-I-Torrent et al., 2011), while others conclude that it reduces price (Thrane, 2007).

Price drivers on peer-to-peer networks

The complete set of features presented in a peer-to-peer accommodation networks listing has not been used to study the effect of each of those on price to date. But a number of studies have investigated subsets of drivers, others have formulated hypotheses about what they believe would drive price on peer-to-peer accommodation networks. Based on this prior work, it can be assumed that higher prices are associated with:

- proximity to city center (Teubner et al., 2016; Wang and Nicolau, 2017)
- space for more guests (Edelman and Luca, 2014; Kakar et al., 2016; Wang and Nicolau, 2017)
- more bedrooms (Edelman and Luca, 2014; Ert et al., 2016; Kakar et al., 2016; Wang and Nicolau, 2017)
- more bathrooms (Kakar et al., 2016; Wang and Nicolau, 2017)
- a higher fraction of the property being available for rent (Edelman and Luca, 2014; Ert et al., 2016; Kakar et al., 2016; Wang and Nicolau, 2017)
- more photos (Teubner et al., 2016)
- higher than average total ratings (Teubner et al., 2016; Wang and Nicolau, 2017)
- higher than average location ratings (Edelman and Luca, 2014)
- higher than average cleanliness and communication ratings (Kakar et al., 2016)

- lower than average value-for-money ratings (Kakar et al., 2016)
- longer network membership of the hosts (Teubner et al., 2016)
- Superhost status (Kakar et al., 2016; Teubner et al., 2016; Wang and Nicolau, 2017)
- more listings offered by the host (Wang and Nicolau, 2017)
- a verified host telephone number (Edelman and Luca, 2014)
- a verified host identity (Wang and Nicolau, 2017)
- appealing host photos (Edelman and Luca, 2014)
- host presence on social media platforms (Edelman and Luca, 2014)
- fewer available reviews (Teubner et al., 2016; Wang and Nicolau, 2017)
- a lack of permission to smoke (Wang and Nicolau, 2017)
- a lack of availability of instant booking (Wang and Nicolau, 2017)
- no breakfast (Wang and Nicolau, 2017)
- availability of free parking (Wang and Nicolau, 2017)
- availability of wi-fi (Wang and Nicolau, 2017)
- availability of a real bed (Wang and Nicolau, 2017)
- a lack of a host's profile picture (Wang and Nicolau, 2017)
- the requirement of guest's phone verification for booking (Wang and Nicolau, 2017).

Drivers of price on entire properties in Vienna

As opposed to prior work, we study the effect on price of 56 features of all listings in Vienna of entire properties. Vienna is one of the most visited city destinations in the world, ranking 18th internationally and 8th within Europe (Mastercard, 2017). Vienna is also very meaningful to the authors of this chapter: we either live there, have grown up there, or both.

We used web-scraping to collect that data. This is automated data collection from publicly accessible parts of the internet. We used the package RSelenium (Harrison, 2016) within the statistical software R (R Core Team, 2016).

First, we identified all 6049 spaces listed on Airbnb in Vienna in January 2017. Then we selected only properties listed in their entirety, because sharing the same space at the same time is not comparable with the proposition made by established commercial accommodation providers. This left 4265 listings. After data cleaning, the full profiles of 3877 listings were available for analysis.

For these properties, we extracted 56 pieces of information which served as independent variables, and included: host information; ratings and reviews; conditions for renting the property; and information about physical characteristics of the listing including amenities. The base price per night in euro

served as dependent variable. The base price is the price shown on the Airbnb platform. It does not account for extras, surcharges, or seasonal fluctuations.

We calculated an ordinary least squares linear regression analysis without variable selection, using price as dependent and the 56 descriptors of each listing as the independent variables. Figure 12.1 and Table 12.1 show results. Figure 12.1 plots t-values resulting from the regression for all coefficients; Table 12.1 shows the direction of each effect and its statistical significance level.

Figure 12.1 sorts t-values into the four groups of variables. Within the groups, the absolute size of the t-value determines the order of presentation. Black bars depict significant price drivers at the 5% significance level. Price drivers decreasing the price point to the left; price drivers increasing the price point to the right. Bars are comparable across price drivers; they depict relative impact on price within the model.

Host information

Superhost status and length of Airbnb membership of the host increase the price. Both factors also positively affect reservations (Xie and Mao, 2017). The length of the P2P-CV (Chapter 1), ID verification and hosts owning or not owning a pet did not significantly affect price. Note that this is likely to be a consequence of including properties in their entirety only. We expect the host P2P-CV to be extremely important in situations where the host is present at the property while the guest stays, in line with findings by Tussyadiah (2016).

Ratings and reviews

Low ratings for location and cleanliness have a negative effect on price, as does a higher number of reviews of the property. Listings with a low rating on location yield on average €8.29 less than listings with the highest rating. For the cleanliness rating, a low rating lowers the price by €2.93 on average. For each additional review, price decreases on average by €0.06. While the host's P2P-CV does not seem to be influential for entire properties, the property's P2P-CV clearly is. The ratings for the categories check-in, accuracy, communication, and total do not significantly affect price.

Conditions for renting the property

Logically, the inclusion of a cleaning fee drives the price up. Not so logical is the positive effect on price of the weekly discount. One explanation may be that hosts whose properties have a relatively high base price use weekly discounts more actively than hosts who rent out their spaces at a low price. No significant effects are detected for 24-hour check in, monthly booking, and the possibility of instant booking, meaning that the host cannot deny the guest permission to stay after having inspected the booking inquiry (Karlsson et al., 2017).

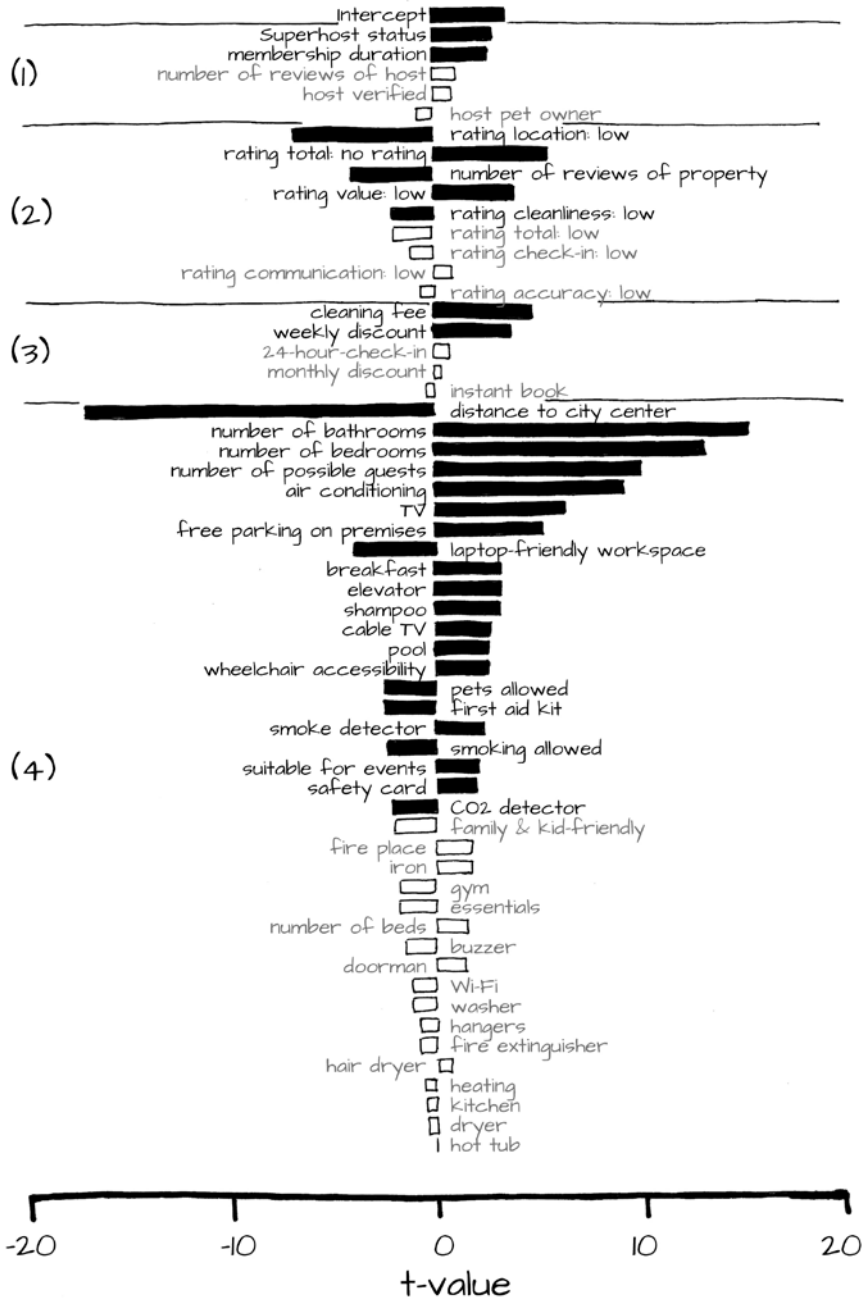


Figure 12.1: Relative price effects for Airbnb properties in Vienna (Austria). Significant price drivers shown in black bars; price drivers which decrease the price point to the left; price drivers which increase the price point to the right; bars show relative impact on price; (1) host information, (2) ratings and reviews, (3) conditions for renting the property, (4) physical characteristics of the listing and amenities.

Table 12.1: Directions and significance of price effects of features

	Highly significant ($p \leq .01$)	Significant ($.01 < p \leq .05$)	Not significant ($.05 < p$)[c]
positive	no. of bathrooms (int)[b]	wheelchair accessibility	24-hour check-in
	no. of bedrooms (int)[b]	smoke detector	buzzer
	no. of possible guests (int)[b]	suitable for events	doorman
	air condition	safety card	dryer
	TV		essentials
	rating total: no rating[a]		family- & kid-friendly
	free parking on premises		fire extinguisher
	cleaning fee (euro)[b]		fireplace
	rating value: low[a]		gym
	weekly discount [b]		hair dryer
	breakfast		hangers
	elevator		heating
	shampoo		host pet owner
	Superhost status		host verified
	cable TV		hot tub
	pool		instant book
	membership duration (months)[b]		iron
negative	distance to city center (km)[b]	pets allowed	kitchen
	rating location: low[a]	first aid kit	monthly discount (%)[b]
	number of reviews of property	smoking allowed	no. of beds (int)
	laptop-friendly workspace	CO detector	no. of reviews of host (int)
		rating cleanliness: low[a]	rating accuracy: low[a]
			rating check-in: low[a]
			rating communication: low[a]
			rating total: low[a]
			washer
			wi-fi

[a] Rating dummy variable; reference category: 'high rating'

[b] Units of numeric variables in parentheses (int = integer valued)
Other variables are binary (0 = feature is not present/not true; 1 = feature is present/true)

[c] Alphabetically ordered, since direction is not interpretable due to lack of statistical significance

Physical property characteristics

Location matters a lot, and Airbnb locations outperform hotel locations in terms of proximity to the city center (Gutiérrez et al., 2017). The further the space is from the city center, the lower the price. More precisely: if the property is one kilometer further away it costs – on average – €5.09 less. Higher prices are achieved if the property has more bathrooms, more bedrooms, and space for a higher number of guests. Air conditioning, TV, free parking, breakfast, an

elevator, shampoo, cable TV, a pool, wheelchair accessibility, and suitability for events also increase the price. Properties with a TV are – on average – €8.05 more expensive. Offering laptop-friendly workspace, allowing pets and allowing smoking reduce the price. This may be due to those features being typical for less attractive listings to increase demand by being more generous in those aspects. The price is also higher if the property has a smoke detector and a safety card. The price is lower if the property has a first aid kit and a CO detector.

Table 12.1 shows the direction and significance of all price drivers.

The regression model explains about 43% of the variance of the base price of Airbnb listings in Vienna. This is not surprising, given that many aspects tourists use to assess a listing are not captured by the 56 formal descriptors, including style and quality of furnishings and the condition of the general areas of the building.

Conclusions

This study offers a few key insights for Airbnb listings in Vienna: first of all, location is still the primary driver of price in cities, very much in line with drivers of price in the established commercial tourism accommodation sector (Espinet et al., 2003; Thrane, 2005; Thrane, 2007; Andersson, 2010; Chen and Rothschild, 2010; Lee and Jang, 2011; Rigall-I-Torrent et al., 2011) and results from other Airbnb pricing studies (Chen and Xie, 2017; Gibbs et al., 2017). Second, properties with more amenities can and do charge a higher price. Third, mixed results emerge from the analysis of price effects of ratings. High ratings for location, cleanliness and low value for money affect price positively, whereas the rating of the total listing as well as checkout, accuracy and communication do not. This finding lends support to the conclusion drawn by Gutt and Herrmann (2015) that ratings matter. In their study, the price of a listing increased by €2.69 on average as soon as ratings become available. Finally, the credibility of the host affects price. Superhost status (Chapters 16 and 20) and length of the host's Airbnb membership signal host credibility. Both factors are associated with a higher price in our study, in line with prior research findings (Teubner et al., 2016). Clearly, guests feel that more experienced hosts with proven positive performance reduce their risk of booking accommodation with them. Guests are willing to pay for this risk reduction.

What does this mean in terms of the initial question whether peer-to-peer accommodation networks are radically new, or whether they are just a slight variation on the theme of tourism accommodation more generally? Overall, it appears, the price drivers for properties where guests are not staying at

the same time as the host in major city destinations are very similar to those of commercial tourism accommodation: the price increases with increasing proximity of the accommodation to the center of town, with its size, the range of services and amenities offers, as well as positive reviews from other tourists with respect to important aspects of the accommodation. Yet two unique drivers of price emerge from this study: the length of the host's membership with Airbnb, which serves as a proxy for hosting experience; and the status of Superhost, which serves as a proxy of proven provision of quality service.

Hosting experience and proven hosting quality can be interpreted as new characteristics of short-term accommodation provision, in which case it has to be concluded that the price drivers of Airbnb listings are new. But hosting experience and proven hosting quality can also be interpreted as quality signifiers, the same kind that are communicated to guests through hotel brand names or hotel star ratings. If this is the chosen interpretation, then there is not much new about the price drivers of Airbnb listings for entire properties in major city destinations. This latter interpretation is in line with the view that consumer evaluation of Airbnb listings is very similar to that of hotel listings, and that functionality is more important than interpersonal factors (Chen and Xie, 2017).

This study has two practical implications: first, established commercial tourism accommodation providers may want to increase the amount of information they provide about their accommodation offers to ensure that guests are able to assess all aspects that matter to them. Currently, few accommodation businesses would portray their offer using 56 attributes. Second, this information can guide hosts in how they can make their space as attractive as possible for guests on peer-to-peer accommodation networks.

Questions for future research

The study of listings in Vienna is limited to one single case and, more broadly, to the category of city destinations. It is critically important to conduct replication studies including a larger set of destinations with systematically different characteristics. It is quite possible that price drivers in rural and regional locations are different from those in cities. In terms of methodology, replications should use experimental designs where hosts change settings and the impact on demand and price is observed, allowing causal conclusions of the effects of price drivers. Another line of inquiry is to study price drivers for listings where guests genuinely share space with the host. We predict that the importance of any information about the host, in such instances, will increase dramatically.

Acknowledgments

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13 Networks in China

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China is not like most other countries around the world. The Chinese market has not embraced Airbnb whole-heartedly. There are a number of explanations: Chinese people prefer online platforms in Chinese language, and have available to them several platforms, many of which they perceive to have advantages over Airbnb: these are more flexible and better cater to the needs of the Chinese market. And Chinese people feel that their home is only for the use of their family. In traditional culture, homes are not places shared with strangers.

Airbnb has conquered markets all around the world. Why not China? China is a unique market because Chinese people do not use the same social media as the rest of the world, thus reducing the credibility of verification processes on international peer-to-peer networks. Chinese people have a traditional sense of their home being only for their use and the use of their relatives and friends, not for strangers. Furthermore, Chinese people looking for short-term accommodation within China prefer to do so in the Chinese language. Consequently, many of the features of the Airbnb platform driving international market success are not effective in enticing Chinese people into this particular network as hosts. Chinese tourists – especially young tourists – have, however, adopted peer-to-peer accommodation networks during their international travels.

This chapter explores peer-to-peer accommodation networks in China using two sources of information accessible to the first author: Chinese media reports published since 2009, and 277 academic journal articles written by Chinese authors. Five primary areas of investigation emerged:

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1. the concept and its introduction to China
2. the business model underlying the networks
3. challenges faced by these networks in China
4. market strategies used by the networks in China
5. recommendations for survival and growth.

The introduction of the concept to China

Airbnb was introduced to Chinese consumers shortly after its establishment in the US in 2008 (Douban Group, 2009). The message spread across China in 2009 via the Douban Forum, an online social community used by young people to share knowledge and ideas. A 2009 post discussed the flexibility of Airbnb in terms of checking in and checking out (Douban Forum, 2009). Chinese tourists who traveled or lived outside China were early adopters.

The Chinese government saw value in the sharing economy more generally – a contribution to GDP, the increased tax income, and increased employment (Cai and Li, 2016) – and embraced it with a national strategy to encourage public entrepreneurship and innovation (Analysis, 2016). The Chinese government supports peer-to-peer accommodation networks through policies and regulatory frameworks (Iresearch, 2017).

Industry professionals and investors identified the business opportunity and implemented Chinese versions of Airbnb (Cai and Li, 2016). Local peer-to-peer networks – copying Airbnb's idea – were set up before Airbnb opened their first branch in China. One of these, Airizu, was financed by a German venture capital investment, and operated by a team of Chinese businesspeople. Airizu declared bankruptcy in 2013 after spending a substantial amount of money on online promotion, marketing and day-to-day operations. Four reasons explain its failure (Lei, 2013):

1. When Airizu was established, the Chinese market was not ready to embrace peer-to-peer accommodation networks. With the potential of the sharing economy not clearly identified in China, Airizu had difficulties finding enough guest and hosts, a key prerequisite for the success of a multi-platform business (Chapter 3). In the Chinese culture, the groom's parents usually provide accommodation – preferably a *new* house or apartment – for the newlyweds. Renting space out to strangers does not align with this tradition. People who own many investment properties can earn more money from trading real estate than from short-term rental.
2. Airizu was attractive to small businesses with 20–30 dwellings. Only about 200,000 such businesses operated across China, proving insuf-

ficient to build a successful multi-platform business. In addition, quality assuring these spaces was not affordable.

3 Using venture capital compromized the ability of the founders of Airizu to make business decisions; the sale of Airizu failed.

4 Online travel agents saw how attractive the short-term rental market was and entered this space, representing strong competition to peer-to-peer accommodation networks.

Other Chinese peer-to-peer accommodation networks were set up by Chinese entrepreneurs, and only later leveraged international venture capital to grow and expand. Table 13.1 shows the top ten at the time of writing this book. Most have initially copied the Airbnb idea. Their advantage over Airbnb, however, was their familiarity with the Chinese market; their primary target market were domestic and outbound Chinese tourists

1.	Tujia	www.tujia.com
2.	Mayi	www.mayi.com
3.	Xiaozhu	www.xiaozhu.com
4.	Muniao	www.muniao.com
5.	Belvedor	www.zhubaijia.com
6.	Onehome	www.onehome.me
7.	Fishtrip	www.fishtrip.cn
8.	Youtianxia	www.youtx.com
9.	Ziroomstay	www.ziroomstay.com
10.	Zizaike	www.zizaike.com

Table 13.1: Top 10 local Chinese peer-to-peer accommodation networks. Source: Iresearch (2017); Analysis (2016)

Tujia has most successfully implemented the Airbnb model in China. Tujia merged with Mayi in June 2016, making Mayi a branch company (Sina.com, 2016). In the same year, Tujia acquired the business sectors of 'apartment short-term rent' of both Ctrip (the biggest online travel agent in China) and Qunaer (a popular online travel booking network similar to Ctrip), establishing a strategic alliance with both (Ifeng.com, 2016). In so doing, Tujia achieved resource integration and consolidation of competitiveness of its network platform (Iresearch, 2017). Today, Tujia has more than 4000 employees across 1347 domestic and international destinations, and features more than 400,000 listings on their online platform. Listings offered on Tujia may be owned by Tujia; or hotel beds distributed through Tujia; or spare spaces offered by 'ordinary people' (Iresearch, 2017). To ensure a suitable standard, Tujia offers home renovation and housekeeping services. While Airbnb maintains that it primarily focuses on peer-to-peer accommodation, Tujia has openly diversified to ensure its survival in the competitive short-term rental market in China.

Peer-to-peer accommodation listings of properties located within China, however, are not the only market opportunity. According to the World Tourism Organization (199it, 2015), 109 million Chinese traveled outside of China in 2013, spending more than $100 billion; an increase of 40% from 2011. Growth continues with 107 million Chinese outbound tourists in 2014, 117 million in 2015, and 122 million in 2016 (China Tourism Academy, 2017).The large number of Chinese outbound tourists represents a major market opportunity for peer-to-peer accommodation networks. From 2012 to 2013 Airbnb bookings from Chinese outbound tourists increased by 700% (Qiu et al., 2016). Well aware of this opportunity, Airbnb developed a Chinese language platform in 2014. In August 2015, Airbnb officially announced the establishment of a Chinese company in Beijing.

Figure 13.2 shows the growth of peer-to-peer accommodation in China.

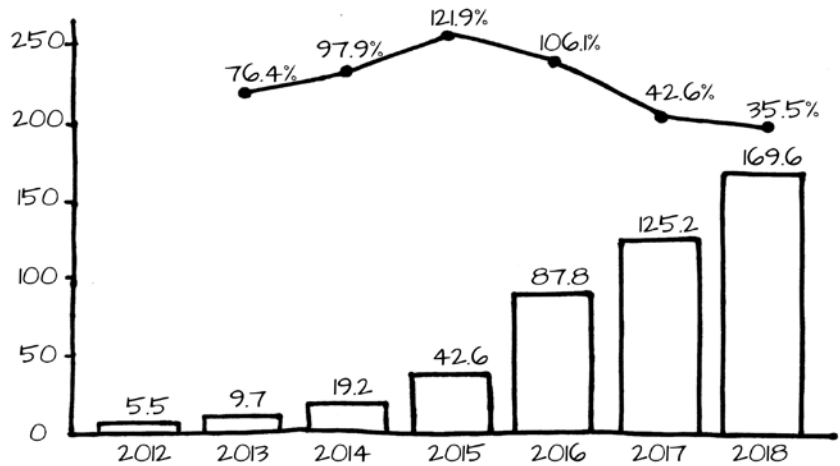


Figure13.2: (Predicted) revenues in 100 million RMB from short-terms rentals and (predicted) growth rate of peer-to-peer accommodation in China. Source: Iresearch (2017)

The business model

The business model underlying peer-to-peer accommodation networks is discussed in detail in Chapters 3–5. Within the Chinese body of work, Wang (2013) argues that Airbnb brought new rules and patterns to tourism accommodation in China by providing a consumer-to-consumer platform that effectively connects demand and supply with the network facilitator serving as arbitrator for a commission fee.

A comparison of network platforms (Xu et al., 2017) concludes that Airbnb is at a competitive disadvantage in China because of low brand recognition, and its inability to effectively reach a larger proportion of the Chinese market

due to the language barrier; the insecurity of Chinese customers about the safety of accommodation offered on peer-to-peer accommodation networks; the fact that Chinese will typically use hotels for short-term accommodation; and the relatively good service offered in China by cheap hotels. At the time of writing this book, Airbnb has 80,000 listings in China, its competitors Tujia has 400,000; Mayi 300,000; Belvedor 250,000; and Xiaozhu 140,000 (Iresearch, 2017; Sina.com, 2017).

The challenges

Peer-to-peer accommodation networks face a number of challenges in China: lack of credibility; lack of both supply and demand; strong competition; non-compliance with Chinese government policy; and the different sense of 'home' and sharing one's home with strangers in Chinese culture.

Lack of credibility

The biggest challenge Airbnb faces in China is lack of credibility (Qiu et al., 2016). In most countries, people share information online using their real name from a registered and verified account linked to social media sites such as Twitter and Facebook. In China, online channels available for sharing information are quite different from those used in most other countries. WeChat is the most popular social media platform, but this does not require formal registration with one's real name and personal identity. As a consequence, some of the key features on Airbnb – reciprocal reviewing and the development of network track records or P2P-CVs (Chapter 1) – are not as effective in regulating demand and supply and ensuring that network members perceive the platform as credible. Chinese peer-to-peer accommodation networks face the same challenge.

Media reports of short-term rentals ending badly – for example, the article 'A student of STA ruined my home' (Southcn, 2016a) – regularly ignite heated public debates about the need for effective regulation. Typical arguments relating to safety concerns include that Airbnb's systems of quality and safety control are insufficient; that the Chinese government has not set in place adequate regulations to protect hosts and guests (Shi et al., 2017); and that safety issues warrant restricting the development and growth of Airbnb's business in China. Although there have been no media shock stories about renting on Chinese peer-to-peer accommodation networks, these networks are under the same pressure as Airbnb in terms of compliance with safety regulations.

Lack of supply and demand

Real-estate prices are increasing continuously in China, making it more attractive for investors to buy and sell dwellings than to rent them out (Qiu et al.,

2016). Chinese people who own unused space are typically not facing financial difficulties; they prefer for the space to stay empty. Among those owners who choose to make unused space available for rent, the preference is to hire professional real-estate agents who manage them as long-term rentals. Owners prefer not to manage rentals personally (Cai and Li, 2016).

On the demand side, Chinese people are used to staying in inexpensive express hotels offering standardized service, convenience and a sense of safety (Cai and Li, 2016). Business travelers need an invoice to be reimbursed by their employers, but Chinese peer-to-peer networks hosts typically do not provide these. Finally, Chinese travelers are concerned about the quality of accommodation for rent on these networks, given that facilitators do not take an active role in quality management and control (Cui, 2015). However, in terms of motivations to book, Chinese consumers do not appear to differ substantially from consumers in other countries (Wu et al., 2017).

Because of the difficulties in growing the pool of hosts and guests, Airbnb is focusing primarily on Chinese outbound tourists. Within China, the focus is on attracting non-Chinese inbound tourists in first tier cities such as Beijing, Shanghai, Guangzhou, Shenzhen, and Xiamen (Guan and Bai, 2016). Chinese networks are not pursuing a strategy of capturing overseas travelers primarily.

Fierce competition

The 'apprentices' of Airbnb in China (Guan and Bai, 2016), such as Xiaozhu, Mayi, and Tujia have developed to become strong competitors to their 'master', competing fiercely for market share. Currently, 80,000 spaces in China are available for rent on Airbnb in China. Tujia provides access to more than 400,000 listings, making it the market leader in China. Local network facilitators have leveraged their understanding of the Chinese market effectively, and deviate from the Airbnb model by trading commercial accommodation, including accommodation owned by them. Tujia purchases and constructs dwellings for inclusion on the network. As such, Tujia is not merely the facilitator, but rather takes the role of both host and facilitator.

Non-compliance with Chinese government regulations

Chinese government rental regulations classify peer-to-peer accommodation networks as hotels. This has major implications on the responsibilities of network facilitators, who are responsible for food hygiene, industrial and commercial taxation, fire safety and regular inspections of the property by police. Airbnb and Chinese facilitators are in breach of those regulations, but – because of the rapid increase in listings – government regulators cannot enforce them. Radical solutions, such as prohibiting peer-to-peer accommodation networks,

are not in the interest of the Chinese government. As a result, peer-to-peer networks in China find themselves operating in a grey area (Li, 2016). Although there is much public discussion for the need of regulation and enforcement of regulations, the Chinese government has not taken decisive action to date.

A culturally different understanding of one's home

The traditional perception of one's home in the Confucian philosophy is that it is a private space for the family, not for strangers (Li, 2016). This understanding has major consequences for peer-to-peer accommodation networks. It implies that – unless the space is an investment property – renting it out to strangers is not acceptable under many Chinese people's conventional thinking.

Airbnb's market strategy for China

Airbnb's strategy in China is to focus primarily on the Chinese outbound market and inbound international visitors familiar with Airbnb. Airbnb has taken a number of steps to customize the platform to increase acceptance in the Chinese market: Airbnb developed an official Chinese name to express that it is genuinely embracing the Chinese market. Before this official Chinese name, Airbnb used the Chinese translation *Kong Zhong Shi Su* (空中食宿) which literally means 'food and accommodation in the air'. The new translation of Airbnb is *Ai-bi-ying* (爱彼迎) has a very positive meaning: 'Love (enables us) to welcome you'. *Ai* (爱) means 'love'; *Bi*（彼）means 'you' in Ancient Chinese; and *Ying* (迎) means 'welcome'. According to the official interpretation of Airbnb China, *Ai-bi-ying* means 'Let love embrace each other' (Airbnb, 2017). The webpage of Airbnb also includes a new feature – called *Story* – which allows the Chinese Airbnb users to share travel stories, and facilitates communication within the Chinese Airbnb community. This is also an in-circle marketing and promotion strategy. Furthermore, Airbnb signed strategic collaboration agreements with major cities in China; obtained venture investment in China; and entered a partnership with Alipay, the most popular online payment platform. The *Airbnb Traveling Save* interface enables guests to pay using Alipay and use a planning tool that calculates how much guests need to save per day to afford their next trip. The partnership with Alipay targets young Chinese customers (Guan and Wang, 2017).

Recommendations for survival and growth

To succeed in China, facilitators such as Airbnb need to ensure a number of things (Wang and Yang, 2017):

Understand guest needs

Network facilitators need to have an in-depth understanding of guest needs (Wang and Yang, 2017), including security needs and the need for respect and friendliness, which can be achieved through sharing photos and stories via social media platforms independent of the peer-to-peer network. For example, in 2015 Airbnb China registered an account on Douban, a popular social network platform. Airbnb set up a discussion group where it updates content such as Airbnb news and coupons, responds to inquiries, and encourages network members to share their experiences (Douban Forum, 2015). Existing social network platforms in China such as WeChat, Weibo, Douban, Baidu Post Bar, Renren, Tianya, and Zhihu are all effective channels to learn about guest needs.

Grow supply

Network facilitators need to grow supply in second- and third-tier cities popular with tourists because a larger pool of unused spaces is available in such locations (Wang and Yang, 2017). Currently, 75% of listings are in first-tier or semi-first-tier cities (Analysis, 2016; Sootoo Research, 2015). To grow supply, owners have to be convinced to make space available and welcome strangers to their homes. This is particularly challenging in smaller, more conservative cities (MPCAFF, 2016). The inconvenience of having to manage short-term rentals, and the fear of damage to the house, represent major obstacles for owners to turn long-term rentals to short-term rentals, although short-term rental is more profitable (Ikanchai, 2016). To overcome these hurdles, Tujia offers a housekeeping service (Yicai, 2014). Another obstacle is the belief in Chinese traditional culture that private space is for exclusive use by family. But with younger generations owning more properties, and with the sharing economy being embraced in the Chinese society, a growing supply side will be nurtured, and this cultural obstacle will fade away (MPCAFF, 2016).

Grow demand

Pricing, accommodation use habit, sense of safety, and service quality are the major challenges to demand growth (Analysis, 2016; Ikanchai, 2016; MPCAFF, 2016). The low price remains one of the key competitive advantages of peer-to-peer accommodation networks over hotel accommodation. Keeping the price low while providing additional value represents a key challenge. A survey of backpackers (Traveldaily, 2017) revealed that providing tips for local tours, local product shopping, and car rental were highly appreciated. As for use habit, research reveals that younger people born in the 1980s and 1990s are becoming the major market for peer-to-peer accommodation networks. This generation demands personalized products and services (Traveldaily, 2017;

Iresearch, 2017). Winning them and keeping them as loyal customers will be the key to future success. The confidence in the safely of the accommodation is essential to ensure demand. Xiaozhu introduced a smart door lock – using a numerical keycode send to the guest's phone before arrival – which increases security while reducing the inconvenience of physical key exchanges. Xiaozhu installs this device free of charge at listed properties.

Improving platform credibility

Network facilitators need to continue to improve their systems to ensure credibility of the platform and the network. Xiaozhu, for example, teamed up with Sesame credit, an independent third-party credit agency. Through cloud computing, machine learning and other technical solutions, Sesame can establish people's credit status. This credit system has been used for credit cards, consumer finance, financial lease, hotel, house renting, travel, marriage, information classification, student services, and public services. This collaboration allows setting up honesty and credibility files for hosts and guests, thus increasing credibility of the platform (Southcn, 2016b).

Conclusions

Airbnb has successfully entered most markets around the globe, making it the international market leader in commercial peer-to-peer network accommodation. China is not like other markets. Airbnb entered the Chinese market relatively early. Yet local companies imitating Airbnb's business model have developed to become strong competitors and offer travelers many more accommodation options to choose from than Airbnb. Airbnb has reacted by focusing on outbound Chinese travelers as well as international travelers to China.

To be successful in China, a peer-to-peer accommodation network needs good brand recognition and to offer localized product and service. This, in turn, requires a strong local team to assist with this customized development. Credibility is a major issue in China and may require the introduction of quality controls by facilitators. Some Chinese peer-to-peer accommodation networks achieve this by not only facilitating hosting, but also by serving as hosts themselves, giving them more control. They also provide professional housekeeping services to ensure quality. Collaboration with both local governments and local competitors is critical to the success of international peer-to-peer accommodation networks entering the Chinese market. Finally, a localized marketing strategy needs to be deployed which leverages local social media platforms such as Weibo and WeChat and other online platforms such as Douban and Zhihu, all of which are heavily used by young educated Chinese people.

Questions for future research

Within the Chinese traditions, the concept of sharing personal space with strangers is even more foreign than it is in the Western context, leading to many research questions for the future. How can sharing private space with strangers be reconciled with Chinese tradition? How can Chinese property owners be enticed to host? What role could peer-to-peer accommodation networks play in poverty alleviation? What role could networks play in increasing tourism activity in rural and regional areas of China? How can networks – which are by very definition highly decentralized – align with the centrally controlled nature of the Chinese economy? Will the 'master' learn from its 'apprentices' in China and copy some of the successful strategies introduced by Chinese peer-to-peer accommodation networks, including the provision of house-keeping services and taking on a direct hosting role?

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14 The Impact on Employment

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Contingent (just-in-time, or gig) employment is on the rise in tourism and hospitality. People in contingent employment are not offered long-term contracts, but are called upon when needed. This chapter explores whether peer-to-peer accommodation networks are part of the problem or part of the solution. They create new challenges by increasing the competitive pressure on the established commercial sector, which leads to a reduction in jobs and a conversion of full-time to contingent employment. But they also offer new employment opportunities: without entry barriers, people can earn additional income by renting out spare space, and other opportunities – especially for a workforce trained in hospitality – are emerging as listing managers for hosts. These jobs may be particularly suitable to people traditionally struggling with full-time employment arrangements.

Work as we know it in tourism and hospitality is changing. The supply-and-demand dynamics of the labor market are shifting. Some highly skilled fields are experiencing dramatic labor shortages. Examples include revenue management (needing more revenue analysts, managers and directors of revenue) and data management (needing more 'big data' analysts, predictive analytics and data managers; Business.com, 2017). Other skilled fields experiencing labor shortages include website maintenance and design, customer engagement using social media, content marketing, digital marketing campaign design and distribution strategy. At the same time, the tourism and hospitality industry has an oversupply of low-skilled workers, such as bartenders, guest service

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agents, housekeepers, door attendants, and parking attendants. For every such position becoming available, hundreds of applicants are not hired. This asymmetry in labor demand and supply in the tourism and hospitality industry has broad societal implications as workers close to minimum wage become financially constrained and experience serious poverty issues.

In addition, the relative number of long-tenured full-time employees is decreasing, while the number of occasional/part-time/seasonal workers is increasing. According to the US Government Accountability Office '40.4% of the U.S. workforce is now made up of contingent workers—that is, people who don't have what we traditionally consider secure jobs' (Pofeldt, 2015). Of those, 8% are on-call workers or agency temps. In comparison, the proportion of contingent workers in 2005 was only 31% (Pofeldt, 2015). Contingent workers are more likely to not have completed high school, to be younger and of Hispanic background. They do not enjoy the same workforce protections as full-time employed staff; earn less; enjoy fewer benefits; and consequently, rely more on public assistance (US Government Accountability Office, 2015).

The aim of this chapter is to explore the role of peer-to-peer accommodation networks in this changing employment environment in tourism and hospitality, which is increasingly characterized by contingent work, by just-in-time employment. Specifically, the question is asked whether peer-to-peer accommodation networks are part of the problem, part of the solution, or both.

Workforce trends in hospitality and tourism

Because of the increased proportion of people in just-in-time employment, the nature of the relationship between employers and employees is changing. Occasional/part-time/seasonal workers are not as loyal or as well trained and do not form an integral part of corporate culture. Consider Mary, a room attendant at an upscale hotel, and Sue, a part-time housekeeper at the same hotel. Mary has been employed for over a decade working as a house cleaner on the same floor. She knows the rooms like the back of her hand, the regular guests' quirks, needs, and wants; she is familiar with the new bedding systems with memory foam mattresses and hypoallergenic pillows; and she is current with all the subtle changes in procedures with the new turndown service. Mary also attends all the department meetings and training sessions. She does the afternoon turndown service that involves the removal of the bedspread, drawing the curtain, filling up the ice bucket with fresh ice, turning up mood lighting, and setting the radio on a specific soft music station, plus the thermostat on low fan setting in each occupied room. Sue is a part-timer called to fill in for room attendants if someone calls in sick, takes a vacation, or a section is short

staffed temporarily. She works different floors and different shifts as needed, and she cleans common areas such as the lobby or the locker rooms of the fitness center as well. She needs detailed instructions and close supervision. Sue does not participate in training or product and procedure updates; she does not attend workplace volunteer activities because she has another part-time job as caregiver at a retirement home.

Corporate structures are also experiencing a transformation. Hierarchical structures are becoming flatter as 'unnecessary' layers disappear because fewer staff work on a full-time basis with benefit packages. Based on a survey of 7000 human resource and business leaders, Deloitte (2017) derived a number of key trends, including the replacement of traditional hierarchies with teams. Particularly interesting is the contrast between the trend referred to as the 'gig economy' requiring managers to achieve outcomes with a workforce that is not on staff, and employees craving purpose in their workplace and needing to be 're-engaged and re-recruited' every day (Deloitte, 2017: 1).

The need to increase payroll efficiency and ensure maximum flexibility to respond to market changes leads to fewer staff. The model of flatter hierarchies with fewer long-term employees becomes viable because technological innovations and high connectivity enable offshoring, outsourcing, and automation of services. For example, a UK hotel chain's call center may be located in India or a US airline may have its 800 number answered in New Brunswick, Canada. Reservation calls and customer inquiries are handled more frequently by automated systems as voice recognition software has improved in recent years. Automated concierge, web check-in, and apps replacing humans for simple tasks – such as booking a restaurant table, finding out hours of operations – are growing, fuelled by the ubiquitous use of smartphones and tablets. Apps can enable a smartphone to become a room key, replacing front desk personnel who would check-in a new arrival, code and issue a key card, open a guestroom account and change a room status from vacant to occupied. All these tasks are automatic once the arriving guest grabs their smartphone and activates a code sent to them via text message. These examples of outsourcing, offshoring, and automation are consistent with corporate efforts to increase productivity, cost-efficiency, and as answers to growing pressures from investors to drive profitability. Further increases in productivity are due to improved forecasting tools that enable hotels, resorts, and restaurants to fine-tune staff scheduling to be in line with precise demand predictions. Work schedules are optimized by the hour, resulting in fewer working hours for staff, as well as fewer shifts and overall a smaller number of employees generating comparable revenue.

In parallel to these developments within organizations, new personal income generation models have also emerged which offer an alternative to

the traditional model of full-time employment. Today, a person can drive for Uber occasionally, rent out their spare room a few times a year, work on short-term contracts, and be on call if some extra assistance is required at an event. Entering the term 'earn money' in an online search engine leads to a wealth of suggestions for entrepreneurial individuals. Maragna (2014) shares ten unusual ways of earning some additional income: selling unneeded items on eBay; selling skills – anything that results in an electronic output that can be sent by email – on eBay; selling home-made art on iStockPhoto; creating a website or blog; renting out a spare room; selling things you make on markets; becoming a virtual assistant; becoming a mystery shopper; getting another job. Most of those recommendations rely heavily on the internet as a trading platform, suggesting that online trading platforms, including peer-to-peer accommodation networks, may offer a solution to the large contingent workforce. But do they really? Do peer-to-peer accommodation networks contribute to the problem of just-in-time employment? Or do they offer a solution?

Networks as part of the problem

The emergence and popularity of peer-to-peer accommodation networks is having a significant effect on the established commercial tourism accommodation sector. Competition is nothing new to commercial providers of short-term accommodation; it is part of their everyday business. Over the past few decades, hotels that offer reliable standardized products and services have increasingly faced competition from boutique providers of accommodation that offer more unique experiences to niche tourism markets. Yet competition by these traditional competitors had no major structural effect on the short-term accommodation sector because everyone still played by the same rules: all accommodation providers were businesses aiming at profit generation forced to comply with the relevant government regulations.

Peer-to-peer accommodation networks changed the rules. Efficient online trading platforms now enable individuals who are not commercial accommodation providers to make space available for rent. While this situation is common in the long-term rental market, it has – over the past decades – been a marginal phenomenon in tourism accommodation provision: holiday homes rented out by private people existed, but not on a scale representing a competitive challenge to the established commercial short-term accommodation sector (Chapter 6). Enabling individuals to make space available for rent easily and efficiently led to a rapid and sharp increase in the availability of alternative tourist accommodation options. According to Google data (Paolo, 2017) one in 10 leisure tourists used private accommodation in 2011; in 2015, every third did so. The business travel market is starting to embrace peer-to-peer network

accommodation, with 31% of Airbnb guests in the last two years having used it for business travel (Paolo, 2017). The rapid increase in both supply and demand of peer-to-peer accommodation has led to significant regulatory challenges for public policy makers who are concerned primarily with issues of fairness of competition, safety for guests, and protection of the long-term rental market for locals (Chapter 11).

The implications on employment in tourism and hospitality have not been a big part of public debate in the context of the emergence of peer-to-peer accommodation networks. They have also not been a major driver for public policy makers to change the regulatory framework under which the networks operate. Yet the potential negative consequences on employment in tourism and hospitality are significant:

1. Peer-to-peer accommodation networks compete with the established commercial sector at a growing number of locations. In some, the average hotel occupancy stays high (above 80%) even as networks flourish. In other locations, hotels struggle to increase occupancy, while statistics reveal that visitor numbers are growing and peer-to-peer networks are thriving. Under-served and well-supplied markets tend to show different impacts. As the competitive pressure moves from being limited to low-cost/low-standard to the entire range of commercial short-term accommodation, it is inevitable that some commercial providers will struggle to maintain their market share or may even lose share. Less business, in turn, may result in hiring freezes, less seasonal work, less or no overtime work, and smaller numbers of part-time positions.
2. Market uncertainly caused by the emergence and success of peer-to-peer accommodation networks increases the pressure of established commercial providers to keep their operations as flexible as possible to be able to react quickly to market changes. This, in turn, may lead to fewer full-time jobs and more causal employment in times of high demand. Although hotels require a base level of staff to keep operating and maintaining the service level hotel guests expect, minor downward adjustments are still possible. For example, the lifeguard at the pool can be replaced with a 'Pool Unsupervised' sign and the number of cleaners can be reduced by moving to models where bedlinen is only changed or rooms cleaned upon request. The challenge for established providers will be to identify in which areas replacing a permanent with a contingent workforce will not have major negative implications for guest satisfaction.
3. Hotels in certain locations and of a certain quality standard will be outcompeted by peer-to-peer accommodation networks. Especially at risk are, for example, economy hotels in downtown locations, which will be forced either to close down or to adjust capacity. Some hotels in

Toronto, Ontario, Canada have already converted entire floors or – in some cases – the entire hotel (the former Colony Hotel) to become student residences because downtown university residence capacity was insufficient. Another example is that of The Bradgate Arms hotel, which is now a retirement home. A Hilton Garden Inn in downtown Toronto has been closed and knocked down, to be rebuilt as a condominium residence building. Such transformations are likely to lead to job losses, especially if the alternative accommodation type is less labor-intensive and positions are eliminated as a result.

4 Hotels choosing to compete with the pricing of short-term accommodation available on peer-to-peer networks may have no option but to achieve this by reducing staffing levels to remain profitable. Some of the services currently provided may no longer be offered, others may be replaced by technological solutions such as self-service in-room amenities (e.g., coffee makers, safety deposit boxes); self-service food and beverage (e.g., vending machines for snack and beverage sales); or robotic concierges to assist with basic inquiries at reception.

O'Regan and Choe (2017:166) argue 'the Airbnb marketplace … undermined hard-fought protections and regulatory frameworks for those working in the accommodation sector'.

Networks as part of the solution

Some of the benefits of peer-to-peer accommodation networks include that tourists have more choice when booking a place to stay; the number of unique places to stay has increased; multi-generation travel – where a few families spend their vacation at the same accommodation together – has become more viable both in terms of the spaces available and the affordability of those spaces (Chapter 18); tourists – and with them tourism revenues – can be brought to regional and rural areas in which it is not profitable for hotels and motels to develop tourist accommodation; tourists may be able to experience the destination in a more authentic way given their close interaction with locals; and social benefits reported by both guests and hosts (Karlsson and Dolnicar, 2016) of meeting and interacting with interesting new people.

While the potential of peer-to-peer accommodation networks for stimulating entrepreneurship both at the global and local level has been pointed out (Chapter 7), the potential positive effects on employment in the tourism and hospitality industry have not been discussed in detail to date. A few such positive impacts may be the following:

1 Peer-to-peer accommodation networks offer a simple way to supplement income. The barriers to entry are low and, currently, most countries do

not require an accreditation process or impose other burdensome regulatory requirements on renting out private space. As such, peer-to-peer accommodation networks have the potential of serving as a security net for the increasingly large contingent workforce. In a comparison of the '10 most lucrative side-gigs' Airbnb emerged in leading position, earning hosts in the US who had applied for a loan, $925 per month on average (Draper, 2017).

2 As a consequence of structural changes across a range of industries, many middle-class jobs were lost. People who worked in low-skilled jobs all their life were close to the last decades of their income-earning years, but found themselves unemployed (for example, because of their factory closing down) have significant difficulties finding new employment. Monetizing a spare room or a whole house can become a lifeline.

3 Graduates of hospitality colleges may have difficulties finding suitable jobs. Without practical on-the-job experience, graduates will not find employment at supervisory or junior management level. Becoming entrepreneurial is a possible solution. Instead of looking for corporate positions, they can become hosts or make available their knowledge and skills in hospitality to the growing number of individual and commercial hosts on peer-to-peer networks. Some individual hosts like earning extra money by renting out spare space, but do not like administrating this process. Examples include a gentleman from Spain who managed 25 units at a resort town; a couple who had a successful home rental business in the mid-west and a retired lady from Canada who already had a vacation property and was considering buying more for renting out, among others. These are retired people the first author met at a conference. They welcomed the peer-to-peer accommodation rental opportunity as a way to earn supplemental income and stay socially active. They loved meeting people from other places and helping them to make their visit memorable by offering their local knowledge (Chapter 15). Despite welcoming the opportunity to rent out their properties, they did not necessarily enjoy the burdensome tasks associated with it. Consequently, they were willing to pay for outsourcing this work (Chapter 7). The commercial investors market has even more potential. Purpose-built accommodation for distribution on peer-to-peer accommodation networks is becoming more common and, with it, the need of investors to have staff to manage rental operations. The opportunities in this rapidly developing niche market are significant as investors generally employ managers to coordinate and supervise multiple units for one or – on occasion – more hosts. Managers oversee bookings, arrivals, turnovers, cleaning, and re-supplying, as well as coordinating repair and maintenance needs of the properties listed on peer-to-peer accommodation networks.

Conclusions

The emergence and success of peer-to-peer accommodation networks have had a profound effect on the tourism accommodation sector. Given that the sector is highly labor-intensive, this has major flow-on effects on employment in hospitality and tourism. This chapter explored whether peer-to-peer accommodation networks are villains or whether they are merely change agents creating challenges and offering solutions.

Key challenges created by peer-to-peer accommodation networks in terms of tourism and hospitality employment include fewer employment opportunities in the established commercial accommodation sector due to: reduced demand for these services; short-term accommodation providers being unable to compete with peer-to-peer networks moving out of the business; providers trying to match peer-to-peer accommodation pricing and cutting expenses to protect profits by reducing the service level or replacing staff with technological solutions; and replacement of full-time permanent positions with demand-dependent contingent-employment.

Key opportunities resulting from peer-to-peer accommodation networks include an avenue for earning money without entry barriers. This may be of particular benefit to the aging workforce which has loyally worked in full-time employment in industries such as manufacturing, but also tourism and hospitality. With more and more factories shutting down, and technology replacing humans for the provision of standardized tasks, peer-to-peer accommodation could become a lifeline for some. The emerging demand for managers of rentals listed on peer-to-peer accommodation also offers significant opportunities to graduates of hospitality colleges and universities that have the knowledge and skills required to run hospitality services, but may find it challenging to enter at managerial level in the hotel industry. Finally, people whose life circumstances make it challenging to fit into the rigid structures of organizational employment (for example, primary carers of little children) may find that the money earning opportunities offered by peer-to-peer accommodation networks – be it as host, supplier to hosts, or manager of listings for hosts – make it easier for them to actively participate in the workforce.

Questions for future research

A number of research questions in the area of employment in the hospitality and tourism industry emerge from this chapter. What is the extent to which established operations offering short-term accommodation have to downsize or close down because peer-to-peer networks? Which types of short-term accommodations in which locations are most affected? How many employees

lose employment? How many hosts are currently outsourcing support services and – with it – offering employment opportunities? How many hosts would consider doing this in future? Is the growth in multi-unit ownership and/or management substantial enough to become a viable self-employment model in its own right? Is the nature of these jobs, which are effectively support services for peer-to-peer accommodation network hosts (Chapter 7), more suited to groups within society that have traditionally struggled with rigid full-time employment models, such as primary carers of young children? Is the nature of these jobs particularly well suited for the younger, tech-savvy generations who have grown up connected, communicating and transacting mostly online? Is public perception of the desirability of different kinds of employment shifting: do people still desire full-time employments which comes with an expectation of permanence, or do they increasingly prefer money earning opportunities which allow them maximum flexibility and freedom in terms of when and where they work? Is it necessary to reconsider career planning for students of hospitality and tourism programs in light of the emergence of peer-to-peer trading and the lack of stability of employment in the traditional hospitality sector? Do educators need to introduce more entrepreneurship and innovation focused courses into the hospitality and tourism curriculum?

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15 Types of Network Members

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Not all guests are the same. Not all hosts are the same. In this chapter, typologies of hosts and guests are proposed. The key dimensions of classifying hosts are how important earning money, befriending people, and living an ethical life are. The key dimensions for guests are saving money, meeting people, having an authentic experience, and finding accommodation that caters to their unique needs. We suggest that each host or guest is a mixture of those pure types and, optimally, compatible hosts and guests can be matched.

Members of peer-to-peer accommodation networks are called *guests* – when they are seeking short-term accommodation – or *hosts* – when they are making space available for short-term rental. Networks do not differentiate between different types of hosts and guests. Yet variability is one of the defining features of peer-to-peer accommodation networks (Chapter 1). Variability among guests means that people searching for short-term accommodation have different needs and, consequently, different offers are required. Variability among hosts means that facilitators of peer-to-peer accommodation – such as Airbnb and its competitors – need to interact with hosts differently: some just want to use the trading platform, others want to engage with other hosts and are grateful for the facilitator giving them recommendations about how to become a better host.

This chapter explores variability among hosts and guests. Using key characteristics, we develop typologies and derive implications for network members, facilitators, or networks.

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Reasons for hosting

A number of studies have investigated the reasons for trading on peer-to-peer accommodation networks. Financial motives have repeatedly been identified as key drivers of hosting (IPSOS, 2013; Holte and Stene, 2014; Hamari et al., 2015; Glind, 2013; Stors and Kagermeoier, 2015). Deale and Crawford (2016) found that respect between guests and hosts, meaningful relationships, and having access to resources required to participate on peer-to-peer platforms were of key importance to hosts. A study of Australian hosts (Karlsson and Dolnicar, 2016) asked hosts the following question: ''Please tell us your main reasons for renting out your property?' Three key areas emerged: income, social interaction, and sharing. Many hosts mentioned income, although they did not formulate it in the same way a commercial enterprise would formulate it. Instead of talking about profit or return on investment, Airbnb hosts in Australia talked about what the additional income could help them with, including paying their bills, making ends meet, paying off an investment property, but also affording a little bit of luxury they could not usually afford. Social interaction also played a key role for many hosts, who mentioned that they enjoyed meeting people as well as the social interaction. And, although most peer-to-peer accommodation networks are about trading, not sharing space (Chapter 2), many hosts mentioned sharing as a driver for hosting, listing reasons such as using space that would otherwise be wasted, but also sharing the beauty of the place in which they live.

Our interviews with hosts revealed a variety of reasons for engaging in Airbnb, mostly confirming motivations revealed in prior studies. Many hosts listed a small number of key reasons for hosting. Long-term hosts often reported that their initial reasons for engaging in hosting shifted over time as the platform or their experiences changed. Three main categories of reasons emerged: money, people, and ethical reasons. The following quotes illustrate how hosts view money as a driver of hosting:

> I built my first Airbnb on my property as I did my homework and worked out it would be a great source of income for my family. It went so well we bought the block. I cashed in my superannuation to do it. Now I am building eco-friendly accommodation up there. I have bought it to help me in my retirement.

> Money is the primary reason, but it is closely followed by the opportunity to meet people from different countries, cultures and race, and introducing them to our way of life. As former homestay hosts (1999–2009) of international students, we've always found the experience a positive one.

For many hosts – often those aged in their 40s or 50s who lived alone or who had recently been through a life change such as a divorce or children leaving home – people were a main driver for hosting. Friendship and the opportunity to connect with people played a central role:

> I started after I returned from walking the Camino de Santiago in 2011, when I was 51 - I had met so many wonderful people from across the world on there, that I wanted to welcome people into my own home and city to help them discover it at a personal level, and I also wanted to keep connected with travelers and people living different lives... The money was a small part as I kept my rates very low.

For some hosts, the original vision of the Airbnb platform aligned with their own ethical beliefs around the use of underutilized resources and formed a primary reason for them to engage in this peer-to-peer network:

> Initially this was my number one motivation… an ethical or political motivation, to support the sharing economy, sharing assets and facilitating lower cost travel in recognition that our economy is bound to slow down.

Overall, it can be concluded that a wide range of factors motivates hosts, and that each one of the factors has a different importance to different hosts. This insight forms the basis our proposed host typology.

A typology of hosts

The most obvious grouping of hosts is into purely commercial providers and 'ordinary people' who make unused or underutilized space in their homes available to other 'ordinary people'. Some peer-to-peer accommodation network platforms – such as Couchsurfing – accept only hosts who are genuine peers of their guests. Others – such as Airbnb – allow hosts who are not peers to the guests to offer space on their platforms, enabling commercial providers to use the network as a distribution channel. The European accommodation network facilitators 9flats and Wimdu reported in 2014 that about one-third of their hosts were professional real estate agents or hospitality service providers. This third of commercial hosts accounted for the majority – approximately 80% – of 9flat's revenues (Böschen, 2014). The differences between these two types of hosts are significant: professional hosts – those offering more than one property on Airbnb – earn 17% more in daily revenue, have 16% higher occupancy even if the price and the number of days the space if available for rental are the same (Li, Moreno and Zhang, 2015).

This dichotomous host typology does not capture the full variation between hosts. Using three of the key factors motivating hosting, we propose that there

are three core types of peer-to-peer accommodation networks hosts – illustrated in Figure 15.1: *Capitalists, Befrienders*, and *Ethicists.*



Figure 15.1: Pure host types: *Capitalist*, *Befriender* and *Ethicist*

Pure *Capitalist* hosts want profit; they want maximum return on investment. They use peer-to-peer networks as distribution channels. Their hosting behavior focuses on maximizing profit margins for long- and short-term financial gain. They are not attached to the spaces they are renting out and view damage as a business expense. They have no interest in socializing with guests; they are not interested in communicating with other hosts. *Capitalists* are not concerned about assessing the risk of individual booking requests before confirming them.

Pure *Befrienders* have a desire to socialize. They like to meet people and extend their social circle. They may welcome the money, but are likely to host independently of whether or not they are receiving a payment in exchange. They want to interact with guests before the booking is confirmed, meet them upon arrival, and maybe catch up and chat with them during their stay. It is important to them that the needs of their guests are met, and they are more than happy to provide information and recommendations to guests. *Befrienders* may also enjoy interactions with other hosts, although this is not necessarily the case, socializing with guests stands at the center.

Pure *Ethicists* desire to live an ethical lifestyle. Their behavior is guided by the principle of ensuring sustainability through all facets of their life, including space utilization. They feel strongly about their membership on peer-to-peer accommodation networks and get quite upset if the actions of the facilitator do not align with their value system. *Ethicists* are likely to interact with other like-minded hosts, and the most likely of all host types to form neo-tribes around their hosting activity (see Chapter 20).

Of course, the pure types as illustrated in Figure 15.1 and described above are not common. Usually, hosts are a mixture of each of those pure types. Chapter 17 provides insight into the thinking of a *Capitalist-Ethicist* host; typical

Couchsurfing hosts appear to be *Befriender-Ethicist* hosts (Decrop et al., 2017; Kim et al., 2017); and the quote below is from a *Capitalist-Befriender* host:

> Question: What are the reasons that you are hosting on Airbnb?
>
> Response: Reaching other markets, potentially overseas customers, to our holiday home.
>
> Question: What is the primary reason?
>
> Response: More customers.
>
> Question: If earning money is one of your reasons, what do you use the money for?
>
> Response: Paying rates and other bills on the property, as well as the mortgage, and general income for the family.
>
> Question: Do you get enjoyment from hosting on Airbnb? In which way?
>
> Response: Yes, I like the personal connection to 'strangers' and hearing about their trip.

The typology above relates to the primary driver of participating in peer-to-peer accommodation trading. But there are also other aspects which differentiate between different types of hosts, such as the way in which they manage tasks relating to hosting. Some hosts are happy to take recommendations from the network facilitator about settings, such as the minimum number of nights guests have to stay or the recommended price, and are willing to accept *Instant Book* (Chapter 1) which allows guests to book without an assessment of the booking request by the host. Other hosts like to maintain full control over all aspects of their listing.

Reasons for using peer-to-peer accommodation

Just as with hosting, people who search for tourist accommodation and choose peer-to-peer accommodation do so for a number of reasons. Tussyadiah and Pesonon (2016) argue that travelers use it because of two primary reasons: desire to meet people and a desire to save money (Liang, 2015). Offering accommodation at a lower price than established commercial providers is possible for hosts because fixed costs are already covered, labor cost for providing the space is low, and peer-to-peer accommodation networks typically only charge if a booking is made (Oskam and Boswijk, 2016). Tourists who use network accommodation also like to live like locals, to experience an 'authentic' homestay style experience, and to feel welcome (Tussyadiah and Zach, 2017). At the center of Airbnb's marketing strategy stand uniqueness and belonging (Liu and Mattila, 2017), which is reflected in online discussions:

> It's like staying with relatives rather than going to a hotel- it takes away from the traditional touristy places and lets us see the real Tasmania.
>
> I travel a lot and I get bored of generic hotels. I like the idiosyncrasies of different Airbnb places that changes between properties and countries.

Our research revealed another driver of using peer-to-peer networks: the possibility to find a space that is suitable for one's unique accommodation needs. For example, multi-family travel (see Chapter 18) requires a substantial amount of space which has both common areas and private areas for individuals of individual families to retreat. Such travel needs are not catered for by the established commercial accommodation sector. Here is how a user summarizes the advantages of using peer-to-peer network accommodation (To Travel & Beyond, 2016):

> **Traveling with a group.** When you are going somewhere with a group of people, or even 4+ it is really nice to all be in the same place. It can be frustrating to book several hotel rooms, and hope that you are all nearby or on the same floor
>
> **Great for unique places.** If you are traveling somewhere that has the option for a really unique listing, I would be more inclined to go for it. For example when Annie stayed in a treehouse…
>
> **See a different part of town**.… often nice to stay in a lesser known area…
>
> **Price but only sometimes.**… you might find a really good deal if you look hard enough. In relation to traveling with a group, it will likely be cheaper for everyone to share the price of a house.
>
> **Location.**…These are locations where people are more likely to live...

Consequently, we see four key factors motivating guests: saving money; meeting people; wanting to have an authentic experience rather than staying in a generic hotel room; and finding accommodation that caters to the unique needs of the travel party. These drivers form the basis of our guest typology.

A typology of guests

Using key factors that have emerged as drivers of guests using peer-to-peer accommodation networks, we propose that four core types of guests – illustrated in Figure 15.2 – exist: *Cost savers*; *Socializers; Localizers*; and *Utilitarians*.

Pure *Cost savers* want to save money. They use peer-to-peer networks as an avenue for booking low-cost accommodation and keep their vacation budget

low. They are willing to stay a little further away from the main attractions, and are willing to forego luxury and surplus utilities in the accommodation, if that reduces accommodation cost. *Cost savers* are not interested in meeting people; have no special requirements in terms of the nature of the accommodation; and do not care about having an authentic vacation experience. They are heavy users of filtering functions on peer-to-peer accommodation network platforms because they allow them to identify the cheapest place to stay. They have no particular loyalty to the network. If a hotel or motel is cheaper, they book that instead.



Figure 15.2: Pure guest types: *Cost saver*, *Socializer*, *Localizer* and *Utilitarian*.

Pure *Socializers* want to meet people. They may be traveling alone using peer-to-peer networks as a means to stay with other people in order to feel safe. Or they may be driven to stay with others in order to feel like they have met local people and therefore understand the culture in more detail. Highly social, these guests chat via the peer-to-peer platforms prior to their arrival and spend time with their hosts during their stay. Money, amenities, and utilities are not key drivers for these guests. They may use free platforms such as Couchsurfing.

Pure *Localizers* want an authentic experience. While they may be interested in meeting local people, their strongest desire is to stay in a place that is truly representative of the way that people live in the culture they are visiting. They want to immerse themselves in the local culture, assimilate, and become one of the locals for the duration of their stay. The architectural look and feel of the place they are staying in is integral for these guests. Their desire to stay in an authentic place takes priority over meeting their host or the cost of the accommodation they are using.

Pure *Utilitarians* want accommodation that suits their specific needs. Large family groups or multi-generational travel parties (Chapter 18) are prototypical *Utilitarians.* They want to spend some quality time together. To do that they need a large property with a joint central living area and enough bedrooms and bathrooms to ensure the desired level of privacy. But they could also be travelers who bring their pets along; travelers who are committed to keeping their

vacation as environmentally sustainable as possible (Chapter 24); or travelers who have a disability and need an accommodation that has all the features they require to make it usable and safe for them (Chapter 22). *Utilitarians* choose accommodation that fits their purpose. Other factors, including price, authenticity, and the potential to meet people, are secondary to them.

Like hosts, the pure guest types illustrated above are not common. Usually, guests are a mixture of each of those pure types.

The perfect match

The benefit of understanding differences between hosts and differences between guests is that it allows better targeting of messages from the facilitator of the network to those guests and hosts most interested in the relevant aspects. Another benefit is the possibility of matching hosts and guests. Complaints of guests against hosts or hosts against guests are very common and often due to different understanding of what trading space on peer-to-peer networks means, as the following quotes from two different hosts illustrate (Quora, 2017):

> Yes, in some cases hosts would rather leave a lock box with the keys rather than meet in person with the guests.

> Talking takes time and people… most hosts like talking to interesting, personable people.

Neither of the two approaches is right or wrong, but a host not interested in meeting guests will disappoint guests who enjoy meeting new people as a central feature of their peer-to-peer accommodation network booking experience. Equally, very chatty hosts may annoy guests who want nothing else but a safe place to sleep. Optimally, we are hoping for a good match between host and guest. Some of the dimensions used to construct the typologies are relevant to both hosts and guests, such as money and people. Others cannot be directly matched because the need of the guest is reflected not in host characteristics but in the features of the space available for rent. Figure 15.3 proposes a possible way of matching hosts and guests.

As can be seen in Figure 15.3, we have a guest (solid line) looking for authentic accommodation with some unique features. Money is not a priority and they like meeting people, but this is not critically important to them. We can also see two hosts (dashed and dotted line) and the spaces they are listing. Host #1 is not a *Capitalist* and rates medium high as a *Befriender*. Their space is unique and highly authentic. Host #2 is a pure *Capitalist* and does not care about any other aspect of trading on peer-to-peer accommodation networks other than money. Their space is not unique and not authentic. In this hypothetical scenario, the match of the guest with host #1 is much better than that with host #2.

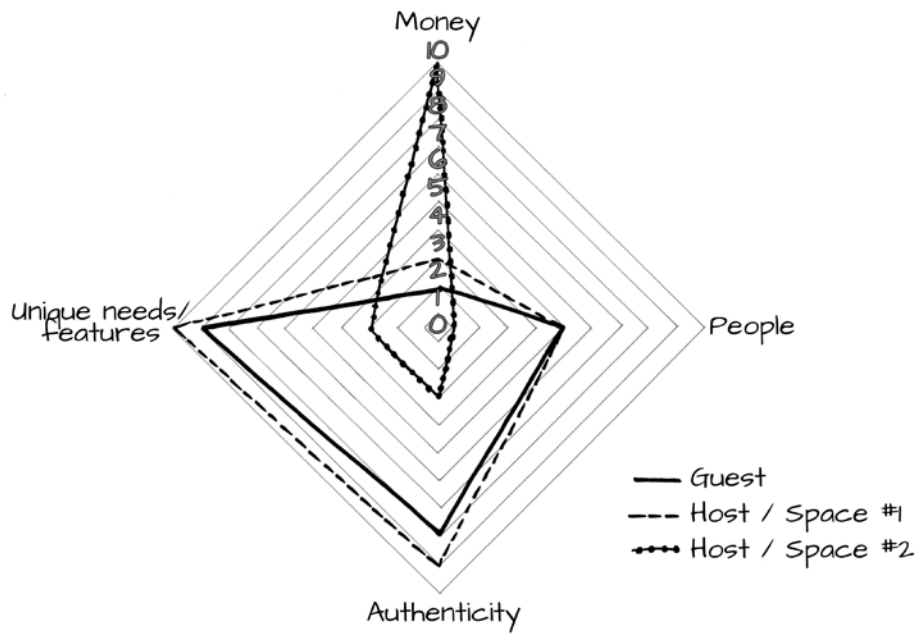


Figure 15.3: Finding the perfect guest–host match

Of course, peer-to-peer accommodation networks use very sophisticated approaches to offering guests what their past booking and searching behavior suggest they will be interested in. These algorithms are likely to be limited to attributes captured automatically on the platform. Yet a good match of host and guest at the level of their motivations is likely to increase the experience of both when trading on peer-to-peer networks. The match could be based on a few questions network members answer. The type could be displayed using a symbol on the profile, similar to the Superhost status symbol. So when a *Socializer* looks for accommodation they may want to look for *Befriender* hosts.

Conclusions

Unlike traditional hotels that offer generic products to specific travel segments, peer-to-peer networks offer a wide variety of products to their potential guests. While this diversity caters to a much broader range of travelers, the risk of a dissatisfying experience is far higher amongst peer-to-peer networks, if the type of host differs from the type of guest they are catering to. This chapter has introduced a variety of guest and host types trading on peer-to-peer networks. The perfect match will occur when guests stay in places offered by hosts with similar motivations and offerings.

However, this is not as easy as it sounds, because not all hosts and guests have singular motivations. Guests may be primarily seeking to save money, but also have a desire to stay in an authentically designed accommodation, and have contact with hosts. Large family groups may require many rooms, may like it to be authentic, yet may need affordable accommodation. These multiple desires of both hosts and guests complicate the ability to engineer a perfect match, and consequently have the potential to create unsatisfactory peer-to-peer network experiences.

The key for hosts and guests, therefore, is to communicate their style of hosting and 'guesting' in their profiles to mitigate this issue. Facilitators of peer-to-peer networks could ask their guests and hosts to indicate their value along the matching criteria in Figure 13.3, or a more comprehensive list of motives, to allow guests and hosts to check whether the profile is a good fit or not.

Questions for future research

This chapter proposed a simple framework to classify peer-to-peer accommodation network members. The guest and host types in this chapter are auto-ethnographical; they resulted to a large degree from the authors' hosting experiences. The framework can serve as a basis for survey research exploring the relevance and importance of the factors proposed in our typologies. Based on data from such a survey study, an empirical taxonomy could be derived which would provide insight into which of the theoretically possible types of guests and hosts actually exist and how high their share is among members of peer-to-peer accommodation network members.

Understanding host and guest types and their frequency of occurrence could serve as basis for a better matching algorithm offered by the facilitators of online platforms enabling peer-to-peer trading. It could also be used by facilitators to target their direct communication to both guests and hosts. A host who wishes to maintain full control over all aspects of their booking, for example, is unlikely to appreciate offers such as automatic pricing and *Instant Book*. On the contrary: it is likely that such direct messages would upset this kind of host who may, ultimately, choose to switch platform.

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16 Networks and Hosts – a Love-Hate Relationship

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This chapter explores the love-hate relationship of some hosts with Airbnb. The Airbnb Host Forum in Tasmania (Australia) serves as the case study. The hosts who participate in this forum are passionate about their involvement on Airbnb, and advocate for it and its deregulation in their home state. But their passion goes well beyond vocally advocating for peer-to-peer accommodation networks. Like tiger salamanders, these hosts will turn on the facilitators of the online platform and attack them just as quickly as they will support them. This chapter explores this love-hate relationship and asks why hosts bite the hand that feeds them.

'I love AirBnB'(Lok, 2017)
'Omg i hate airbnb' (Natalie, 2016)

Peer-to-peer accommodation networks would not exist without facilitators of online platforms such as Airbnb. A large number of facilitators have tried to establish peer-to-peer accommodation networks, but Airbnb has claimed market leadership in most countries, with the exception of China (Chapter 13). The success of Airbnb is due to a range of unique features its platform offers, which distinguishes it from those of its competitors (Chapter 1). Among these unique features are support communities or support forums which are hosted on the Airbnb webpage and enable hosts to meet, share their experiences, and help one another. Forums are designed around specific topics, such as

Please reference as: Hardy, A. and Dolnicar, S. (2017) Chapter 16 – Networks and Hosts: a Love-Hate Relationship, in S. Dolnicar, *Peer-to-Peer Accommodation Networks: Pushing the boundaries*, Oxford: Goodfellow Publishers, pp. 182–193, https://dx.doi.org/10.23912/9781911396512–3614

improving the guest experience; dealing with guests who are troublesome; introducing new products; and environmental sustainability.

In addition to these topic-centered forums, support communities have also been set up for hosts whose listings are in the same geographical region. Just like Apple's Support Communities, host forums were probably established to strengthen the host community while reducing the need for (costly) Airbnb staff to assist. The reliance on this mechanism is substantial. To date there is no publicly available Airbnb help desk phone number for hosts or guests to call if they have a problem. Forums have therefore become crucial for hosts being able to resolve issues and share information.

However, some forums have taken on a life of their own. This chapter follows the Tasmanian Airbnb Host Forum that was originally located on the Airbnb app and is now located on Facebook as a closed group. Our observations of this group have allowed us to witness both intense passion and support for Airbnb, as well as a 'rage against the machine' mentality playing out in reaction to some aspects of Airbnb management. The intensity of these emotions and cohesive strength of this online community – a neo-tribe in its own right (Chapter 20) – is evidenced by its continued existence despite significant disruptions.

Members of host forums

It is important to remember that not all Airbnb hosts join support forums. Rather, hosts who are members of host support forums represent a highly specialized group of hosts; they are particularly dedicated hosts who are frequently the *Ethicist* type as described in Chapter 15: hosting on peer-to-peer accommodation networks is a central activity in their lives, they manage their own listings and typically interact with guests. Consequently, for these hosts, the Facebook forum provides a safe and relatively non-public environment where they can read, share information or coalesce as group when they perceive advocacy to be required. Many forum members have hosted accommodation on peer-to-peer networks for a long time, and are the pioneers of Airbnb in Australia. The presence of long-term hosts on forums has allowed these individuals to assume leadership roles, acting as administrators and advocates for Airbnb; leaders of resistance to change; and advocates for a return to what they regarded as the original, more accessible Airbnb.

The high level of emotions that hosts on support forums display in their discussions aligns with previous research findings that early adopters often feel strong emotions in the use of innovations (Wood and Moreau, 2006). Within these forums, it is important to note that not all members are highly vocal and passionate early adopters. Some members assume the role of listen-

ers (Crawford, 2009). These are forum members who read the posts and pay attention to the content, but do not comment on posts and do not have a public presence. Our research used a combination of netnography – observing and recording forums posts (Kozinets, 2002) – and in-depth interviews of hosts to elicit the reasoning behind their intense love and hate of Airbnb.

Love

The positive emotions hosts feel towards Airbnb is often strong and stems from many years of involvement in hosting on peer-to-peer accommodation networks. To some hosts, Airbnb now represents a key activity in their lives; their love is not just the result of Airbnb providing additional income which allows hosts to pay bills and take holidays themselves. For many, Airbnb has become a vocation and passion that provides a means through which they can meet people:

> I live by myself… I love meeting interesting people, the pocket money, love using it when I travel to stay in wonderfully rich and different and local places.
>
> Gaining perspective from another individual from a different walk of life is insightful. You get to realize how different, yet how similar everyone is. Airbnb is helping create friendships that would have never existed, and very few social platforms allow you to create a personal and meaningful connection with someone who lives 10,000 miles away.

For other hosts, whose motivations may be more entrepreneurial, their love of the platform is driven primarily by financial reasons:

> I love the income. I have bought a second investment property as my superannuation so I love Airbnb because it gives my family an extra income stream.

These differing reasons for their love of the platform are explored as motivations for hosting in Chapter 15.

The Tasmanian Airbnb forum illustrates the role a group of hosts can play when advocating for the continued protection of peer-to-peer accommodation networks. During 2016, as the Tasmanian government debated the legalization and regulation of Airbnb, the host support group encouraged other members to rally together and oppose regulation. During this time, many posts updated members on debates in the media, alerted them to press releases and public meetings and called for assistance when needed.

> Hi Hosts, so we are working intensively on getting submission lodged…and any help counts.

This advocacy was supported by Airbnb – which actively encouraged network members to lobby for favorable legislation (O'Regan and Choe, 2017) – and ultimately resulted in the government shifting the Tasmanian draft policy from limiting Airbnb hosts to rent out the properties for more than 42 days to a more generous policy, which required only properties with more than four rooms in the hosts house and listings which were not the hosts primary residence to be accredited (see Chapter 11 for details).

Through this forum, hosts have also advocated for the acceptance of Airbnb as an integral part of the mainstream tourism industry. In early 2017, the group lobbied Tourism Tasmania for an increased presence on the state government's marketing website. This process was successful and resulted in Airbnb hosts being allowed to list their accommodation on traditional tourism websites, such as Discover Tasmania:

> Ok as they say in the vernacular here: total result from Discover Tasmania .we can now list!!

In addition to acting as an advocacy group, the forum can also take the role of a protector of Airbnb, particularly when threatened by other network facilitators. It is not uncommon for discussions to emerge over the relative merits and pitfalls of competing online booking platforms which facilitate peer-to-peer hosting, such as Stayz, and Booking.com. But almost without fail, there is evidence of a strong allegiance to Airbnb.

> I only use Airbnb as I do it in line with its initial intentions as a sharing platform – not as an accommodation business.

The forum also acts as a watchdog for the business performance of Airbnb in Tasmania. Occupancy is a common topic of conversation. Often around Christmas or Easter, hosts will compare their occupancy rates across regions. Members who have positioned themselves as spokespeople for the group often ask for updates on occupancy, either out of interest or to pass onto media.

> Hi Folks. Urgent feedback required please. ABC Journo has called asking how Airbnb is going during Dark Mofo, essentially are we full?... I said I'd get back to her having 'taken the pulse' of your feedback. Thanks, guys.

The strong emotional connection hosts feel with the Airbnb brand are evident, particularly amongst the pioneer Airbnb hosts who originally met online when the forum was located on the Airbnb app. These strong connections are likely to be the result of a deliberate campaign by Airbnb to actively foster

brand connection, because fostering of brand connection via support communities has proven to be an exceptionally successful strategy used by large companies such as Apple and Microsoft.

The subsequent migration of the forum members to Facebook in defiance of the changes made to forums by Airbnb in 2015 was most certainly not a development Airbnb would have actively encouraged. Airbnb would most likely have preferred Tasmanian hosts to interact with one another using the Airbnb-managed website. Yet the fact that Airbnb hosts have continued to interact, support each other, share experiences, and lobby to protect interests of Airbnb is a sign of a very strong community or neo-tribe (Chapter 20), as are the high levels of emotions that are displayed on the forum. Hosts on the Tasmanian Facebook Airbnb Forum love hosting, they love Airbnb, and they love being part of the forum.

However, the level of emotions is not only high at the positive end of the emotional spectrum. Emotions run just as high at the negative end: when hosts who feel that hosting on peer-to-peer accommodation networks is central to their life get upset about something, they get really upset, and their love can quickly turn into hate.

Hate

The Tasmanian Airbnb Host Facebook forum at the center of this chapter has developed into a hotbed of resistance. A 'rage against the machine' mentality regularly shines through posted comments. The genesis for this may have been reactions against two Airbnb initiatives: censorship and closing down an app.

Censorship

The first Airbnb initiative which prompted a reaction of defiance among hosts on the forum was automated censorship of forum content. On the original host forums which were accessible through the Airbnb app, hosts were prevented from sharing phone numbers, such as that of the Airbnb headquarters. To overcome this, hosts on the forum devised a system to bypass what they perceived as an increasingly impenetrable organization. For example, the phone number 6222 0049 would be described as 'Six Three number Twos, Zero and that again plus a four and nine'. Similarly, if forum members wanted to refer to social media platforms whose names were also censored, they would use codes to alert other members to their existence. Facebook, for example, would be referred to as 'the platform beginning with an F'. Once the Tasmanian group migrated to Facebook, automated censorship was no longer an issue. This was celebrated by the new group members:

> … being frank in an Air BnB forum is going to be difficult since it would no doubt be content moderated – we can voice our opinions freely here without fear or favor.

Closing down forums on the app

The second act of defiance was in 2015 when Airbnb closed down all host forums on their app and moved them to a separate webpage. Hosts on the group we follow did not support this decision, perceiving it as an attempt by Airbnb to exclude their voices. In defiance of this move, they created a closed Facebook group for hosts in Tasmania. The independent platform enabled hosts to continue their discussion and relationships with fellow hosts.

Since migrating to a Facebook forum, rebellion has reignited for other reasons. Many pioneer hosts feel that Airbnb has become increasingly inaccessible. For these pioneer hosts, Airbnb is a community, a neo-tribe that they are part of (Chapter 20). This community, in their view, is made up of like-minded people. Hosts are just as important as the founders of Airbnb and all the paid staff at Airbnb. With Airbnb growing exponentially, the neo-tribe is expanding too fast for the founders or even staff to be able to play the role of peers to all hosts. Hosts on the Tasmanian Airbnb Host Forum are very upset about this; they feel Airbnb has lost its distinct identity which they were so much attracted to initially. And it is this very distinct identity which drives many hosts – not only those who are members of forums – to make available space to strangers. Hosts we talked to commented that most of the things they hate about Airbnb relate to how Airbnb has changed over the years.

> I am concerned about the scale they are now reaching, and the reduced level of attention/personal support that the Host community now seems to receive from the company.

Moreover, many long-term hosts do not feel the love from Airbnb, instead feeling that their efforts of offering unique tourism experiences are not appreciated and not recognized:

> There seems to be little recognition of having been longtime host … the floodgates have opened and there are pretty shonky operators out there now, many properties managed by agents etc, ...[it is] becoming something it was never intended to be (i.e.it started as rooms in a person house, with the person there - but now seems to be holiday apartment letting).

A common theme on the host forum is that of returning to the origins of Airbnb when founders, hosts and guests were a tight-knit community. This is a sentiment Airbnb may have acted upon when announcing the development of

more than 1000 host clubs around the world by the end of 2018 (Airbnb, 2017). Host clubs are led by hosts for hosts and allow the local host community or local Airbnb neo-tribe (see Chapter 20) to physically connect to one another. The introduction of clubs is welcomed by members of the host forum, who view it as an opportunity to revise some of the aspects of hosting on Airbnb which they used to enjoy so very much:

> The latest announcement from Airbnb re Host Clubs and their new commitment to hosts in general. Very positive. They are trying to get back to where they listen to us.

The forum's reaction to this perceived decline in accessibility was to create pinned posts on the Facebook forum that share the direct contact details for Airbnb. Normally, if hosts have a problem with their listing or with a guest, they cannot simply call Airbnb. Rather, they must either direct message Airbnb via Twitter or use the Help Centre on the Airnb app that directs the user to FAQs and encourages them to take action that does not involve direct contact with Airbnb.

Another topic that is regularly discussed on the forum is that of the Airbnb market being saturated. Forum members with a long history of hosting on Airbnb often discuss declining occupancy as more and more Tasmanians use or invest in space for Airbnb.

> Saturation...mentioned in a post today… you bet! It has literally died… like a switch being turned off. Oh well it was good whilst it lasted. I wonder how Airbnb will react to this.

The issues that draw the most emotive responses, however, are changes made by Airbnb to their platform. Airbnb regularly adapts aspects of its platform, as well as offering new support services to hosts. These can include price tips or individualized alerts to hosts, letting them know that they could attract more bookings if they would reduce the price or make the space available for shorter bookings. These services are communicated to hosts via email. Hosts on the forum generally do not perceive these tips as helpful. Rather, they view them as attempts by Airbnb to control them and reduce their power:

> So here's the thing: with zero new bookings on the horizon I tried the price tips (not sure if it is the smart pricing setting my floor price so that it wouldn't be silly as their suggested pricing is) and lo and behold I got an 8 day booking in March, which gave them my weekly price anyway. Coincidence? I think not my fellow landladies/landlords.

Interestingly, host support services even elicit emotions among hosts who do not have as high an emotional attachment to their peer-to-peer accom-

modation network. A common reason for resisting the Airbnb suggestion is that hosts have made a conscious and reasoned decision for setting their own price and minimum booking nights, so the offers of support by Airbnb are regarded as a nuisance and spam. Many hosts – especially those who have a strong attachment to the space they are making available for rent – like to be in the positions to choose the guest that will be staying at their place and know exactly which booking characteristics they need to look out for to protect their property (Karlsson et al., 2017). They do not like to hand over control to automated systems on the peer-to-peer accommodation network platform.

Glitches also prompt highly emotive responses, particularly when they cause process failure. In one case, the automatic function on the Airbnb app that prevents same-day bookings failed, meaning that hosts had to accept instant bookings with as little as two hours' notice. This caused considerable angst amongst hosts, who aired their frustrations on the forum.

Such posts are often followed by other hosts on the forum offering suggestions on how the problem could be addressed. Occasionally, however, frustrations escalate and hosts attempt to draw in Airbnb employees to voice their concerns, by tagging them in posts. In most cases, tagging Airbnb staff does not result in a direct response from the Airbnb staff member, further fueling the rage against the machine.

The seeds of hosts' love and hate for Airbnb in Tasmania

Tasmania is a small island with a population of only 519,000 and is widely known to be a very tight-knit community (Australian Bureau of Statistics, 2016). In recent years, tourism has grown rapidly in the state, and it is now a major tourist destination, welcoming 1.26 million visitors each year (Tourism Tasmania, 2017). Tasmania's popularity as a tourist destination has led to considerable accommodation shortages in recent times; much like the situation experienced in Slovenia (Chapter 9). Airbnb has played a significant role in alleviating these shortages, explaining its rapid growth in Tasmania. Since its genesis in 2008, Airbnb has grown to having 777 listings managed by 564 hosts in 2017. The rapid growth has had positive and negative consequences. On the positive side, the possibility of listing underutilized space on Airbnb for short-term rental has created great opportunities for micro-entrepreneurship and employment (Chapters 7 and 14) which, in turn, has had a significant impact in a small regional state where unemployment is high.

For established commercial accommodation operators, the market entry of Airbnb represents a less positive development. These operators have to pay accreditation fees, insurance premiums, and comply with accommodation

regulations. The emergence of an unregulated platform that enables anyone to list space for short-term tourist accommodation continues to pose a significant threat to the hospitality sector. Much antagonism now exists between the traditional tourism industry and new businesses that have emerged by leveraging peer-to-peer accommodation networks such as Airbnb.

In addition to challenges to the tourism industry, the high demand for peer-to-peer accommodation has created difficulties for the long-term rental market in Tasmania, which has suffered a shortage of affordable accommodation in recent years, like many other locations around the world (Chapter 11). Airbnb has been accused of being the key reason for the shortage, triggering emotional discussions among the general public and in the media (Eccleston, 2017). As a consequence, regulations have been put in place in Tasmania which require council approval for listing stand-alone properties on Airbnb (Chapter 11).

As a result of this highly emotional and widely publicized debate, there is a certain amount of trepidation in declaring oneself as a host on a peer-to-peer accommodation network, with many reporting negative feedback from friends:

> Every time I say I am doing Airbnb people say to me 'you and the rest of the world'.

The negative reaction from the general public further strengthens the connection and solidarity among hosts on the Tasmanian Airbnb Facebook host forum, and explains the strong emotions this neo-tribe experiences when matters relating to Airbnb are being discussed. It also explains the very negative feelings hosts on this forum have when they perceive Airbnb to not be supporting them. In their view, Airbnb would not work without their efforts, they have to defend themselves for hosting on Airbnb, and are perceived as part of the 'dark side' of the tourism industry; and consequently, they publicly defend and fight for Airbnb. Inevitably, they feel let down when Airbnb does not support them and emotions run high.

Love and hate by individual hosts

A very specific forum of Airbnb hosts stood at the center of this chapter. This last section looks beyond highly involved and engaged hosts and illustrates how emotions run high also among the general population of hosts. Most of the negative emotions expressed are related to the perception that the peer-to-peer accommodation network has not treated the host fairly:

> I am extraordinarily unhappy and feel unprotected and violated by Airbnb during my last few resolution calls. (Airbnbhell, 2017a)

The level of emotion perceived in such situations seems even higher when hosts feel that they have always done the right thing by the network and all its members. Maybe the most painful experience is when status signifiers, such as Superhost status, are being taken away (see Chapter 20 for the critical role of status signifiers in neo-tribes) as illustrated in the following quote:

> I have been a quiet, law-abiding Airbnb host for quite a few years now. I have tolerated, after agreeing to an Instant Booking, being warned that I shouldn't say 'no' again (I only did once) and, if it happened again, I would be listed lower in the search results and potentially scrapped altogether. I have also quietly accepted being told with great fanfare that I was suddenly a Superhost complete with virtual badge and then told I was no longer a Superhost essentially because of one iffy review by a very difficult man who arrived very late, left very early, and hadn't read or realized that we were rurally located. (Airbnbhell, 2017b)

> I'm an Airbnb host and I'm falling out of love with Airbnb. I'm an Airbnb host – a recently crowned 'Superhost' if you don't mind – and I have a relationship problem. After being smitten with Airbnb for years, I'm considering breaking up with the global travel behemoth. (Ham, 2017)

But hosts who are not organized in forums do not only express negative emotions about peer-to-peer accommodation networks. A lot of love exists also among individual hosts, as these quotes illustrate:

> My love for Airbnb excites me to talk and share more about them. (Chandak, 2017)

> My love for Airbnb began a few years ago when I began renting out my spare bedroom to a bevy of travelers hailing from Russia to Italy and beyond. We shared stories, laughs and talked travel. With the proceeds I had my own adventures, often staying in other Airbnbs. I loved that you could still trust people with your home, and vice versa. (Ham, 2017)

Not only do individual hosts feel similar emotions about peer-to-peer accommodation networks, they also engage in advocacy. Below is the introduction to a host essay on why Airbnb is so lovable:

> I've recommended AirBnB to family, friends and travelers alike, but I still get questions from people who seem dubious of the whole concept, so today I thought I'd write about my experiences using AirBnB and why I love it as a host. (Chandak, 2017)

Conclusions

Peer-to-peer accommodation networks have opened the door to anyone in the world being able to make their spare room or holiday home available for short-term rental; this may include a spare room, a treehouse in the backyard or just a piece of land for tourists to put a tent on. This phenomenon has developed beyond the marginal to the mainstream. And with its rise, emotions have also risen: emotions by established commercial accommodation providers who feel let down by policy makers; emotions by residents who find themselves competing with tourists when looking for a long-term rental; emotions by the general public; and emotions by the pioneering peer-to-peer accommodation hosts who love hosting, yet struggle with the speed with which the nature of hosting is changing. Such emotions represent yet another area where peer-to-peer accommodation networks push the boundaries.

Questions for future research

Peer-to-peer accommodation network hosts forums have not been studied much to date, yet they offer deep insight into all aspects relating to hosting on such networks. Hosts on these forums are experts; they know their network inside out; they single-handedly manage their properties, and, as a consequence, know all the positives and all the negatives better than anyone else. They also know exactly how every little aspect of the network platform works and, therefore, represent a rich source of feedback for improvement. Future research should study more forums; investigate whether the nature of discussions among hosts on forums differs across geographical regions and across platforms hosting these, especially Airbnb-operated versus independent platforms. Another questions is how small the community of these extremely involved hosts is, and whether – with commercial operators entering peer-to-peer accommodation networks at a rapid rate – these hosts may end up feeling so disenfranchised with their current networks that they may choose to de-list and instead make their space available for short-term rental with an alternative network that better reflects their values as a host; the values of what they remember as 'the good old Airbnb'. If this happens, will large, successful peer-to-peer accommodation networks turn into one-stop online travel shops (Chapter 8), while other peer-to-peer network facilitators will fill the gap of an 'idealistic' neo-tribe which – while trading space for money – enjoys the social aspect and the fact that vacant space can be put to good use?

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17 Socializing New Guests

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One of the key reasons hosts are willing to make available their spaces to total strangers on peer-to-peer accommodation networks is that they can assess the risk of each booking before confirming it. A key aspect of the risk assessment is the evaluation of the guest's peer-to-peer accommodation network curriculum vitae (P2P-CV, Chapter 1) which consists of the full set of reviews hosts have written about the guest. Having a strong P2P-CV increases the chances of successfully booking space on peer-to-peer platforms. But how do people who have just signed up – newcomers, rookies, 'Airbnbabies' – get their first review? How are they socialized as members of a network that relies so heavily on the personal evaluation of one another? This question stands at the center of this chapter.

I was sitting in an airport lounge in China waiting for my flight when I received a text message telling me that someone – let's call him Kevin – wanted to book our family's beach shack. My first thought was the same as always when I get a booking inquiry: 'Oh, no, not now, the timing of this is just horrible!' I was waiting for my flight. The flight takes nine hours. I was going to land at home on Saturday morning and was looking forward to spending some quality time with my family. I really did not want to deal with booking inquiries right then. But the inquiry came though the Airbnb platform, and Airbnb forces me to make a decision within 24 hours. My 24-hour window was going to close in the middle of my Saturday family dinner. If I did not accept or decline the booking inquiry by then, I would be punished because my calendar would be blocked, preventing other people from booking during that particular time. 'All right then,' I thought while I got myself another drink and some peanuts, 'I will be a good girl and obey Airbnb.' I launched the Airbnb website to have a look at

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Kevin's inquiry. The first thing I saw was Kevin's profile photo that looked much like the one in Figure 17.1: three happy young men drinking beer.



Figure 17.1: Kevin's Airbnb profile picture as I recall it

'Oh boy', I thought. 'It's not looking good for Kevin!' I do not have any prejudice against young people, men or beer, or the combination of all three. I am most certainly not a person who would discriminate against anyone. But I could not help thinking of our lovely holiday shack by the beach where we have spent so many happy holidays with our kids and hosted so many family reunions. Would those young men treat our much-loved beach shack with the respect it deserves? Then I thought to myself: 'I should really not judge the book by its cover,' and moved on to the written booking inquiry:

> Hi Sara. My friends and I are looking for a week away near the beach and close enough to the stadium as we are going to the Cricket Test Match. We have done a few trips together and have never had any issues. Looking forward to hearing from you. Kevin :)

The booking inquiry did not really help Kevin. He was suggesting that he would come with seven (SEVEN!) of his mates to attend a sporting event, making the profile picture with the young men and beer bottles look tame in comparison. I know that peer-to-peer accommodation networks are a preferred provider for large groups of friends (Poon and Huang, 2017), but I felt I could not take the risk. I could not risk damage to our shack. I did not expect them to cause damage maliciously, but when people have enough beers things happen. I could also not risk straining my relationship with the neighbors. A few months ago my neighbors had to call the police when the 'family with two children' which booked the house turned out to be a large group of young adults with a significant supply of alcohol and a very large stereo. Having refreshed this memory, I decided to decline Kevin's request because I had no information that would give me confidence that Kevin and his friends would treat our house with care and our neighbors with respect:

> Hi Kevin, Airbnb forces me to accept or decline in 24 hours. I could not find any reviews about you as a guest and we have unfortunately had bad experiences with large groups of students in the past. Once the police had to be called and the neighbors were pretty upset. I just cannot take the risk of this happening again, I am very sorry. Best wishes, Sara.

I did not feel good about sending this email. After all, Kevin was new to Airbnb, he probably had no idea what he was doing, and he most certainly had no idea how I felt. Kevin had no host reviews, no P2P-CV (Chapter 1). He had not even made the effort to introduce himself in his brand new Airbnb profile. I had nothing to base my risk assessment on (Karlsson et al., 2017), except a picture of three guys drinking beer and the information that eight young male guests would spend a week watching the cricket. I just could not risk it. I decided to let it go, when I received the following email from Kevin:

> Hi Sara, We aren't studying. We all work full time but respect your decision nonetheless. Thanks, Kevin.

He respects my decision? Wow, nobody ever respects my decisions! I tried to convince myself that I had made the rationally correct call on this booking and that I am not going to let a little bit of respect change my mind. He respects my decision? And he tells me that *after* I rejected his booking request? Most people would not respond at all. Or they would write something rude. But Kevin told me he respected my decision. I was really impressed. Maybe I had misjudged Kevin. Maybe he was a really nice guy who was just new to Airbnb and had no idea how to interact with other network members. It was just not fair to punish him for being an Airbnb rookie. 'OK,' I thought, 'I have to give him the benefit of the doubt'. I replied:

> Hi Kevin, You have been so polite in your emails I cannot not respond. Unless I did not fully resolve my Chinese internet issues, you must be new to Airbnb. If so, just a bit of feedback: there were no reviews about you as guest and you did not include any information about yourself in the profile. So all I could go by was the picture. The house is our family's holiday home so we are protective of it. I suspect many others renting out homes on Airbnb feel the same. You would increase your chances of booking requests being successful if you provided a bit more background about yourself and your travel party. Maybe a different photo would help also… I am afraid the photo affected me a lot because it was all I could go on. Best wishes, Sara.

Sure enough, only a few minutes later I received Kevin's reply:

> Hi Sara, Thanks for the advice, I have already updated my profile. First time user clearly. Cracking photo though! Thanks again and obviously if you change your mind please let me know. Kevin.

Updated the profile? Let's check it out! Well, Kevin had not really updated his profile. I still could not read anything about him, but I did see that he had a university degree. He also updated his profile picture, which now looked a lot like that shown in Figure 17.2 featuring Kevin and his girlfriend without beers. What a lovely photo!



Figure 17.2: Kevin's new Airbnb profile as I recall it.

He might be a good guy after all. But I still did not know for sure. After all, he would not spend time at our beach shack with his lovely girlfriend. But he was very polite for a young man. I am a middle-aged women and am generally intrigued by the way young people interact with one another. I am impressed if young people are polite, respectful, and can write a few sentences without any typos, grammatical errors or acronyms. Clearly, I was warming to Kevin. He had let me know that he was still keen to come, but he was not being pushy. Very impressive. Despite the fact that the conversation had taken a turn for the better, my perceived risk had still not decreased. But I felt Kevin really deserved another chance to convince me that my fears were not justified, so I wrote:

> That's a much better picture, Kevin! Why don't you put a bit of information about yourself in the profile. You've finished your degree, what are you doing now? Do you love cricket? You can write text into your profile so Airbnb hosts learn a bit more about you and develop trust. Once you have a first good review from a host your profile will not matter so much anymore, but now that's the only source of information about you for hosts.
>
> In terms of our house: …Did you read all the information? By default you bring bedlinen. Can I trust that you will enjoy beers with your mates without annoying the neighbors or damaging anything?

> Boarding a plane now, will check emails again when I am back in Australia. Best wishes, Sara.

That was the end of that conversation for me. I really did have to board my flight then. I was not unhappy about that; it gave me a bit of time to rethink the booking inquiry. I am the type of host (Chapter 15) who rents out the family holiday home in order to be able to afford having it. The income from renting out the house does not cover the mortgage repayments, but it does cover operating costs, such as council rates and insurance, as well as general maintenance and repairs. So using the typology proposed in Chapter 15, I am probably a *Capitalist* host with an irrationally high amount of *Ethicist* in me. I really have no interest in befriending guests; I keep interaction to the bare minimum required to make a risk assessment.

My perfect match is the *Utilitarian* guest type (Chapter 15) who is not keen on interacting with me either, specifically families with many children or multi-family travelers. Hosting this type of guest satisfies my capitalist needs of earning enough money to be able to afford our holiday home. It also satisfies my ethicist needs because it makes me feel all warm and fuzzy that our beach shack – which is all about happy family times – will make another family happy and enable them to spend quality time together at affordable cost. When I receive bookings of this kind, I hardly communicate with the guests at all. I only make sure it is clear to them that we are not a commercial accommodation provider. That is important to state, because some people arrive with unreasonable expectations: a few years ago we built a little cubby house. Nothing special, just a few pallets nailed together, a few flat stones as a floor, and an old bench inside. Our children loved it; they spent hours decorating it and setting it up as a coffee shop where they were serving the most delicious pretend coffee with pretend cake. Years later, our children still love their coffee shop, but some families were unimpressed because the cubby house had not been professionally constructed. As a host, I cannot influence people's perceptions of the house. What I can do, however, is to manage their expectations before they arrive.

Anyway, Kevin was clearly not the perfect match, given the host type that I am. But that's where my ethicist host tendencies stands in the way of rational business decisions: it just did not seem fair that I would decline Kevin's booking just because he was young, male, wanted to spend some time with his friends and liked cricket and beer.

After my nine-hour flight I arrived at home, enjoyed some quality family time and eventually checked my emails. I was not under time pressure any more because I had officially declined Kevin's booking. I could reactivate it, but

I felt no sense of urgency. Booking accommodation is not a matter of life and death, after all. Kevin wrote:

> Hi Sara, Haha the Mrs will be pleased to know. I've added a brief description about myself. I currently do internal sales for an electrical wholesaler. Basically selling products to electricians in a nut shell. But management is what I'll be trying to make a career of.
>
> I'll be with 7 other friends I met at university. We all separated a bit after we graduated because some went interstate and even internationally for work but we always meet together for a week away at the end of the year. And we are all cricket fans so we booked tickets to the Test match …
>
> Yeah we have had a really good look at it and it looks beautiful. We will easily accommodate bedding and can bring our own linen. This is our fourth trip away and we have never had any issues so I can guarantee this one won't be any different. We have all lived out of home since we left high school so we are used to living in houses with close neighbors.
>
> Really appreciate the reconsideration though Sara. Kevin.

The ethicist in me was delighted. 'Sure,' I thought,' I will never be able to know with absolute certainty that nothing will go wrong.' I remembered the neighbors calling the police. You just never know for sure, do you? Kevin seemed like a good guy. He did not lie to me about who is traveling with. He did not lie to me about the purpose of his visit. He did not even attempt to hide the fact that he and his mates love drinking beer. It was just not right to decline his booking.

> Hi Kevin, Happy for you guys to stay at our beach shack. I will send you some more information on Tuesday and then we can go ahead and lock it in formally. Best wishes, Sara.
>
> Hi Sara, Thank you so much for the opportunity! My friends and I are so excited to be able to used your house for the week! Really appreciate it! Kevin.

Socialization

I learned a lot from my interaction with Kevin. Peer-to-peer accommodation networks are a form of neo-tribe (Chapter 20), where people follow certain social conventions (Sundararajan, 2014). Kevin made me realize that not all network members have the same understanding of those social conventions.

People who have only just entered the network, who are knocking on the door of the neo-tribe, know very little about unspoken rules and rituals. They do not understand what is going on in the host's head when they assess a booking inquiry. They may totally misjudge the interaction and treat is as a purely commercial exchange. Most in danger of not complying with unspoken rules are new members. They enter untrained. Nobody explains to them how to behave, how to interact, how to communicate.

I am not the first one to have identified this phenomenon, of course. It is called *socialization*, and the Oxford Dictionary defines it as the 'process of learning to behave in a way that is acceptable to society' (Oxford Dictionary, 2017). Society can refer to society as a whole. But families, neo-tribes and organizations are also social structures in which socialization occurs.

Organisational socialization 'focuses on how newcomers adjust to their new surroundings and learn the behaviors, attitudes, and skills necessary to fulfill their new roles and function effectively as a member of an organization' (Saks et al., 2007: 414). A number of socialization tactics have been proposed which managers can use to help newcomers adjust to their new workplace (Van Maanen and Schein, 1977). They are classified using six bipolar criteria: the collective versus individual criterion specifies whether the socialization of a newcomer occurs in isolation from others or in a group setting; the sequential versus random criterion specifies whether there is a set process which newcomers follow step by step or whether socialization occurs randomly; the fixed versus variable criterion specifies if socialization follows a time schedule or not; the serial versus disjunctive criterion specifies whether the newcomer is assigned a mentor who guides and serves as a role model or not; and the investiture versus divestiture criterion specifies whether the uniqueness of the newcomers is embraced by the organization or whether the organization wishes to remove uniqueness from newcomers as they join. The current socialization process on Airbnb can be described as individual, random, variable, disjunctive, and investiture.

But how does the way in which a newcomer is socialized affect their functioning as a member of the neo-tribe or organization they are entering? A large number of studies have investigated this question empirically (e.g., Ashforth and Saks, 1996; Morrison, 2002; Allen, 2006). According to a meta-analysis of 30 studies that investigated the effect of a range of socialization tactics on indicators of adjustment by new staff members, institutionalized socialization has a number of positive effects: it reduces role ambiguity, role conflict and intentions to resign, while increasing job satisfaction, the perception of fitting with the organization, commitment to the organization, performance in the job, and inclination to preserve the status quo (Saks et al., 2007).

It could be concluded from the theoretical body of work into organizational socialization that peer-to-peer accommodation networks should be much more proactive in socializing new members. Rather than hoping that a host will take pity on a new members and explain to them the social expectations around peer-to-peer trading, the network could take on that role. In so doing, the random, variable and disjunctive socialization could be transformed into a sequential, fixed and serial process. The potential benefits of such a process would be substantial: vigorous socialization leads to a better fit of the newcomer's value system with that of the organization (Chatman, 1989), increases commitment to and the likelihood to stay with the organization and work satisfaction (Saks et al., 2007) and socialization through mentoring improves performance as well as developing positive and satisfying relationships with other network members (Allen et al., 1999). The lack of socialization of new members in peer-to-peer accommodation networks, on the other hand, can lead to substantial frustrations among hosts.

Host reactions to 'Airbnbabies'

Host reactions to new network members vary. Since Kevin, I communicate differently with guests who have no P2P-CV (Chapter 1). I explain the rules to them, train them, help with their socialization into the neo-tribe by explaining who I am, why we as a family host and welcome strangers into our much-loved family holiday home, and what I am worried about when I let strangers stay in our house. I also explain that the house is not commercial accommodation and that the cubby house has not been constructed by a builder. Here is what I wrote recently to a couple who wanted to stay with their children and grandchildren:

> I noticed that you have not booked using Airbnb before. So I just want to make sure you know how it works: we are NOT commercial accommodation providers. We are just an ordinary family. The house is our family holiday home, it is very dear to our hearts. We only rent it out so we can cover the annual expenses associated with the house, such as council rates, maintenance, insurance etc. It is important for us to have confidence that guests will treat it with the same care they would treat their own holiday home. Also, this means that we do not provide hotel-like services. So the garden and the house will be cleaned before you arrive, but not during your stay. The cubby house you see on the pictures is not professionally constructed; we built it ourselves together with our children.
>
> I am raising all of this upfront because I want to make sure that you understand how this works so you are not disappointed in any way

> when you arrive. After all it's a very special time with your family, you want it to be perfect!
>
> I should say that we are particularly happy to host families like yours because our beach shack is also the place where our kids spend their special time with their grandparents, aunties, uncles, and cousins.
>
> Please do let me know if you have any other questions at all.

Maybe I have the luxury of socializing new members because I only accept about ten bookings a year. Getting the house ready for a booking takes a lot of time. I have to communicate with potential guests and then – before each check in – I have to organize for a gardener, and a cleaner, and a local maintenance man to ensure everything is working. That takes time and money. Weekend bookings would cost me more than I earn renting them out, which is why I only accept bookings for four days or more. And during the winter months – despite that fact that the price drops by 50% – nobody goes to the beach. So, on average, I get ten week-long bookings. Other hosts have back-to-back bookings all year; they may not be as attached to the property they are renting out, or it may be at their premises, so they can make sure when the guest arrives that they will behave themselves. In any case, not all hosts react to new network members in the same way I do. In fact, people who have just signed up to peer-to-peer accommodation networks are the topic of an ongoing conversation on Airbnb discussion groups, where one host wrote the following:

> I am soooooo over newbie guests on Air Bnb. They do not even have the courtesy to read anything you send them to give them vital info, explore the site, look at anything. Would be great (not holding my breath of course) if Air Bnb sent them a mail the instant that they book giving them a guide to being a good GUEST!!!

This host has clearly had a number of bad experiences with new network members. They feel disadvantaged by new network members not understanding the rules of engagement. They feel it is the responsibility of the network facilitator to socialize new members and explain what is expected of them. Another reason hosts dislike 'Airbnbabies' is that they treat the review process similarly to that of reviewing commercial accommodation. But the review system in these networks is fundamentally different (Chapter 1). Here is how another host describes the challenge:

> it's official ... I hate First Timers. They are great when they first arrive, they 'oooh' and 'ahhh' at all the wonderful things you have set up for them to ensure their comfort, they wax lyrical about the amazing apartment and how you went out of your way to make them

> and their children's trip… the best ever and there is NOTHING you could do to improve the experience and then they give you a 4 STAR rating because a) 'i don't give 5 stars to anything' or b) 'It's not a 5 Star Hotel'.

This host also feels that they are paying the price for letting new network members – who do not understand behavioral expectations on the network – stay at their place. In their view, the facilitator should put in place processes to protect them from this exposure. A negative review can have a major impact on future bookings. Hosts are reluctant to let anyone book who has a high *a priori* likelihood of writing a bad review. Accepting a booking request from a new network member comes at a very high risk of a review that is unreasonably negative due to the guest's misunderstanding of the role the review process plays in the network. Other hosts, while understanding the risks, are more positive:

> There is a level of trust involved when hosting newbies, and one keeps their fingers crossed. We just ask a few more questions about them and where they've traveled to and how many people are coming to stay. We definitely would help with setting newbies up with Airbnb and make it a positive experience for them as well. Again, it's a sharing economy and we like to 'share the love'.

Conclusions

A peer-to-peer accommodation network is a neo-tribe (Chapter 20), a social entity which has formal processes, but also unwritten rules of engagement. Network members expect to interact with one another in a certain way. Breaking with these conventions upsets those members whose behavior is most aligned with neo-tribal expectations. New members are most likely to break conventions. Host reactions vary substantially. Some take the time to socialize new members by explaining to them some of the rules of engagement. Others refuse to accept bookings from new members as a matter of principle, leaving it to other members or the facilitator to induct them into the neo-tribe. Yet another group of hosts, those who are most involved, call for the network facilitator to make structural changes to improve the induction of new members. They feel that network processes and procedures should help new members learn how to behave in the network before they lodge their first booking inquiry.

There are substantial potential benefits in introducing a more formalized socialization process that is: sequential in nature; follows a predetermined time schedule, ending before the first booking inquiry is lodged; involves an experienced network members as mentor; yet remains investiture in that it does not

expect the newcomer to blend in at the expense of giving up individuality. It could lead to the network maintaining its character to a higher degree, and to members enjoying interactions more and developing a higher sense of commitment and loyalty to the network. These would be desirable outcomes not only for the network facilitator, but also for the existing and new members.

Questions for future research

This chapter was primarily introspective. But with more and more neo-tribes emerging as a consequence of a wider range of online platforms, the induction of new members becomes a major issue and a central topic for future research. Does the way in which a new member gets inducted determine their attachment and loyalty? Can weak processes of inducting new members lead to hosts getting so frustrated with the network that they move to a different platform? Can network facilitators put processes in place that make the induction of new members automatic, preventing them from lodging their first booking request before knowing what other network members' behavioral expectations are? Does the induction of members determine the very nature of how the network will develop in future? For example, if the induction emphasizes the community and ethical aspects of the network, will purely capitalist host members exit? Do network members actually agree on behavioral expectations in networks?

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18 The Multi-Family Travel Market

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This chapter explores the potential of peer-to-peer accommodation networks to cater to a market segment with very specific requirements in terms of the size and setup of short-term tourism accommodation: multi-family travel. Hotels, motels, bed and breakfasts, and even resorts typically offer rooms of different sizes, but rarely spaces large enough to allow two or three families to spend their holidays together. Many listings on peer-to-peer accommodation networks have not been developed for tourists; they have been developed for families. As such, they are uniquely suited to cater to this market segment.

'Family vacations are becoming a multi-generational affair' (Airbnb, 2017)

A recent survey of family travelers commissioned by Airbnb found that 34% of family travelers – parents with children under 18 – travel with grandparents, making the family vacation a multi-generational family vacation; 20% go on family vacations with friends and their families (Airbnb, 2017). Multi-family travel – be it with grandparents, aunts and uncles, or friends and their children – have one thing in common: the need for large spaces. In fact, half of the family travelers who participated in this particular survey indicated that they required accommodation that allowed multiple families to stay together in one place (Martin, 2017).

In the 2011 TripAdvisor survey of US travelers, 37% of respondents indicated that they planned to take a multi-generational family trip in 2011 (TripAdvisor, 2011). According to Preferred Hotel Group (2014), multi-generational travel represents half of all vacations taken by both grandparents

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and parents. Expedia reports that one-third of Australian travelers have undertaken a multi-generational trip, and observes that there has been a dramatic increase in searches for family hotel rooms online (Expedia, 2016). According to a survey in 2003 by Yesawich, Pepperdine, Brown, and Russell – a travel-marketing agency in Orlando – eight out of ten vacationers took at least one trip with extended family or friends during the past five years (Hospitality Trends, 2003). Some argue multi-generational travel is the number one travel trend of 2017 (Virtuoso, 2016; Williams, 2017).

This chapter explores the market segment of multi-family travelers and assesses the potential of peer-to-peer accommodation networks to cater uniquely well to this segment. Multi-family travel here refers to more than one family traveling together. The families can be related, but do not have to be (Kluin and Lehto, 2012). They could also be, for example, two couples traveling together with their children.

Multi-family travel

In the academic literature, multi-family travel has been investigated and discussed under different names including: *multi-generational travel* (Lago and Poffley, 1993; Kleeman, 2014), *family reunion travel* (Lago and Poffley, 1993; Yun and Lehto, 2009), *intergenerational travel* (Kang et al., 2003), and *extended family travel* (Schänzel and Yeoman, 2014).

Multi-generational travel – where parents, grandparents and children travel together – is growing rapidly (Kleeman, 2014). The growth is due to changes in demographics, including migration, longevity and lower birth rates (Pederson, 1994; Schänzel and Yeoman, 2015). With more families living geographically apart because of migration, and more healthy and mobile baby boomers becoming grandparents, and with children at the center of attention, there is an increased desire to spend quality vacation time together (Lago and Poffley, 1993; Schänzel and Yeoman, 2015).

Family resorts are observing an increase in extended families using resort facilities for reconnecting the family during vacation time (Brey and Lehto, 2008). As a consequence of this trend, family resorts have been modifying amenities to cater specifically to the needs of this market segment (Brey and Lehto, 2008). Yet overall, tourism businesses could cater better to the demands of family reunion trips (Schänzel and Yeoman, 2014).

Family reunion travelers are driven by four motivations (Yun and Lehto, 2009): to enhance family interconnections (to feel close to each other); to enhance family communication (to spend time with immediate and extended family); to improve family adaptability (to share experiences and understand

other members' roles); and to improve the stability of family relationships. A family reunion travel motivation scale has been developed on the basis of these insights (Kluin and Lehto, 2012). The scale measures the following dimensions: family history and togetherness; immediate family cohesion; family communication; and family adaptability. Values on this scale, as well as the size of the travel party are associated with the leisure activities families engage in on their reunion trip; larger travel parties participate in more organized activities (Yun and Lehto, 2009).

Multi-generational travel parties want accommodation that is 'sensibly priced, and furnished with a large common area with four, five, even six sleeping rooms clustered about' (Lago and Poffley, 1993: 37); 64% want wireless internet; 49% want a pool or a spa bath; and 40% want the place they rent to have a kitchen (Airbnb, 2017). Another thing that is central to a multi-generational trip is to create memories. Families want 'a reunion memento without leaving out any member of the family to produce it' (Lago and Poffley, 1993: 37).

A profile of multi-family travelers

We conducted a survey study to learn more about multi-family travel in order to assess the role of peer-to-peer accommodation networks in catering to this market segment. We collected data from 506 Australian residents who had either been on a multi-family trip in the past (n = 447) or wanted to undertake one in the future (n = 59). Respondents were accessed through an online research panel company; invitations went to a representative sample of the Australian adult population.

People who have been on a multi-family trip before

Of those respondents who had been on a multi-family trip before, the largest fraction (59%) reported that leisure and recreation was the most important purpose, followed by spending time with family and friends they are traveling with (47%), and with those living at their destination (31%). Only a few respondents mentioned other purposes, such as health and medical care, education and training, and business. Less than 1% mentioned that attending a family event – such as a wedding, birthday, or funeral – was the primary purpose of their multi-family trip.

Most respondents (42%) reported that the multi-family trip they took had a duration of between one and two weeks; 37% stayed for less than one week; 10% between two and three weeks, and 11% longer than three weeks. The average number of people in the travel party was 7.4 (median = 6), and 28% of respondents indicated that the travel party on their last multi-family trip included children.

Examples of travel party composition provided by respondents include: 'my daughter and her boyfriend', 'mum, step dad, best friend, kids', 'parent, brother, sister, nieces & nephews & their respective partners', 'daughters, son in laws and grandchildren', 'sister and her family', 'husband, daughter, cousins', 'my parents, my uncles, my aunties, and my cousins', 'myself & my wife plus my son & his family', 'my husband, two married children and 5 grandchildren', 'husband, mother, father, brother, my children, nephew', 'wife, sons, their partners, brother and sister in law', 'myself, partner, 2 kids, my best friend and her husband and 3 kids'.

Table 18.1 shows the travel motivations relating to the multi-family trip in order of frequency. The top travel motivations are to rest and relax and to spend quality time with the other families in the travel party. This confirms the central importance of strengthening connections among family members (Yun and Lehto, 2009) on multi-family trips.

Table 18.1: Travel motivations

Motivation	Important to
To rest and relax.	90%
To spend quality time with the families I am traveling with.	90%
To create life-long memories joint with the families I am traveling with.	82%
To feel safe.	80%
A variety of fun and entertainment.	79%
To feel closer to my immediate family.	77%
Change to my usual surroundings.	74%
Cosiness and a familiar atmosphere.	60%
Not to exceed my planned budget for this holiday.	59%
Excitement, a challenge, a special experience.	57%
Unspoilt nature and a natural landscape.	56%
Many entertainment facilities.	48%
Not paying attention to prices and money.	48%
For everything to be organized so I do not have to worry about anything.	47%
Cultural offerings and sights.	45%
Catering to my children's needs.	44%
Luxury and being spoilt.	35%
Learning about local people.	35%
An intense experience of nature.	33%
Meeting new people.	27%
The health and beauty of my body.	21%
To do sports.	18%
A romantic atmosphere.	14%

When asked about the perfect accommodation for their last multi-family trip in an open-ended question, the majority of respondents mentioned a large, shared self-contained house or apartment or villa which has multiple rooms, separate bedrooms for each family, and multiple king beds. Some also mentioned hotel rooms located close together. The two key factors, however, are that the accommodation needs to have a large shared common area and multiple rooms offering some privacy.

When asked which type of accommodations they stayed at during their last multi-family trip, 24% indicated that they stayed in a four-star or five-star hotel; 23% stayed in a holiday home; 16% on a cruise ship, in a cabin or a resort; 14% stayed at a camping site; 13% in a one-, two- or three-star hotel; 5% booked using Airbnb and 4% stayed in a bed and breakfast. Most used a car to get to the accommodation (67%); 40% used a plane, 5% a train, and 3% a bus or ship. Respondents could indicate multiple means of transport.

Table 18.2 shows the travel activities multi-family travelers engage in.

Table 18.2: Vacation activities.

Activity	Yes	A lot	Sometimes	Never (No)
Relaxing / doing nothing	95%	41%	54%	5%
Taking family photos and videos	93%	43%	50%	7%
Going for walks	90%	33%	57%	10%
Sightseeing	89%	38%	51%	10%
Going out for dinner	85%	36%	48%	15%
Shopping	83%	18%	64%	17%
Swimming / bathing	73%	27%	46%	27%
Visiting local and regional events	67%	14%	54%	32%
Cooking	62%	14%	48%	38%
Posting pictures, status updates on Facebook, Twitter or any other social media website	51%	12%	39%	48%
Boat trips	48%	8%	40%	51%
Going to museums / exhibitions	45%	8%	37%	55%
Hiking	39%	6%	33%	60%
Visiting a theme park	35%	8%	28%	65%
Going to a spa / Using health facilities	29%	3%	25%	71%
Going to discos / bars	28%	6%	22%	72%
Visiting a farm	26%	4%	22%	74%
Going to the theatre, musical, opera	24%	4%	20%	76%
Cycling	20%	3%	16%	80%
Sailing / surfing	18%	4%	14%	82%
Playing golf	14%	3%	11%	86%

The second column in Table 18.2 indicates what percentage of the respondents engaged in each of the activities. The three columns to the right provide more detailed information about how frequently each of the activities is undertaken. As can be seen from the table, relaxing and doing nothing is what most multi-family travelers engage in. In second place – and this is a major distinguishing criterion of this market segment – is taking family photos and videos, the creation of memories. Going for walks and sightseeing are the next most frequently reported activities, followed by going out for dinner and shopping.

Overall, the inspection of activities paints a picture of laid-back travel parties, which primary want to enjoy each other's company. Any activities they engage in are relatively low key.

The suitability of Airbnb for multi-family travel

All respondents – those who undertook a multi-family trip in the past and those who intend to undertake one in future – assessed the suitability of eight accommodation options for their multi-family travel on a 100-point slider scale, where 100 represented maximum suitability. Figure 18.1 shows the results. The differences among accommodation options are statistically significant (Friedman chi-squared = 1117.9, p-value = 0).

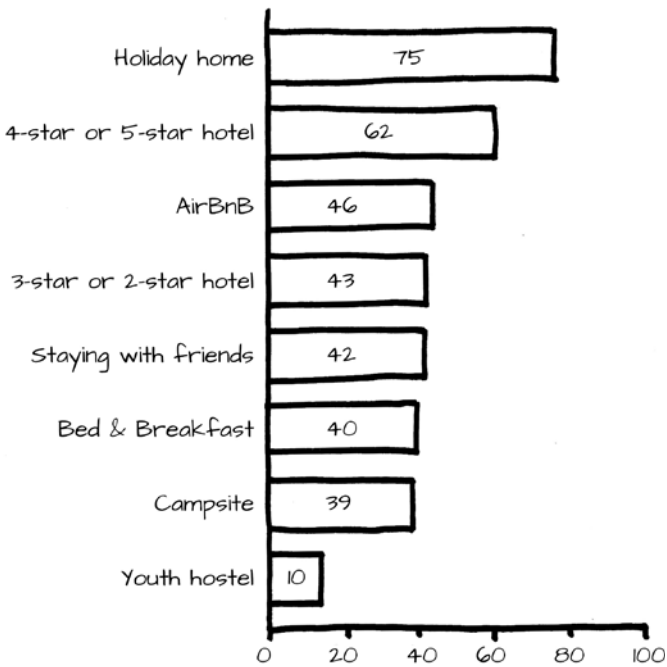


Figure 18.1: Average perceived suitability of different accommodation types for multi-family travel

As can be seen from Figure 18.1, holiday homes achieve the best scores in terms of perceived suitability, followed by high-end hotels and Airbnb. Of course, Airbnb could include all the other categories – you can book a holiday home on Airbnb – making the direct comparison impossible. But the key insight from Figure 18.1 is that holiday homes are seen as the most suitable accommodation type and that Airbnb ranks reasonably well. Respondents offer the following explanations for the suitability rating of Airbnb:

> Cheaper option for large groups.
>
> Usually find places with multiple rooms and multiple bathrooms.
>
> What we wanted and what we got was perfect. We had a lot of choices and could pick the features we most wanted.
>
> A variety of types of accommodation is available. I'm sure we could find something appropriate.
>
> I love Airbnb and with kids a whole house is easier.

Overall, respondents giving Airbnb a good rating did so because they think it offered a wide range of accommodation options; that it was spacious and cheaper for large groups; and had multiple rooms and bathrooms, enabling everyone to be close to each other. Respondents who rated Airbnb low did so because they had no prior experience using Airbnb, felt that hotels were safer and more trustworthy and were concerned that their children may break something in someone else's home. A few examples of explanations include:

> I've heard too many stories about restrictions that hosts have placed on guests and the actual accommodation not living up to the advertising. I think it's safer to go with a hotel.
>
> I have never used Airbnb so I don't know much about it.
>
> Because I like not to have to do housework on holidays, would be afraid the kids would break something.
>
> Not familiar with it, worried about last minute cancellations by owner.
>
> With having kids there I find it a big responsibility to look after someone else's house without something happening to it.
>
> Not sure what you are getting at the destination and worry about kids damaging home.
>
> No guarantees of quality on arrival.

Respondents ranked 14 accommodation features from 1 to 14, where 1 was the most important and 14 was the least important for their multi-family trip. Friedman rank sum test indicated that differences among accommodation

features are statistically significant (chi-squared = 3224.4, p-value = 0). The most important accommodation feature was the number of bedrooms (with a mean rank of 3.23), followed by the number of beds (3.69), the price (4.16), the number of bathrooms (5.14), kitchen and cooking facilities (5.92), air conditioning (6.49), TV (7.65), wi-fi (7.84), parking (8.20), pool (8.56), washing machine (9.03), child safety (stair gates, window guards, pool gate, 10.64), gym (11.92), and children's toys (12.51).

Conclusions

The present analysis shows the huge potential of peer-to-peer accommodation to cater for the market segment of multi-family travelers. Many – not all – listings offered on peer-to-peer networks are someone's primary residence (made available when the host is on holiday) or someone's holiday home. These kinds of listings are, by their very nature, different from spaces typically offered for short-term rental to tourists. If they are the primary residences or second homes of people with children, they are perfectly set up for families: they have more bedrooms; more beds; more bathrooms; good kitchen and cooking facilities; a washing machine; child safety features; and toys. They are naturally equipped with everything an average family needs, making them particularly suitable for hosting multi-family travel parties.

This conclusion in relation to multi-family travel reflects the huge variation of accommodation offered by peer-to-peer accommodation networks, which enables a perfect match without any engineering, and without the development of spaces for specific market segments. Rather, the pool of accommodation offers is so large and diverse, and the search interface on the facilitator's platform – such as stayz.com or Airbnb.com – is so easy to navigate, that guests can find the perfect house for their needs. In this chapter the match related to the aspect of family homes being larger and equipped with all features a family needs. In other chapters the same case is made for people with special needs (Chapter 22), as well as people who are particularly concerned about the environmental footprint of their vacation being very low (Chapter 24). If tourists feel strongly about very specific features of their holiday accommodation not well aligned with standardized characteristics of commercial accommodation, peer-to-peer accommodation offers an attractive alternative, putting commercial providers under pressure either not to target these market segments or to take action to modify a subset of their offerings to satisfy those special requirements.

Questions for future research

How can peer-to-peer accommodation networks best harvest the potential of multi-family travel? Currently, they provide information in the profile of the accommodation about family friendliness and a number of child specific items, such as baby monitor, high chair, crib, etc. These are not the main selling points from the perspective of multi-family travelers. Maybe providing a floorplan and a free photo-shoot for longer stays would entice multi-family travelers to try using peer-to-peer networks instead of traditional distribution channels for holiday homes. What is the effect of the increased pool of multi-family friendly accommodation being available? Will more multi-family travel occur? Will it occur more frequently? Will it occur in more combinations of travel parties?

Acknowledgments

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19 Do Hosts Discriminate?

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On most peer-to-peer accommodation networks, people have to set up personal profiles, including a photo and some basic information about themselves. Typically, people wanting to book accommodation (guests) send a request to those offering it (hosts). Hosts assess the booking request and either decline or accept it. This chapter investigates factors that are associated with higher levels of declining booking requests by Airbnb hosts. Results suggest that declining requests is not associated with personal characteristics of the guest or host. Rather, hosts appear to be aware of the potential risks involved in letting strangers stay in their house (or room), and attempt to reduce this risk by assessing each guest inquiry at the booking level. These findings do not support recent claims of systematic discrimination on peer-to-peer accommodation networks.

Edelman et al. (2017) claim that there is an asymmetry in the rejection of booking requests on Airbnb. In their study, they found booking requests from guests with distinctively African-American names to be approximately 16% less likely to be accepted than identical booking requests from guests with distinctively white names. Although Edelman and colleagues state that they 'cannot identify the mechanism causing worse outcomes for guests with distinctively African-American names' (Edelman et al., 2017: 17), they imply foul play and call for measures to be taken to reduce discrimination.

But Edelman et al.'s study – which has received a substantial amount of public attention (Moss, 2014; McPhate, 2015; Carson, 2015; Clarke, 2016; Parkinson, 2016; Martin, 2017; McGee, 2017) – did not study the complete picture. Two of the most important features on peer-to-peer accommodation

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networks are mutual reviewing (Chapter 1) and the profile of the network members which includes their photo (Ert et al., 2016; Karlsson et al., 2017). Neither of those two features was included in the Edelman et al. experiment, making the study highly hypothetical, given that all booking inquiries sent were from guests with no peer-to-peer curriculum vitae (P2P-CV, Chapter 1). Not surprisingly, therefore, a later study that included reviews in the study design (Cui et al., 2016) comes to a different conclusion: as soon as a guest has a positive review, acceptance rates of guest accounts with distinctively white and African-American names are statistically indistinguishable. The authors conclude: 'when lacking perfect information, hosts infer the quality of a guest by race and make rental decisions based on the average predicted quality of each racial group; when enough information is shared, hosts do not need to infer guests' quality from their race, and discrimination is eliminated' (Cui et al., 2016: 1).

Looking at it from the host perspective, a study conducted in 19 cities in North America and Europe (Laouénan and Rathelot, 2017) reveals that hosts from minority ethnic groups charge 3.2% less for their properties than other hosts in the same cities. Hispanic and Asian hosts in San Francisco charge between 9.6 and 9.3% less than their white counterparts who list equivalent properties (Kakar et al., 2016). Occupancy rates, however, do not differ. A possible explanation may be that minority hosts charge lower prices not because of lack of demand due to racial discrimination, but either because of an economic motive to maximize occupancy and revenue, or because of a social motive to maximize the number of interested guests from which they can pick those they are most comfortable with (Kakar et al., 2016). Airbnb hosts in those areas of the US with the highest proportion of non-white people charge lower prices for their listings and generate less income – despite higher rates of participation (Cansoy and Schor, 2017). The authors argue that, while this is in itself not proof of discrimination against hosts in these areas, it shows that benefits from participation in Airbnb are patterned by race.

The media has been reporting extensively on alleged discrimination on Airbnb. Examples include an Airbnb host canceling a gay guest's booking after he disclosed that the purpose of his trip was to attend the Pride festival (Ring, 2016); and a Californian host cancelling a reservation because the guest was Asian. The host was fined $5000 by California Department of Fair Employment and Housing and had to attend a course in Asian-American studies and do community service (Finn, 2017). Colored Airbnb users report their experiences of racial discrimination. They reported that hosts rejected their booking requests, saying that their space was not available, but later accepted their request for the same dates when they changed their profile to a white person. The hashtag

#AirBnBWhileBlack trended on social media highlighting potential racial bias by users of Airbnb (Parkinson, 2016).

All of this resulted in the creation of inclusive platforms such as Noirbnb and Innclusive (Guynn, 2016, Oluo, 2016). These platforms specifically target minorities who have experienced discrimination when using Airbnb (Jan, 2017). The creator of Innclusive started the new platform after he was rejected by Airbnb hosts repeatedly while his white friend was able to book a space immediately (Innclusive, 2017). Platforms have also been created specifically for LGBTI travelers with LGBTI or LGBTI-friendly hosts such as Wimbify, Gay Homestays and misterbnb (Nichols, 2015; Pirolli, 2015; Dillet, 2017).

In response to claims of discrimination (Glusac, 2016), Airbnb introduced a number of measures (Murphy, 2016): hosts and guests must agree to the following community commitment: 'I agree to treat everyone in the Airbnb community—regardless of their race, religion, national origin, ethnicity, disability, sex, gender identity, sexual orientation, or age—with respect, and without judgement or bias.' Other measures include reducing the prominence of guest photos; enhancing other parts of host and guest profiles with objective information; and encouraging the growth of *Instant Book* listings (Murphy, 2016). *Instant Book* listings do not require host approval. Airbnb also introduced a new policy that guarantees alternative space for guests unable to book on Airbnb because of discrimination (Jan, 2017). The adequacy of these measures has been questioned by critics who see profile pictures – no matter how prominent – as a major source of discrimination (Todisco, 2014; Melton, 2016).

In 2017, Airbnb agreed to allow the Californian government to test for racial discrimination by its hosts. This agreement is the first of its kind, permitting a regulatory body to conduct a ten-month investigation on racial discrimination (Levin, 2017). In other efforts, Airbnb removed from its platform users who were connected to 'Unite the Right', a far-right rally in Charlottesville (Virginia) because such behavior would be antithetical to the Airbnb community commitment (Park and Boyette, 2017). Airbnb collaborated with the National Association for the Advancement of Colored People (NAACP) to educate communities of color on the economic benefits of hosting and tourism in their neighborhoods. Airbnb will share 20% of its earning from this partnership with the NAACP (NAACP, 2017). Another commitment in this partnership is increasing the diversity of Airbnb employees and suppliers to include a higher proportion of under-represented communities, women, veterans, and members of the LGBTI community (NAACP, 2017).

The present chapter contributes to the current debate on the potential of discrimination by peer-to-peer accommodation networks by investigating factors associated with higher levels of declining of booking requests.

Political orientation and booking rejection

In July 2015, 189 Airbnb hosts offering properties in Australia participated in a survey study via the *Airbnb Host Newsletter*. Of the hosts who participated, 26% were male, 74% female; 44% full-time employed, 22% part-time employed, and 20% retired; 59% had children, 41% did not have children; 48% rented out an entire property, 52% rented out only parts of their property; and 70% had declined at least one booking request in the past despite vacancy.

Information about the general risk aversion of hosts was collected using the scale developed by Nicholson et al. (2005). In addition, hosts provided their assessment of how many Airbnb guests displayed the following behaviors: lying about the number of people staying at the property; breaking the house rules; stealing items; not declaring damage they have caused; lying about the reason for their trip; disturbing the neighbors; doing dangerous things (e.g., lighting an open fire). These behaviors emerged from a qualitative research phase conducted in preparation of the survey study. Hosts also answered questions about bad experiences with hosting guests.

The political orientation of hosts was measured using Everett's (2013) scale. This serves as an indirect way of assessing the inclination to discriminate against certain guests due to their personal characteristics. An indirect approach was necessary because answers to a direct question (e.g., 'Do you prefer guests who are female/old/of Anglo-Saxon origin?') would be affected by social desirability bias. Discrimination based on people's personal characteristics and independent of an objective risk assessment taking place has been repeatedly shown to be significantly associated with the conservative end of the political orientation spectrum (Henley and Pincus, 1978; Hiel and Mervielde, 2005).

Airbnb hosts declared whether they rented out the entire property or only parts of the property. Hosts who rented out only parts of their property were likely to decline more bookings because of the higher personal risk associated with guests staying in the house while the host was also present.

One metric variable results for each of the constructs under study by summing up the values for all responses within the construct. For example, six items measure risk aversion on a five-point ordinal answer format 0–4). The sum of responses produces an overall risk aversion score of between 0 and 24.

The rate of declining booking requests serves as dependent variable. Each host indicated the approximate percentage of booking requests they had declined, despite vacancy, in the past. Responses ranged from 0% (all booking requests accepted) to 100% (not a single booking request accepted).

If the assumption of taste-based discrimination is correct, we would expect declining booking requests to be associated with the political orientation of the

host. We would also expect no association between declining booking requests and the risk aversion of the host; the host's risk perceptions relating to hosting; the host's prior experience of guests misbehaving; the fraction of the property rented. Rather, such associations would point to hosts attempting to minimize short-term rental risk by selecting 'safe' booking requests.

Drivers of host rejection

Table 19.1 shows the results of the linear regression analysis.

Table 19.1: Regression results

Variables	Estimate	Std. error	p-value
Intercept	2.13	2.71	.433
Negative prior experience	5.54	2.14	.010*
Low risk aversion	0.03	0.28	.903
High perceived hosting risk	0.03	0.01	.017*
Conservative political orientation	0.00	0.00	.131
Only parts of property rented	3.93	2.14	.068

Figure 19.1 shows a bar chart containing standardized regression coefficients that indicate the strength and the direction of the association. Bars to the right indicate higher rates of declining booking requests. Bars to the left indicate lower rates of declining booking requests.

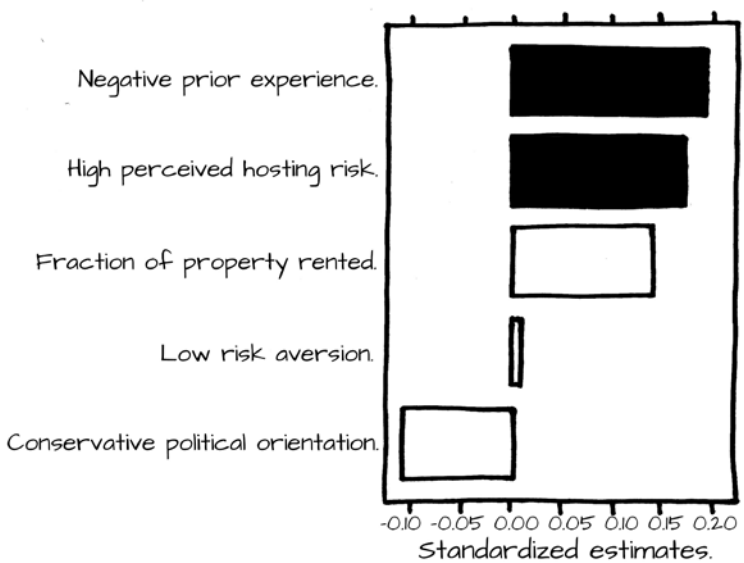


Figure 19.1: Drivers of host rejections of booking requests. Significant constructs in black; bars pointing to the right are associated with more declined booking inquiries

As can be seen, risk-proneness and risk-aversion of the host are not associated with declining more booking requests. Neither are the fraction of the property on offer for short-term rental and political orientation. However, prior experiences with guest behavior not aligning with host expectations, as well as higher levels of perception that guests do misbehave at times, are significantly associated with higher rates of declining booking requests. The adjusted R^2 of the regression model is 0.06, indicating that the model does not explain much of the variance in declining booking requests. This is not unexpected, given the many factors that drive acceptance or rejection, many of which cannot be reliably measured. For example, if a couple hosts, it could be both husband and wife assessing booking requests. One may be more inclined to reject, the other more inclined to accept.

Conclusions

While individual cases of discrimination can occur in any marketplace where humans interact, results from our study do not support the notion that personal characteristics of either the guest or the host play a major role in hosts declining booking requests. Rather, results point to hosts being aware of risks associated with letting strangers stay in their house or room and attempting to reduce this risk by assessing the specific risk associated with each booking request before making a decision on whether to confirm the booking or not. Findings from the present study are in line with results from the studies by Cui et al. (2016), Karlsson et al. (2017), and Xie and Mao (2017), which conclude that trip-related factors such as travel party and the purpose of the trip affect the likelihood of getting permission to book to a higher degree than personal factors such as gender or age of the guest. The study by Cui et al. (2016) shows that there is no difference in acceptance of booking requests depending on the name suggesting a certain cultural background as soon as reviews are available for guests. The P2P CV (Chapter 1) serves as a more powerful source of information for risk assessment by the hosts than other information about the guest, which is less directly linked to the potential booking transaction.

Limitations of the study include that it was conducted in Australia only, and that data used in this study does not provide insight into the nature of booking requests which have been declined or accepted. Despite these limitations, the results are important because they contradict the claim that discrimination occurs regularly on peer-to-peer accommodation networks, calling for caution in declaring these networks discriminatory.

Questions for future research

How to prevent people from behaving in a way that may disadvantage certain sections of the population is the key research question, but this question goes well beyond the issue of peer-to-peer accommodation networks. In the context of peer-to-peer trading, it would be interesting to test a range of alternative approaches to removing bias. For example, Airbnb has previously fined people. Maybe this is insufficient to deter people from behaving inappropriately. Maybe the prospect of immediate exclusion from the network would send a stronger signal and be more effective in aligning network members' behaviors with the behavioral expectations of the network facilitator.

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20 Communication-Regulated Social Systems

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Peer-to-peer accommodation networks are considered a relatively new phenomenon. But how new are they really? This chapter explores social interactions on these networks and draws parallels to people whose existence has been dated back 65,000 years: Australian Indigenous communities. Despite their very different appearance, rules of engagement and context, traditional communities have far more in common with modern day neo-tribes that may have been thought.

Peer-to-peer accommodation networks are still considered a relatively new phenomenon in tourism accommodation, and one that challenges existing structures of the sector. At the core of peer-to-peer networks stand interpersonal relationships that develop between strangers. These relationships between 'ordinary people' – as opposed to the highly standardized business interactions between tourists and commercial accommodation providers – drive the success of peer-to-peer accommodation networks. The most successful networks – such as Airbnb – place interpersonal communication at the center of their platform. Without this, it is virtually impossible to make space available for trading on a peer-to-peer network or to rent accommodation on such networks (Chapter 3).

Please reference as: Goodfellow, D. L., Hardy, A. and Dolnicar, S. (2017) Chapter 20 – Communication-Regulated Social Systems, in S. Dolnicar, *Peer-to-Peer Accommodation Networks: Pushing the boundaries*, Oxford: Goodfellow Publishers, pp. 225–234, https://dx.doi.org/10.23912/9781911396512–3618

In this respect, peer-to-peer accommodation networks are similar to some of the oldest societies on our planet: Indigenous Australians. Peer-to-peer accommodation networks act as modern day neo-tribes. The functioning of neo-tribes relies heavily on personal transfer of information between individuals.

This chapter explores the parallels between peer-to-peer accommodation networks and Indigenous Australian communities using auto-ethnography and netnography. Auto-ethnography is a qualitative approach that allows the nuances, details, and meanings of a culture to be explored from an insider's perspective (Patton, 2001; Hughson, 2007; Greenacre et al., 2013). Here, auto-ethnographies from a member of a traditional Australian Indigenous community and two members of a modern neo-tribe are used. The first author of this chapter – Denise Lawungkurr Goodfellow – was adopted into an Aboriginal family by a Larrakia elder in 1983. Denise's son – at the age of three – became a 'little daddy' to a newborn boy and his sister (Goodfellow, 2007). Denise's insights serve as the primary source of information about the role of interpersonal communication in the functioning of Indigenous Australian society, particularly the Kunwinjku family, to which she belongs. The second and third authors serve as the data sources for the second auto-ethnography; they are both hosts on peer-to-peer accommodation networks and are able to draw on their personal experiences of host and guest behaviors in neo-tribes. A netnography of a statewide Facebook Airbnb hosting forum (Chapter 16) complements the research. Netnography is the process of gathering data via computer-mediated communication to inform insights into the interactions and workings of a community (Kozinets, 2002).

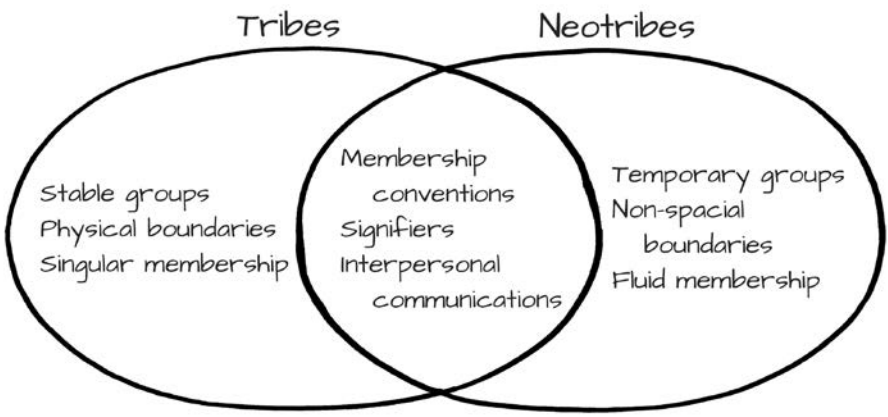


Figure 20.1: Tribes, neo-tribes and what they have in common

Figure 20.1 shows key characteristics of traditional tribes and neo-tribes (Maffesoli, 1996; Cova and Cova, 2002; Hardy and Robards, 2015): neo-tribes are temporary, rather than permanent, and stable in nature. They do not have

defined physical boundaries, and coalesce temporarily in virtual or physical meeting spaces; members can move geographically without having to give up membership of a neo-tribe. Even on peer-to-peer accommodation networks, which offer space at a particular geographical location, it is not necessary for members of the network to disclose their place of residence. Conversely, tribes are very much bound to the geographical boundaries of their land. Tribes typically demand exclusivity of membership; neo-tribes do not (Cova & Cova, 2002). A member of Airbnb can also be a member of a forum of Airbnb hosts (see Chapter 16) and even a member of another peer-to-peer accommodation network that competes with Airbnb (see Chapter 6).

The three things both tribes and neo-tribes have in common are that they: have membership conventions, including behavioral conventions attached to status; use signifiers to indicate status; and rely heavily on interpersonal communication for the very functioning of the community. This chapter explores these common characteristics in detail, and in doing so, draws parallels between peer-to-peer networks and Indigenous Australian communities.

Membership conventions

Membership stands at the center of communities. To understand the functioning of both tribes and neo-tribes, it is critically important to know how people become members, stay members, or lose membership.

In 1983, Denise Lawungkurr Goodfellow was an alderman on the Darwin City Council. Bagot Aboriginal Reserve was within her ward, and Denise wanted to represent the interests of the local Larrakia residents, but members did not trust her because she was 'white' and not part of their community. The Bagot Council president (Mrs. Thompson) asked her to catch a snake to test her resolve to represent the residents. To do this, Denise waded around a crocodile-infested lagoon for four hours. She undertook this challenge, although she was unsure whether the Aboriginal people present would help her, should she be attacked by a crocodile. She was not attacked and returned with a python, proving her commitment and trustworthiness to the community. However, upon her return, rather than being celebrated by the wider Darwin community, Denise was threatened with prosecution by the Conservation Commission for catching protected wildlife. To protect her from prosecution, Mrs. Thompson adopted her, making her a member of a Kunwinjku clan. This incredible process resulted in Denise's family members being given 'skin names' and 'dreamings'. As members of the clan, they were also expected to abide by the community's rules of behavioral standards. News of Denise's adoption spread quickly through word of mouth and Mrs. Thompson brought many relatives (Larrakia, Kunwinjku, and others) to Denise's home to meet her.

Becoming a member of a peer-to-peer accommodation network does not involve catching pythons. In fact, it is not even obvious that there are any hurdles at all to becoming a member, given that anyone with an internet connection can sign up. But – while signing up allows you to be on the platform and interact with others there – you are not taken seriously as a member before you have your first review, both as a host and as a guest. Chapter 17 illustrates one example of someone who wishes to become a member but misjudges the importance of this initiation ritual. Chapter 16 illustrates how new members who are unaware of the social conventions of the community are disrespected by other members. Reviews are the glue between strangers on peer-to-peer accommodation networks. The credibility of members depends on their peer-to-peer network curriculum vitae (P2P-CV, Chapter 1), the sum of all reviews written about them. The first confirmed booking initiates members into the community.

Within peer-to-peer networks we can also see the formation of 'sub-tribes', whose existence is centerd on particular issues, interests or destinations, many of which have distinctive membership conventions. Our netnographic research explored an Airbnb Facebook forum for a particular destination, where hosts share their experiences with one another, offer advice, and lobby for the rights of Airbnb hosts (Chapter 16). The forum has an 'introduction' convention whereby hosts new to it introduce their listings to fellow members and ask for feedback, as means to have their new membership validated. For example:

> So, I uploaded my two rooms at 4.30 pm and by 6 pm I had a booking. I now have three Germans in my Margate home. Auto price set was $60. Is that reasonable for Margate?

This question elicited many responses from fellow host forum members, who offered suggestions, such as ensuring that cleaning costs and time were included, as well as suggestions on alternative, particularly higher, pricing.

Of course, there are major differences between traditional communities and neo-tribes in terms of how one becomes a member. In Indigenous Australian communities, the primary pathway into membership is birth. You cannot be born into a neo-tribe. If you have not been born or married into an Indigenous Australian community, you cannot sign up or apply for membership; you have to be invited. To become a member of a neo-tribe you can simply sign up, which gives the impression that it is very easy to become a member. But the true initiation comes later, and may not even be identified as such by many. However, both tribes and neo-tribes use a process of confirmation to accept new members and affirmations commonly follow once new members arrive.

At the opposite end of the spectrum, membership status can also be removed if network members do not display behaviors in line with the neo-tribe's expectations. On the Airbnb host forum that we followed, badly behaved guests have their profiles made into a screenshot and are named, shamed, and outed amongst hosts who detail their misdemeanours:

> Beware! Good evening today I had a fake booking (3 days) – this is how it reads:

In addition to this, peer-to-peer network facilitators can also punish and remove members from the network. Airbnb is doing this regularly if there is evidence of members not behaving in line with Airbnb's behavioral expectations.

Exclusion also occurs in Indigenous Australian communities, although the approach to expressing that someone is no longer welcome as part of the community is less black and white than it is on peer-to-peer networks. Denise's ex-husband, for example, was not viewed very favorably by her Aboriginal family for various comments he made. The way the family handled this challenge was to 'sing' to Denise (cast spells) to make her fall out of love with him.

The feeling among remaining members that these excluded people are no longer part of their community can last beyond their lifetimes. In the case of Denise's older sister, people actively avoided attending the funeral of her daughter, a 'long-grass' dweller who died in Darwin. Another sister called out to neighbors over the back fence to attend the funeral. They did not.

Signifiers

The highest status in Indigenous Australian communities is that of an Elder. There are no restrictions on who becomes an Elder. Elders can be women or men, and they do not have to be of a certain age. Rather, it is their actions as a community member that earn the respect of other community members, leading to them becoming an Elder. Elders display skills, knowledge and wisdom, and are seen as leaders in their community. The term 'old lady' is one of respect and honor rather than a slight, as it is often regarded in Western societies.

A similar signifier is used by peer-to-peer accommodation network facilitator Airbnb: that of the Superhost. Superhosts status – like that of Elders – does not depend on age, gender, or even length of membership in the neo-tribe. Rather, it depends solely on behaviors displayed as a community member. To become a Superhost, hosts must have a five-star rating by at least 80% of their guests; they must have at least ten bookings in a year; they must not have canceled any bookings; and must have responded to 90% of all booking enquiries within 24 hours of an enquiry. If all of these criteria are met, a signifier – a Superhost badge – appears on the host's profile picture, and this is visible to

all network members. Superhost status affects price (Chapter 12) and future bookings (Xie and Mao, 2017).



Figure 20.2: Example of what the Superhost signifier looks like

As well as displaying Superhost badges, some hosts go to great lengths to assert their authority by being very active on networks, sharing their experiences and offering their opinions, to illustrate their status as experienced hosts. They update fellow hosts on policy changes, offer advice on the best cleaners and ancillary services, and tag Airbnb managers into conversations when trying to advocate for change. This behavior reinforces their power and status within the neo-tribe. But even among regular guests and hosts – those without Superhost status – signifiers from their online profiles can be used to assess their commitment to the community and the alignment of their behavior with the expectations of the network. The P2P-CV – the total listing of all reviews about a member – reveals everything worth noting about the member from the perspective of other members.

A similar signifier in Indigenous Australian communities are names given to people. Denise Goodfellow, for example, was named Lawungkurr by the Elders after an ancestral woman still respected for her mediation skills. The meaning of the name is well understood within the community, thus serving as a signifier of Denise's particular ability in a certain area.

Interpersonal communication

In addition to signifiers that both Aboriginal communities and Airbnb neo-tribes have in common, there is evidence that both use interpersonal communication and collaboration to shape the way in which outsiders view the community.

In the case of the Aboriginal communities, the Baby Dreaming Project serves as a good example of this occurring. It developed serendipitously because Denise – a birdwatching guide – hosted birdwatchers in her garden. Initially, her Aboriginal relatives were unsure about the visitors and avoided interacting with them. But from 1983, the date of Denise's adoption, the Kunwinjku

Elders of Western Arnhem Land came to stay at her home, where they met the birdwatchers, mostly senior American couples. The Elders expressed that they liked the birdwatchers, and in 1988 asked Denise for her assistance in starting a small tourism project. But 'Kunwinjku relatives only wanted visitors with whom they felt comfortable' (Goodfellow, 2017: 5). Reverend P. Nganjmirra, a Kunwinjku Elder, reported that – within weeks – Bininj (northwestern Top End Aboriginal people) throughout the region knew about the project and were interested. It took much longer for those members of the clans who had not been to Denise's home to meet the birdwatchers to approve.

Visitors started arriving. While the tourists' camping sites were not co-located with the Aboriginal community's homes, tourists and Aboriginal people cooked and ate together. Often it was unplanned moments that brought people together and developed trust in one another. For example, when a couple of Kunwinjku people at the outstation Kudjekbinj had health difficulties, two medical specialists who were part of a tour group treated them. This gesture, and word spreading about this gesture, connected community and visitors, and many more Aboriginal people came to see the doctors with their own medical problems. The Baby Dreaming Project serves as an example of the efficiency of interpersonal communication and how the sharing of experiences achieved positive outcomes in Aboriginal communities.

On peer-to-peer accommodation networks, interpersonal communication is also regularly used to share information amongst hosts and to assist one another in the provision of a unique and authentic experience that reflects their destination. This non-monetary exchange of information regularly occurs on the Facebook Airbnb host forum which we followed. Like Aboriginal communities, we witnessed stories being shared to assist hosts in improving their experiences. It was not unusual to see hosts seeking advice on how to provide unique experiences for unusual guests.

> Post: We have our first honeymoon couple coming on 6 August for 5 nights. Suggestions for something nice to do for them – I was thinking a bottle of bubble and few goodies – bearing in mind we are budget and only charge $55 per night.

In this instance, hosts suggested ideas such as offering them home-made biscuits, flowers, and/or a decorative candle to celebrate the occasion.

Perhaps the most powerful occurrence on interpersonal communication within the Airbnb neo-tribe is the feedback given to hosts from guests. Airbnb relies on reviews to improve experiences and to build trust between network members. Feedback is given in two ways: private feedback accessible only to the host, and public feedback visible to all network members. Feedback can be

very detailed, as the example below shows. This was private feedback given to the second author – Anne Hardy – by one of her guests.

> Only a couple of recommendations. The beautiful flowers you provided had a very, very strong fragrance, my friends were overpowered. I would recommend maybe a smaller bunch of the flowers as it was quite over powering. I would recommend putting extra sheets and blankets in the cupboard as we only had the fitted sheet for the futon. We didn't discover we were short until it was late and didn't want to disturb. Maybe a thin mattress to lay on top of the futon as it was a little uncomfortable. Oh and one other thing, when we arrived we were a little confused if we were at the right property as there was a sign out front which I thought may have been the name of another property. We did enjoy our stay and will be back – we've just bought a home in North Tassie :)
>
> Moving the shoes from the stairwell would give the feeling of more of a private rather than shared entry point, it's a small thing but I think it would make a difference.

This detailed feedback, when publicly visible, allows hosts to respond. If the feedback is negative, there is a community expectation that the host will respond. Not responding is punished by the community because potential future guests are not sure if they can trust that the particular host will offer a positive experience. What network members say about one another affects how the network functions.

This is very similar to Australian Indigenous communities. Because the spoken word is of critical importance for information transfer in Aboriginal communities, it functions as a key regulatory mechanism. If members of Indigenous Australian communities are seen not to be sharing or not behaving in line with community expectations, they are talked about. And Bininj women sometimes express their anger about others who spread rumors about them on Facebook, a medium that has been embraced by Aboriginal communities, possibly because it offers a more effective way of maintaining essentially the same traditional communication patterns.

Another example is that of untrue information spread about a female white art dealer, who was accused of selling Aboriginal art for her personal benefit. It was rumored that all the money she earned selling Aboriginal art allowed her to build an apartment block, which she named after an ancestral Kunwinjku. If the spoken word is untrue, the spoken word is also used to correct information. Speaking about the irresponsible behavior or tourists and tour operators is also common. The Mirrar, traditional owners of western Kakadu National Park, for

example, warned the Kunwinjku about becoming involved in tourism because of the way tourists and tour operators behaved.

Conclusions

This chapter has illustrated that, despite traditional communities and modern neo-tribes appearing to be very different, they both rely on membership conventions, signifiers and interpersonal communication to regulate community functioning. In the case of Airbnb, the initiation as a true member of the network includes receiving one's first review; and the status signifier of Superhost. Similarly, traditional communities have rituals for new members; signifiers of status such as being an Elder; and verbal communication regulates the behavior in the everyday context, and is used to punish misbehavior.

These examples illustrate that – while boundaries, longevity and performance spaces may differ amongst tribes and neo-tribes – the urge to merge is an age-old phenomenon. Our desire to feel a sense of fellowship, have a sense of belonging, and be amongst like-minded people transcends time and space. And at the heart of this stands interpersonal communication that acts as the glue that binds these factors together.

Questions for future research

This chapter represents an initial investigation into the parallels that exist between the functioning of tribes and neo-tribes. Many more parallels are likely to exist which have not been explored yet, but would be interesting to investigate in future. In addition, it would be interesting to study whether people who are members of traditional tribes, such as Indigenous Australian communities, are attracted to neo-tribes because they are possibly more familiar with the rules in such social structures. Indigenous Australian communities have wholeheartedly embraced Facebook, which may serve as an indicator that they feel comfortable engaging in neo-tribes. Another key question of significance to Indigenous Aboriginal communities is whether they could harvest peer-to-peer accommodation networks to their benefit by hosting. This may be particularly promising because the host has control over who to accept; birdwatching couples may represent an excellent target segment. The experiences offered would be unique and would most certainly attract significant demand. The question, however, is how well the reality of guests who may not be willing to adjust to the community lifestyle would work. The Baby Dreaming Project is evidence that it can work, if managed carefully.

Acknowledgments

We thank Denise's Bininj family. Relatives like Reverend P. Nganjmirra (now deceased) and his wife, Stephanie Thompson Nganjmirra, set the benchmark in courage and decent behavior at times when others around her (including the government) did not. Now a new generation of Bininj speak up – much in contradiction to their traditions – against injustice being experienced by their people. Anthropologist Colin Turnbull wrote that for the hunter-gatherer peoples in Africa 'kindness, generosity, consideration, ... honesty ... compassion, charity and other (characteristics)' are not virtues but 'necessities for survival' (1972: 31). Denise found all those 'necessities' within Bininj members of her family. However, as the neo-tribes have shown, they also apply to the wider society!

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21 Helping when Disaster Hits

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Large-scale natural disasters and man-made crises, such as terrorist attacks, can lead to substantial drops in tourism demand in the affected destination, thus threatening the local tourism industry. Demand can fall further if the disaster has reduced the supply of accommodation. This chapter explores the potential of peer-to-peer networks assisting destinations in the immediate emergency, and in the recovery stage. Airbnb has, on a number of occasions, made accommodation available at no cost when people were in need as the consequence of an unexpected event. But even among residents who are not currently members of a network, willingness to help is substantial, pointing to the potential of a new – much more decentralized – approach to disaster recovery at tourism destinations.

One of the biggest threats to the tourism industry is that of a disaster hitting a destination. Disasters can be natural – including earthquakes, cyclones, and bushfires – or man-made – such as terrorist attacks. Disasters hitting a destination typically result in substantial trip cancelations by tourists.

Examples of natural disasters that resulted in drops in tourism demand, include the 2015 Nepal earthquake and the 2011 Christchurch earthquake. Of international trips to Nepal, 90% were cancelled immediately after the 2015 earthquake and a further 40% drop in international arrivals was forecast for the following 12 months (Government of Nepal, 2015). The 2011 Christchurch

Please reference as: Hajibaba, H. and Dolnicar, S. (2017) Chapter 21 – Helping when Disaster Hits, in S. Dolnicar, *Peer-to-Peer Accommodation Networks: Pushing the boundaries*, Oxford: Goodfellow Publishers, pp. 235–243, https://dx.doi.org/10.23912/9781911396512–3619

earthquake caused a 73% drop in international guest nights in the Canterbury region (Orchiston et al., 2016).

Examples of man-made disasters which led to drops in tourism demand are the 2002 Bali bombings, the 2011 political instability in Egypt, and the 2016 political unrest in Turkey. The number of tourist arrivals in the six months following the 2002 Bali bombings declined to less than half of the number in the previous six months (Pambudi et al., 2009). Political tensions in Egypt led to a 45% drop in international tourist arrivals in the first quarter of 2011 (United Nations World Tourism Organization, 2011). Turkey's tourism industry was negatively affected following political unrest and a coup attempt in 2016. Hotel occupancy dropped 50% for July and August and a loss of revenue between £2b and £2.5b was estimated for 2016 (Letsch, 2016).

Cancelations and drops in tourism demand lead to a loss of revenues for tourism industry as well as local, regional and federal governments. Disasters can also cause significant damage to tourism infrastructure, including accommodation. In such situations – even if tourists wish to remain at or travel to the affected area – lack of accommodation supply can result in cancelations and demand drops until the damaged infrastructure is rebuilt. Not surprisingly, therefore, the United Nations World Tourism Organization (2009: 1) describes the position of the tourism industry facing the possibility of disasters hitting their destinations as follows:

> If we reflect on our experience in recent years facing the challenges brought on by large-scale natural disasters and man-made crises, the vulnerability of the tourism sector becomes clear. Tourism is one of the most sensitive economic activities and usually among the first to be affected in an emergency.

The tourism industry is extremely vulnerable to unexpected disasters. In addition to the immediate crisis that follows a disaster hitting a destination, recovery can take a long time. During this stage, substantial funding is required to rebuild infrastructure. Rebuilding is necessary, but it represents a low-speed solution, which does not help the affected tourism destinations on the short-term (Johnson, 2009). Immediate action is needed to assist displaced tourists in a disaster region and to ensure the smallest possible loss of revenues to the local tourism industry. Can peer-to-peer accommodation networks come to the rescue of tourists, tourism industry and destinations?

Heo (2016) discusses the impacts of the sharing economy on destination management. Sharing economy businesses are new stakeholders for the tourism industry, and it is important to understand their role and influence on other stakeholders (Heo, 2016). The sharing economy has blurred the boundaries between consumers and service providers, as well as local residents and

business entities at the destination. A local resident providing any type of sharing economy service to tourists may have a different attitude toward tourism development from a normal local resident (Heo, 2016).

Fang et al. (2016) suggest that Airbnb benefits destinations by generating new jobs as more tourists may travel due to lower accommodation cost. However, as low-end hotels are being replaced by Airbnb (Zervas et al., 2017; Hajibaba and Dolnicar, 2017) and employees in low-end hotels lose their jobs, the positive effect of Airbnb on employment decreases as the number of Airbnb listings increases.

The aim of this chapter is to explore the benefit of peer-to-peer networks to destinations, especially in times when an unexpected crisis hits the destination.

Can peer-to-peer networks help in emergencies?

Hajibaba et al. (2017) conducted two survey studies to investigate the potential of peer-to-peer accommodation networks to assist tourists, destinations, and the tourism industry when a disaster hits. They asked 480 adult Australians who had traveled in the past 12 months to imagine being on holiday when a disaster hits the destination, leaving them without accommodation. The cases of the immediate emergency stage as well as the recovery stage were investigated. After having read the scenario, study participants indicated whether they would be willing to stay in the homes of local residents. Figure 21.1 shows the results. As can be seen, about half of the study participants were willing to take residents up on their offer. The likelihood is higher in the emergency than in the recovery situation. The likelihood is also higher if the price is lower.

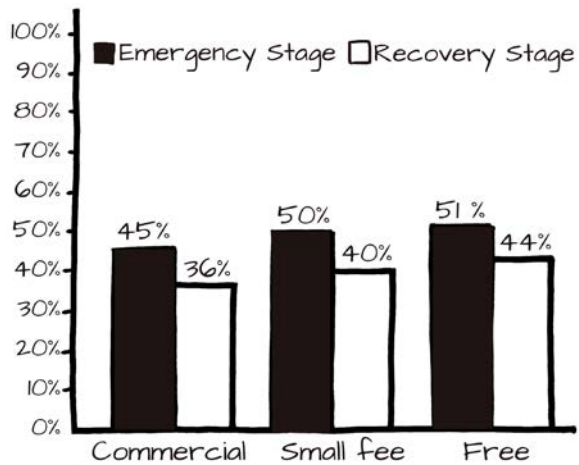


Figure 21.1: Stated willingness of tourists to stay in residents' homes after a disaster hit the destination (based on data from Hajibaba et al., 2017)

In the second survey study, 995 Australian residents living in highly tourism-dependent areas read a similar disaster scenario, and indicated if they would assist in one of three ways: by sharing their home with displaced tourists; by sharing information; and by offering their assistance to keep tourists safe. Again, both the emergency situation immediately after the disaster hit and the recovery situation were investigated.

Figure 21.2 shows results. As can be seen, the willingness of residents to open their homes to tourists is substantially higher than tourists' willingness to stay in residents' homes in the immediate emergency, and the willingness increases with the price they are able to charge. Resident willingness to share their homes drops substantially in the recovery phase. Only about half of the residents would still open their doors at a commercial accommodation rate; only 20% if they would be receiving no payment at all.

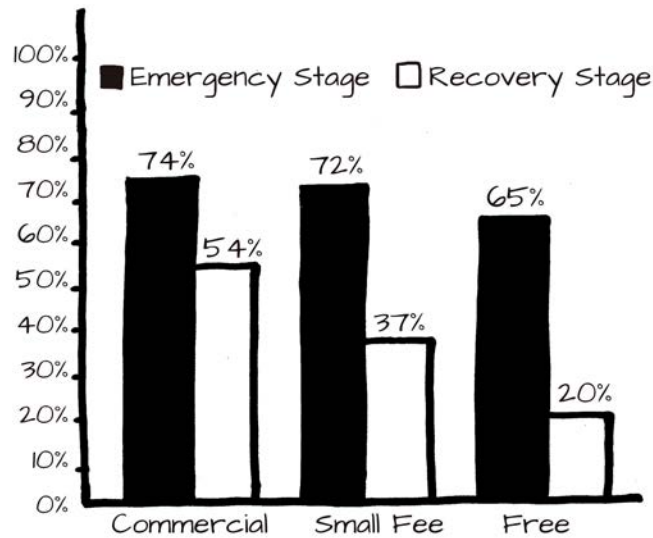


Figure 21.2: Stated willingness of residents of tourism-dependent areas to allow tourists to stay in their home after a disaster hit the destination (based on data from Hajibaba et al., 2017)

Peer-to-peer networks activating accommodation for people who find themselves in desperate need for a place to stay due to some unexpected event is not unprecedented. Airbnb – currently the leading peer-to-peer accommodation network – has activated more than 3000 listings during and directly after 47 global emergencies to facilitate housing individuals, families, and relief workers (Airbnb, 2017a). When disasters strike, Airbnb contacts hosts in the impacted and surrounding areas asking if they have extra space to share with their displaced neighbors. Hosts who respond choose to list their spaces free of charge, and Airbnb waives all booking fees (Airbnb Citizen, 2017). Airbnb

and their hosts have donated more than 3590 nights during disasters (Airbnb Citizen, 2017). Examples of recent disasters where Airbnb facilitated provision of free accommodation for people affected by the disaster include London's Grenfell Tower Fire (between 18 June 2017 and 9 July 2017) and the Portugal wildfires (between 18 June 2017 and 11 July 2017).

How best to leverage peer-to-peer networks

Reasons preventing residents from sharing their home with tourists and reasons preventing tourists from staying in the homes of residents emerge from the survey study by Hajibaba et al. (2017). One survey investigated residents' willingness to help tourists. The other investigated tourists' willingness to accept help from residents.

The residents study (n = 995) was conducted in areas in Australia which are highly dependent on tourism. This was done because – at most tourism destinations – residents are likely to not only assist for purely altruistic reasons, but also because their livelihood and that of their family would be negatively affected by a drop in tourism demand. Participating residents were presented with two disaster scenarios (emergency and recovery stages) and then asked about their willingness to share their home with tourists. Residents not willing to share their home answered the following open-ended questions: 'What would prevent you from sharing your home with displaced tourists / tourists arriving after the disaster?', 'What could convince you to share your home with displaced tourists / tourists arriving after the disaster?', and 'In what other ways would you be able to help your local tourism industry during or after this disaster?'

The tourist study (n = 480) was conducted with Australian residents who had undertaken at least one personal holiday in the past 12 months. Participants received two disaster scenarios. For both scenarios, study participants indicated if they would travel as planned if they could stay in the home of residents far from the disaster. Those tourists not willing to stay with residents answered the following open-ended questions: 'What would prevent you from staying in the home of residents?' and 'What could convince you to stay in the home of residents?'

During the emergency situation, 12% of residents would not share their home with tourists. After the emergency and during the recovery situation, 43% were not willing to share their home. Residents who were not willing to share their home provided written answers as to what would prevent them from doing so.

Findings suggest that lack of space to accommodate extra people represents a key reason preventing residents from opening their homes to displaced tourists. Some residents mentioned that they care about their privacy and do not like the concept of sharing as understood in the sharing economy. Another theme that emerged was lack of trust and that they know nothing about tourists that are going to stay with them:

> In this day and age, I unfortunately do not trust people I don't know. And sharing my home is letting them in would require a high level of trust from me.
>
> I don't know these people from a bar of soap they could be anybody.
>
> I would have no way of knowing what these tourists would be like.

In response to what may persuade them to open their homes to displaced tourists, some residents pointed to the importance of verification of tourists before they allow them to their home:

> Someone has to filter/vouch for the strangers entering my home.

Looking at the tourist perspective, 39% of tourists would not be willing to stay with residents during the emergency stage, and 46% would not stay with them during the recovery stage, even if accommodation were available at no cost. These tourists provided written responses to the question of what would prevent them from staying in the home of residents. Several reasons emerged. Some tourists mentioned that their privacy was very important to them and that they did not like the idea of using non-commercial accommodation. Not knowing the people they would stay with emerged as a key barrier to peer-to-peer accommodation networks being able to maximize the impact of opening doors to displaced tourists in the case of an emergency hitting the destination:

> Do not know them [the residents] or what their home is like.
>
> I know nothing about the people I am staying with.

In response to what might persuade them to stay in the home of locals, some tourists identified the key role of the accommodation offered and the residents being verified or approved:

> A comprehensive brochure or web page illustrating the home and convincing us that we'd have a safe and enjoyable stay.
>
> I would need independent reviews or recommendations.
>
> I need references, photos, testimonials, ratings…
>
> An exchange of e-mails, pictures of their family would be ideal.

In response to the question of 'in what other ways would you be able to help your local tourism industry during or after this disaster?' residents nominated

different ways in which they were willing to help. They were willing to help tourists travel around the destination:

> If the roads were OK and petrol available, take the visitors to see the local sights.
>
> I would just get out and about in my bus and let people know we were still operating and taking things or people where they needed to go.

They are willing to provide updates and promote the destination:

> I would be available to provide information about things to do in the area and places to avoid.
>
> I would promote the area to others by word of mouth when the area is open again for business.

They were even offering to cook:

> As a member of a Lions club I am sure that as a group we would be able to feed these tourists with a BBQ, etc..

Conclusions

The present study builds on prior work that has demonstrated the potential of peer-to-peer accommodation networks to provide disaster relief in cases where existing tourist infrastructure – especially accommodation – has been damaged. The present study offers insight into reasons provided by tourists and residents of highly tourism-dependent areas for being willing or not to use peer-to-peer accommodation if a disaster hits a tourist destination.

Results indicate that, in some instances, the reason is very simple: residents do not have space to host anyone under their roof. This situation, obviously, cannot be changed. Others, however, can be addressed. One of the main reasons stated by residents who are not willing to open their homes to displaced tourists, and by tourists refusing to stay with residents, is not knowing enough about the potential guests and hosts and, consequently, feeling uncomfortable about living close to one another. Both residents and tourists suggest that a robust verification process might alleviate their concerns. Interestingly, the issue of trust is one that has always stood at the center of the success and failure of peer-to-peer accommodation networks (Hamari et al., 2015). As Airbnb puts it very prominently on their webpage: 'Trust is what makes it work' (Airbnb, 2017b).

The potential of peer-to-peer accommodation networks to assist tourists and residents of tourism destinations when a disaster hits is not limited to the provision of accommodation. With some peer-to-peer networks transitioning to one-stop travel shops (Chapter 8), their platform could also be used to

provide updates on the disaster to tourists, and to facilitate sharing of other services residents are willing to provide to help tourists, such as getting a ride, finding an open supermarket or an open eatery.

To conclude: involving residents in both the emergency response and longer-term destination recovery of the destination through peer-to-peer accommodation networks represents an economical high-speed solution because it does not depend on significant funding for the provision of buildings and infrastructure. To maximize on the benefits the use of this accommodation can offer in disaster situations, destination managers should be proactive in building relationships with peer-to-peer networks so they can activate them in an emergency. In addition, policy makers can educate their residents about the many ways they can provide assistance and familiarize them with peer-to-peer accommodation networks to enable them to use them effectively in a disaster situation.

Questions for future research

With peer-to-peer accommodation networks expanding services, they are becoming one-stop travel shops (Chapter 8). This will open many more opportunities for locals to offer support to tourists in need after an unexpected crisis: they will not only be able to open their doors to displaced tourists, they will be able to offer to drive them around, inform them of safe tourist activities which can still be undertaken, accompany them if they feel unsafe, etc. The main research question therefore is: how can this kind of local support be stimulated? Is it necessary to familiarize locals with the peer-to-peer trading platforms to ensure that – in an emergency – they know what they can do to help? Will only those who are already active on peer-to-peer accommodation networks be available to help, or is there potential for many more locals to join in emergency situations? Can services be expanded to those not typically related to tourism and hospitality, such as medical services, clothes distribution, and the provision of emergency food? What are the personal characteristics of locals who are willing to offer certain kinds of help? What marketing action can increase the pool of locals willing to assist?

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22 Guests with Disabilities

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Peer-to-peer accommodation networks have been accused of not offering accommodation suitable for people with disabilities, both by commercial competitors who are obliged to comply with regulations regarding this, and by groups protecting the interests of people with disabilities. This chapter investigates the regulations commercial providers are required to comply with, and the efforts made by peer-to-peer networks to accommodate these groups. It also explores needs of travelers with disabilities and ask which tourism accommodation model might be best placed to cater to this market in the long term.

> I am both a host and a guest. I find it incredibly difficult to find truly accessible accommodation. When listing, owners tend to tick the box 'Wheelchair access' if they think a wheelchair can get through the back door. I'm not sure what we are supposed to do once we are there, if we can't get into the bathroom, toilet, or even the bedroom! (Airbnb Community Center, 2017)
>
> It is very frustrating to arrive at the host property, thousands of miles away from your home and after long hours of flight, and you find out you cannot even get into the building (stairs, etc.) or the bathroom (door not wide enough, etc.). (Airbnb Community Center, 2017)

Most Westernized countries have non-discrimination legislation that includes regulations around inclusion of vulnerable populations in public transport, public accommodation and employment. For example, in the US, commercial

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short-term accommodation providers must comply with the 1990 Americans with Disability Act. But space available for rent which is 'located within a facility that contains not more than five rooms for rent or hire and that actually is occupied by the proprietor of the establishment as the residence of the proprietor' are exempt (US Department of Justice, 2010: 32). This means that many spaces available for rent via peer-to-peer accommodation networks platforms are not technically required to comply with the Americans with Disability Act. However, some question this and acknowledge it is unclear whether they should be required to comply. For example, using results of data analysis commissioned by *The Chronicle*, Said (2014) reports that two-thirds of hosts rent out entire premises rather than just a room, and more than 10% of hosts list multiple spaces, indicating that some premises are not the host's primary place of residence. McCarthy (2016) concludes that 10–40% of listings on Airbnb are commercial in nature, and Edwards (2016) calculates that only 381 Vancouver Airbnb hosts had listed more than 3500 different spaces, lending further support to the fact that the proportion of commercial listings is quite substantial on peer-to-peer networks. In countries where Airbnb is not the market leader, such as China, the proportion of commercial listings on peer-to-peer networks is even higher because network facilitators themselves buy or construct spaces.

This raises a number of questions: should all listings on peer-to-peer accommodation networks comply with national disability protection legislation? Should each peer-to-peer network in its entirety – or by location – be forced to have a minimum percentage of compliant listings? Or should it be left to market forces to produce peer-to-peer listings that better cater to people with disabilities than commercial spaces that meet the bare minimum legal requirements? The present chapter explores these questions.

The Americans with Disability Act

Many countries have legislation similar to that of the Americans with Disability Act in the US. The purpose of this chapter is not to compare national legislations, but rather, the aim is to gain insight into the intention of such legislation. We use the Americans with Disability Act as a case study for such insight.

According to the Americans with Disability Act, public accommodation must comply with Standards for Accessible Design. These standards are extensive and impose infrastructure requirements on providers of commercial short-term accommodation to ensure suitability and safety for people with disabilities. For example: signs must also be written in braille, and safety hazards have to be cane-detectable (for vision impaired or blind people); fire alarms must use visual signals rather than only sound (for people who are deaf or

hard of hearing); door hardware, air conditioning and heating control units and taps must not require tight pinching, twisting, or grasping (for people with limited use of arms and hands); paths must be free of steps and sudden changes in floor level; and doors must be at least 32 inches wide (for people with walkers or mobility aids).

According to the US Department of Justice (2001), accommodation providers must offer a certain number of accessible car parking spaces. The required number depends on the size of the accommodation, with the absolute minimum for accommodation with more than 1001 car spaces overall being 1%. The percentage of spaces required increases with decreasing total number of car spaces. Properties with between 1 and 25 spaces must have at least one accessible space suitable for a van. Furthermore, all sidewalks and walkways have to be free of steps and wide enough to accommodate wheelchairs or other mobility aids. Entrance areas have to be flat, wide enough and either fitted with automatic doors or with appropriate door handles, and swipe card readers must be installed at a height suitable to be used by a person sitting in a wheelchair or of short stature. Inside spaces and corridors also have to be flat, wide enough, and without steps. Public bathrooms must be accessible, and interior signs must be reachable and readable by vision-impaired people. The number of rooms suitable for hearing-impaired guests depends on the total number of rooms offered by an accommodation provider. Properties with more than 1001 rooms have to provide an absolute minimum of 1%. If the accommodation has less than 25 rooms, one room must be suitable for hearing-impaired guests. The same ratio holds for accessible rooms. Rooms with roll-in showers do not have to be provided by accommodations with 50 or fewer rooms. Staff must be knowledgeable about the availability of accessible rooms so that they can provide guests with accurate information, and these rooms are not allowed to cost more than regular rooms.

The suitability of peer-to-peer accommodation for travelers with a disability

Although holiday homes have been available for rent for many decades, the issue of noncompliance with disability regulation has only now become a major topic of public debate, probably because the size of Airbnb has pushed short-term accommodation offered by 'ordinary people' to a level never before seen or anticipated. The argument against peer-to-peer networks is that – because they are largely exempt from the laws and regulations that protect people with disabilities – they discriminate against such people.

Some empirical evidence exists that supports this argument. In a randomized field experiment, researchers sent 3847 booking requests to Airbnb

hosts between June and November 2016 (Ameri et al., 2017). Bookings from travelers with a disability were rejected more frequently. For travelers who did not report having a disability, permission to book (Karlsson et al., 2017) was granted by hosts in 75% of cases. When reporting a disability, the percentage of people who were given permission to book dropped to 61% for dwarfism; 50% for blindness; 43% for cerebral palsy; and 25% for spinal cord injuries. For listings classified as wheelchair accessible, the difference in permissions was less. The introduction of Airbnb's non-discrimination policy in 2016, to which every host had to commit, made no difference to the gap in the rates of hosts giving permissions to book for people with a disability (Ameri et al, 2017).

While these results seem to indicate that discrimination is occurring, the experiment itself does not allow firm conclusions about the reasons for the difference in pre-approval rates. Discrimination is one of a number of possible explanations. Another one – put forward by the authors of the study – is that hosts would be willing to accommodate people with disabilities, but know that their property does not have the necessary features and is therefore not suitable for the person making the enquiry. The lack of suitability is often not obvious from the online listing. An alternative explanation is that hosts may be concerned about increased risks of injury putting them at a higher risk of liability.

Others are not as generous in their evaluation, arguing that the 'sharing economy is set up for people who are healthy and able-bodied' (Redmond, 2014) and, consequently, is in breach of the Americans with Disability Act. Quoting disability rights activist Bob Planthold, Redmond argues in relation to peer-to-peer accommodation networks specifically that: (1) many properties listed on such networks are public accommodation according to the Americans with Disability Act and should be fully accessible; (2) the Airbnb website is not accessible, which causes difficulties not only for people with disabilities looking for space, but also for those wanting to list space; and (3) there is insufficient information about features of the listing relevant to people with disabilities. As a consequence, people with disability feel uncomfortable using home-sharing services. In addition, (4) the lack of background checks on guests puts already vulnerable populations, such as people with disability, at greater risk of falling victim to potentially dangerous guests (Redmond, 2014).

Similarly, Heidman (2014) notes that the Airbnb website enables guests to search for wheelchair-accessible properties, but since the website redesign in 2014, the wheelchair-accessibility information is hard to find: 'It took me three separate attempts on Airbnb's site to locate the accessibility filter, by clicking the "More Filters" tab, then scrolling through the amenities list until we reached the very end'. An additional complication is that hosts rate wheelchair accessibility, but most lack experience and knowledge about the needs of wheelchair

users. A listing being classified as wheelchair accessible may, therefore, turn out not to be. Heidman also notes that the Airbnb website is incompatible with software used by vision-impaired people and concludes that it is 'clear these peer-to-peer services are here to stay. But it's also clear that, for these new sharing economy companies, you're no peer of theirs if you have a disability'.

Reactions by peer-to-peer networks

Most peer-to-peer accommodation networks have taken no action in improving accessibility for people with a disability because they have not been directly or publicly criticized. Airbnb, which has in recent times found itself in the firing line of public debate given its position as the internationally leading commercial peer-to-peer accommodation network, has commissioned a report on how to fight discrimination and build inclusion (Murphy, 2016) in response to the numerous claims it systematically discriminates against vulnerable populations including non-white ethnicities (Chapter 19), people from the LGBTQI community and people with disabilities. The report was relatively broad and spoke of generic company policies to promote acceptance and inclusion and not tolerate hosts who did not display these values.

In May 2017, Airbnb released a three-point plan to increase inclusion of people with disabilities (Airbnb, 2017). In this plan Airbnb claims it is 'committed to making sure everyone – including people of all abilities – can find and book travel experiences they love' (Airbnb, 2017). The initiatives in this plan include: (1) redesigning the Airbnb website to include assistive technology – such as keyboard navigation support and improvements to legibility and text color contrast – to make Airbnb more accessible to people with visual impairments. (2) Improving the search function in order to enable users to identify accommodation options that match their specific needs. This includes the ability of hosts to be more specific about the nature of accessibility features in their property (beyond just wheelchair accessibility as is currently the case) and enhanced filters that enable users to find accommodation options with the specific features they require. (3) Educating hosts about Airbnb's non-discrimination policy and their responsibility to accommodate guests with special needs, including assistance animals.

Accommodation needs of travelers with a disability

Discussing with people who have a disability their needs related to travel suggests that neither peer-to-peer networks, nor commercial accommodation providers forced to comply with rules and regulations relating to the protec-

tion of people with a disability, genuinely cater to the needs of travelers with a disability. The comments of travelers below illustrate this:

> There are so many disabilities, thus a large variety of needs for different people. If all the facts are presented then a person can decide if they can or can't manage. It doesn't have to be perfect but there are important issues. Are the doorways wide enough to take a wheelchair? Can the wheelchair access the toilet area? Is there a handle for support to transfer to the toilet? Is the shower accessible (wet floor, support handles, non slip flooring)? Can a wheelchair move to the side of the bed so a guest can transfer from the chair to the bed? If this information was presented to me, (and other disabled travelers) we could make an informed decision rather than having to ask the same questions over and over again. (Airbnb Community Center, 2017)

> Went to a listing with a handicapped family member that was ground floor. But there was step up and then down in the entrance, nothing to grab near the toilet, etc. We ended up leaving half the group there and went to a hotel. (Airbnb Community Center, 2017)

> We, as travelers with disabilities, have to ask numerous detailed questions, and we have to be prepared with plan B if a lodging turns out to be just too hard to manage. (New Mobility, 2017)

But it is not just about wheelchair access, although mobility issues affect around 60% of people with disability (Centers for Disease Control and Prevention, 2017). With an aging population, other forms of disability are increasing, such as hearing and visual impairments. Specific modifications are required to make accommodation safe and suitable for people with these disabilities. For example, modifications for hearing loss might include making auditory sounds louder (e.g., telephones); instaling telecommunication devices for the deaf which allow hearing impaired people to communicate over the telephone; instaling signallers which alert guests when someone is at the door or if there is a fire, which usually includes some form of visual (e.g., flashing lights) or physical (e.g., shaking the bed) signal; instaling wide peepholes in doors to enable people to view visitors as they cannot hear people on the other side of the door; the use of thin flooring for people who rely on feeling vibrations in the home; or sound absorbent flooring if background noise is an issue.

The challenges associated with finding travel accommodation that has the specific features and facilities that perfectly match an individual's unique disability needs are illustrated by talking to the stepmother of a 12 year old girl, Kate. Kate has a progressive undiagnosed syndrome, is profoundly deaf and is living with a moderate intellectual disability. This means she functions at

the level of a 3–4 year old. She also has physical disabilities, which means that she needs assistance or aides to move around the house. She relies on a walker and wheelchair in school. The family, who also has two older children who do not have a disability, have tried to be proactive about taking vacations. They have traveled both nationally and internationally in the past, but this is becoming increasing difficult as the children have become older and both Kate's needs and the needs of other family members have changed. Based on their experience, finding suitable accommodation can be difficult, despite the legal obligations imposed on commercial providers. Over the years they have learnt that larger hotels or resort-style accommodation works best because they often offer ground-level accommodation or lifts and can easily be navigated with a wheelchair because they are spacious and often have ramps leading to different facilities within the hotel or resort. In the past, it has not been a problem if accommodation had a few stairs as they could carry Kate if necessary. But Kate is getting older and heavier and it is more difficult to lift her in and out of the wheelchair.

Kate's family has never booked on Airbnb, but they have booked a holiday house on Stayz.com, another online platform that facilitates trading of unused or underutilized spaces between peers (Chapter 6). The key concerns when booking other people's houses is safety. Because Kate has an intellectual disability, the normal setup of a house can be dangerous. For example, accessibility of appliances and utensils in the kitchen or non-secure parts of the house which would allow Kate to get outside or on to balconies which may not have adequate railings. Resorts and large hotels typically eliminate these types of hazards because they cater for families with small children.

Resorts and large hotels also offer other helpful services, such as room service, as an alternative to having to go out to eat. They also typically have better access to other facilities like pools, gyms, or other recreational activities which are important to meet the needs of Kate and other family members while on holidays.

When asked what kind of peer-to-peer accommodation would be suitable for a family holiday, Kate's stepmother expressed skepticism about finding something that is suitable. A house that would suit their needs would not only have to be genuinely wheelchair-friendly, but would also have to be very child and family-friendly. For example, this would include providing options for other activities on site (e.g., pool or other recreation) and for in-house dining or food services. In this sense, the family is looking for a 'destination stay', not just for accommodation. This is because getting out and about in the local neighborhood and environment whilst on holidays also requires the navigation of other obstacles (beyond the accommodation itself). For families or groups

traveling together, considering only the accommodation needs of the person with the disability is not helpful because it ignores the potential impact this has on the experience of other family or group members. Ultimately, holiday accommodation choices need to be considered within the broader context of the destination and everything it offers, such that they meet the needs of the person with the disability, but also the other people traveling,who may have specific needs of their own.

It is clear from reviewing comments travelers with disabilities make online, as well as our interviews with a number of travelers with disabilities, that their accommodation requirements are very specific. Even the commercial, regulated sector does not cater well to these needs. Peer-to-peer accommodation is perceived as even riskier, because the offerings are less standardized. Many users of peer-to-peer networks accommodation enjoy the aspect of being surprized when they come to a new property for the first time, as opposed to knowing exactly what the space will look like when booking in a hotel chain. For people with disabilities, surprises in short-term accommodations are not always a good thing, potentially making it impossible for them to spend a holiday in the space they booked.

Conclusions

It is challenging for travelers with a disability to find suitable accommodation. While the success of peer-to-peer networks has reignited discussion about discrimination against travelers with a disability, it becomes clear from accounts by travelers with a disability that the commercial accommodation sector – despite regulations – also frequently fails to cater to their specific needs. What, then, is the solution?

The most effective measure that both commercial providers and peer-to-peer network hosts can take is to provide much more detail on those features of the listing relevant to people with a disability. This could be achieved by developing a separate, very detailed list that needs to be completed by accommodation providers. This list does not have to be displayed to all guests, but it could appear when a 'More information for travelers with a disability' icon is clicked, thus providing critically important details to travelers with a disability while not distracting other travelers. Peer-to-peer accommodation networks committed to catering to travelers with disabilities could make it compulsory for people to complete this form as part of setting up the listing. The responses to the form would then determine whether the listing is suitable for travelers with certain disabilities. It would also have an educational benefit of raising awareness among hosts for the very specific needs of travelers with disabilities.

People with a disability have very specific and intricate requirements in terms of their short-term accommodation. Presumably, the only other people who understand these specific requirements are those who have them also. This opens up another solution, one that peer-to-peer accommodation networks are particularly suited to cater for individual needs because they thrive on variation, not standardization. If hosting were easier for people with a disability, supply of spaces set up for people with a disability to stay in may increase. Such spaces are likely to be much better equipped, given that they have been set up for a host with a disability. If the specific needs of one person are matched by a listing with similar specific features, these needs may be met over and above how they might otherwise be met by mainstream accommodation providers. This opens up an entrepreneurship opportunity to establish a new peer-to-peer accommodation network for trading of spaces suitable for people with disabilities. One such network already exists (https://www.accomable.com/) and has 1100 listings of both commercial and private nature in 60 countries. It also opens up the opportunity for established peer-to-peer accommodation providers to show their genuine commitment to inclusiveness. Airbnb positions itself as being able to connect people to unique travel experiences. Given the number of hosts and consumers now engaging with Airbnb, there is potential to take this to the next level. Numerous tourists with disability have been vocal about what they want and need from travel accommodation, which gives guidance as to how this could be achieved. Airbnb is in a unique position to do this, as it essentially provides unique accommodation options which can potentially vary on every aspect imaginable, as opposed to hotel chains, where standardization stands at the center. The sheer quantity of listings on Airbnb (over 3 million spaces *today*, more tomorrow) means it is in a unique position globally to cater to people who have specific and different (but not totally unique) needs and matching them with accommodations that meet these. A few current hosts are already proudly communicating their unique offers:

> I'm proud to say that our place… is fully accessible (Airbnb Community Center, 2017)

> We are proud to say the same: our place… is fully accessible. (Airbnb Community Center, 2017)

Questions for future research

Has the emergence of peer-to-peer accommodation networks been a great development because it has put requirements for travelers with disabilities back on the agenda, and has made it a topic of public conversation? Why is Airbnb held to higher account than other similar companies, such as Booking.com or HomeAway or even commercial accommodation providers offering the

bare minimum required by law? Will Airbnb's three-point plan make a difference? Will niche networks emerge, or will the major networks make a bigger effort to genuinely include travelers with disabilities? To what extent are the needs of people with disabilities currently met by different types of short-term accommodation providers? What can all types of providers do to better cater to this segment?

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23 Political Activism

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This chapter explores the engagement of peer-to-peer accommodation networks in activities not aligning directly with their corporate mission, including corporate social responsibility and activism. While corporate social responsibility aligns with societal values, activism often seeks to change them, thus potentially alienating customers. Yet Airbnb – the internationally leading commercial peer-to-peer accommodation network – is very proactively engaged in political activism, including fighting for marriage equality and against the tightening of US immigration law.

The ice cream shop Ben & Jerry's does not only sell ice cream. It also proactively engages in public debate around contentious issues nations face. In Australia, their 'Scoop ice cream not coal' campaign asks people to sign up to an action list to lobby against the biggest coalmine in Australia being developed (Ben & Jerry, 2017a). Similarly, Ben & Jerry's – in their 'Love comes in all flavours' campaign – invite people to pick up a postcard at one of their stores, write on it why they are in support of marriage equality and send them to their members of parliament (Ben & Jerry, 2017b). Customers may not order two scoops of the same ice cream until marriage equality is reality in Australia (Palazzo, 2017).

Businesses are increasingly becoming proactive and vocal about societal issues; they are engaging in political activism. Political activism is not the same as corporate social responsibility. Corporate social responsibly is tame; it does good without offending anyone. Not so activism. The Oxford Dictionary defines activism as 'policy or action of using vigorous campaigning to bring about political or social change' (Oxford Dictionary, 2017). Such vigorous

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campaigning on issues dividing societies can come at a high risk for businesses. In 2017, the CEO of the Australian airline Qantas was hit in the face with a pie by an audience member discontented with his support of marriage equality. And Australian tennis champion Margaret Court is publicly boycotting the airline for the same reason (Laurie, 2017). While nonprofit organizations act in line with their mission, businesses engaging in activism do not. It is not the purpose of their existence to bring about political and societal change. The purpose of their existence, typically, is to create profit and shareholder value. Activism could interfere with this mission if there is a consumer backlash against the positions taken by businesses. This is precisely how the pie-thrower felt, explaining his actions as follows: 'Alan Joyce is paid $13 million to run airlines, not bulldoze Australia socially against its will … Middle Australia completely rejects corporate bullying aimed at social engineering. Qantas is insulting many staff and passengers with their (same-sex marriage) propaganda' (Overington, 2017). Despite opposition, many businesses appear undeterred by the risk of upsetting potential customers. Alan Joyce, the CEO of Qantas, cleaned himself up, continued his speech and vowed to continue to fight for marriage equality.

The aim of this chapter is to explore activism by businesses with a commercial purpose; and to explore the role of peer-to-peer accommodation networks in activism and their power as facilitators of activism, as amplifiers of the voices of global citizens.

From corporate social responsibility to activism

Corporate social responsibility is defined broadly as 'business firms contributing in a positive way to society by going beyond a narrow focus on profit maximization' (McWilliams, 2015: 1). The idea of businesses having a responsibility beyond their core mission is not a new concept. Carroll (1999) traces the concept of corporate social responsibility back to the 1930s and points to *Fortune* magazine quizzing CEOs about their responsibility to society as early as 1946. The first definition of corporate social responsibility was proposed by Bowen (1953), who views it as an obligation of CEOs to behave in a way which is 'desirable in terms of the objectives and values of our society' (Bowen, 1953: 6). Only in the early 1970s was corporate social responsibility seen as a vehicle to long-term profit maximization (Johnson, 1971), rather than altruism without an expectation of return on investment. Bowen's definition is still valid today. At its center, however, stands alignment with current societal values; the expectation that businesses will act in compliance with societal norms: 'The CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen' (Carroll, 1991: 43).

Activism is not about compliance with social norms. On the contrary: activism is about changing societal norms. And 'some corporations do not simply follow powerful external expectations by complying with societal standards in legal and moral terms; they engage in discourses that aim at setting or redefining those standards and expectations in a changing, globalizing world and assume an enlarged political co-responsibility' (Scherer and Palazzo, 2007: 1109). Corporations engage in public health, education, and protection of human rights (Porter and Kramer, 2002).

The term corporate social responsibility in its original sense no longer captures the full range of activities businesses engage in, beyond their organizational mission. Consequently, a few alternative terms were defined to describe these activities. Scherer and Palazzo (2007) compare positivist and post-positivist schools of thought, arguing that – in modern societies – different stakeholders (managers, suppliers, customers) have conflicting moral ideas. According to the positivist conceptualization of corporate social responsibility, a company considers views that are economically or legally most beneficial. In contrast, non-positivist monological corporate social responsibility relies on philosophical methods of reasoning to examine, justify, or improve the moral quality of business behavior. Post-positivist approaches to corporate social responsibility assume that, in pluralistic societies, common ground on questions of right and wrong or fair and unfair can only be found through joint communicative processes between different actors (Scherer and Palazzo, 2007).

Scherer and Palazzo (2007) propose a post-positivist concept of corporate social responsibility which 'shifts focus from an analysis of corporate reaction to stakeholder pressure to an analysis of the corporation's role in the overarching processes of (national and transnational) public will formation and these processes' contribution to solving global environmental and social challenges' and 'the corporation is understood as a political actor' (Scherer and Palazzo, 2007: 1108). Scherer and Palazzo (2007) demonstrate that corporate social responsibility is increasingly displayed in corporate involvement in the political process of societal problems.

Political corporate social responsibility is 'a movement of the corporation into the political sphere in order to respond to environmental and social challenges such as human rights, global warming, or deforestation' (Scherer and Palazzo, 2011: 910).

The term corporate political activity was introduced by Epstein (1969) and defined as 'firms' efforts to influence or manage political entities' (Lux et al., 2011: 223). It encompasses a wide range of possible actions, including lobbying and making donations to political campaigns. It is a non-market strategy aiming at influencing the context in which the business operates (Boddewyn, 2003). As

opposed to corporate social responsibility – which does good in line with societal norms – and activism – which aims at changing societal norms – corporate political activity is aimed at improving business performance (Mitchell et al., 1997; North, 1990) and understood as an investment which leads to a positive return (Baron, 1995; Mitchell et al., 1997; Lux et al., 2011).

Figure 23.1 consolidates the different approaches using as axes the extent to which the action taken by a business is in line with current societal norms and the extent to which the action taken is taken to improve business performance.

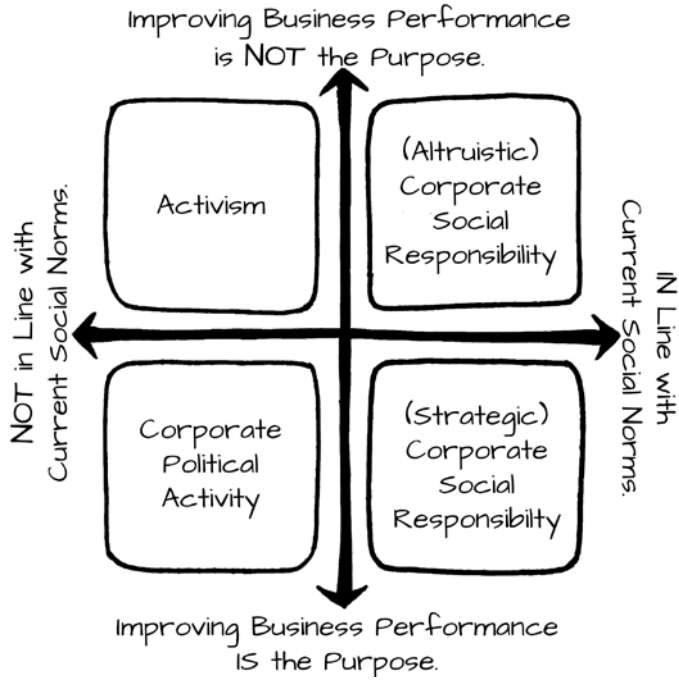


Figure 23.1: Framework of business activities not directly aligned with the organizational mission

When action taken by a business is in line with current societal norms and improving business performance is not the purpose, the business engages in *altruistic corporate social responsibility* which 'involves contributing to the common good at the possible, probable, or even definite expense of the business' (Lantos, 2001: 605). Businesses help alleviate public welfare deficiencies such as drug and alcohol problems, poverty, crime, and illiteracy without the profit-making motive (Lantos, 2001). This type of corporate social responsibility is rare because businesses are under pressure from investors to maximize profit (Porter and Kramer, 2002).

When action is in line with current social norms and improving business performance is the purpose of the action, the business engages in strategic cor-

porate social responsibility, which is the 'fulfillment of a firm's social welfare responsibilities' in a win-win situation in which both the business and society benefit (Lantos, 2001: 605). For example, the Cisco Networking Academy trains computer network administrators and, in so doing, alleviates a potential constraint on its growth (Porter and Kramer, 2002).

When the action taken by a business is not in line with current social norms and the purpose is not improving business performance, the business engages in *activism*. Examples of businesses engaging in activism are advertisements in 2017 Super Bowl by Google, Airbnb, Audi, 84 Lumber, and Budweiser taking stance regarding immigration and – racial, religious, and sexual – equality (Butler and Judkis, 2017).

When the action is not in line with current societal norms and the purpose is improving performance, the business involves in *corporate political activity*. Examples of political activities undertaken by businesses are political donations by property and construction companies to the Australian (conservative) Liberal Party to influence Australian politics – despite a New South Wales ban on donations from property developers (Hanrahan et al., 2017).

It can be concluded that businesses have available a wide range of initiatives which are not necessary to achieve their core mission. In some instances, such initiatives are taken out of genuine altruism and sense of obligation to society; in other instances they aim at influencing political parties to shape their economic environment and make it more advantageous for them. This chapter explores where along this continuum initiatives taken by peer-to-peer accommodation networks are located.

Peer-to-peer network activities not directly contributing to the mission

Businesses associated with what is referred to as the sharing economy (Chapter 2) have engaged in a number of activities not directly linked to their organizational mission. For example, the two ride-sharing services, Uber and Lyft, took opposite stances following Trump's executive order banning immigration and refugees from seven Muslim countries. Lyft sent an email to its users noting 'We stand firmly against these actions, and will not be silent on issues that threaten the values of our community.' Lyft also donated $1 million to the American Civil Liberties Union (Etherington, 2017). Uber, on the other hand, was perceived to seek profit from giving rides to airport customers during protests against Trump's immigration order. In addition, Uber CEO Travis Kalanick's ties to Trump led to a loss of more than 200,000 users after the #deleteUber protest on Twitter (Isaac, 2017).

Uber has engaged in corporate social responsibility efforts for gender equality by collaborating with UN Women to create one million jobs for women by 2020 (Uber, 2015). Uber also launched UberMilitary, a campaign to provide 50,000 members of the military with jobs to empower them as entrepreneurs and small business owners (Uber, 2014). One of Lyft's corporate social responsibility efforts is Round up & Donate program, where riders can opt in to Round Up & Donate and Lyft rounds up fares to the nearest dollar, then donates the difference to a charitable cause of the rider's choice (Lyft, 2017). Examples of sharing economy businesses' engagement in corporate political activity are Airbnb's and Uber's donations to political parties (Taylor, 2013).

Moving from the broader sharing economy to peer-to-peer accommodation networks, the world's leader in the field (Airbnb) led a joint initiative with Qantas, Fairfax Media, and Foxtel to progress the issue of marriage equality in Australia. The 'Until We Belong' campaign invited Australians to wear a custom designed Acceptance Ring to signal support with marriage equality. Qantas and Google Australia made the ring available to their staff at no cost (Urban, 2017). Airbnb contacted all their members in Australia inviting them to sign a petition and wear the Acceptance Ring – sold online at the cost of postage only – until marriage equality becomes reality in Australia (Airbnb, 2017a). If societal norms are defined as laws, this initiative stands in direct opposition as it calls for laws preventing gay couples from getting legally married to be abolished. If societal norms are defined as beliefs held by the population of a country, the initiative has a better alignment, given that the majority of Australians are in support of marriage equality. Yet many Australians are not. It is therefore not clear whether the 'Until We Belong' campaign will improve business performance or not. It may improve business performance because it serves as a powerful tool of positioning for Airbnb. Airbnb portrays itself as open-minded, non-discriminatory and accepting of everyone. This image may well have positive business performance outcomes as it helps to attract new members to the network who identify with these values. On the other hand, the initiative may negatively affect business performance because those people who are strongly opposed to marriage equality may boycott Airbnb or even mobilize a broader boycott of the network. Overall, the 'Until We Belong' campaign best falls into the activism quadrants in Figure 23.1: it does not fully comply with current societal norms and it cannot be expected that the business performance outcome will be positive.

If executive orders of the President of the United States of America can be seen as a societal norm, Airbnb has directly opposed it by offering free accommodation to people affected by Donald Trump's executive order blocking entry into the US for refugees and immigrants from seven Muslim countries

(Gallagher, 2017). This initiative stands in direct opposition to being a good corporate citizen – a key component of the definition of corporate social responsibility – representing instead powerful corporate criticism, corporate resistance. Airbnb's reaction to changing immigration rules in the US can be classified as activism: it stands in direct opposition to societal norms as defined by the views of a democratically elected president and it may lead to a backlash of consumers who voted for Trump, thus potentially negatively affecting business performance. For other market segments, of course, it is likely to have major reputational benefits.

Although activities by peer-to-peer accommodation networks falling into the category of activism are most visible and lead to public discourse about their actions, networks also engage in corporate social responsibility. An example is the Wimdu Scholarship Program, which recognizes the skills to create a successful marketing campaign in a fast-moving international economy. The scholarship supports promising students interested in pursuing a career in marketing and business related fields (Wimdu, 2017). Another example is Airbnb's disaster response program. Airbnb works with the Federal Emergency Management Agency (FEMA) and the Ready campaign to better educate hosts on how to prepare for and respond to emergencies, including natural disasters (Airbnb, 2017b). Airbnb also has a disaster response tool that can provide emergency accommodation within the first week of a disaster hitting a place (Airbnb, 2017c, see Chapter 21).

Conclusions

Among the many peer-to-peer accommodation networks in existence, only few engage in activities which do not contribute directly to the achievement of their corporate mission. Airbnb not only engages in corporate social responsibility, but also in large-scale political activism. Their corporate social responsibility activities are not well advertized, but include highly impactful activities, such as opening the homes of hosts willing to participate to people in need after a disaster has hit a place (Chapter 21). Airbnb's activities in the political activism space are much more visible, ranging from sending marriage equality rings to guests and hosts and asking them to pledge their support for marriage equality by wearing the ring and signing a petition, to expensive advertising campaigns expressing dismay with changed US immigration laws.

The implications are not obvious. On the one hand, this very strong positioning can have a positive effect in attracting attention and, with it, new network members as well as by attracting members who align well with the value system of the network. People who support marriage equality, for example,

may discriminate less against hosts or guests with specific personal characteristics. On the other hand, these activities can alienate other (potential) hosts and guests; those who disagree with those positions and, as a consequence, feel that they do not wish to belong to this community.

Questions for future research

Some of the future research questions relating to peer-to-peer accommodation networks are the following: What is the immediate effect of highly publicly visible political activism campaigns by networks on network membership? What are the long-term effects of highly publicly visible political activism campaigns by networks on membership? Do political activism campaigns help networks to ensure their members align with the corporate value system? Do hosts and guests self-select into or out of networks in view of activism? Does the strong positioning of Airbnb as a changer of society provide business opportunities for other peer-to-peer accommodation networks who do not push the boundaries of society?

Acknowledgments

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24 Environmental Sustainability

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The tourism industry causes significant environmental damage. With demand for peer-to-peer accommodation dramatically increasing and expected to further increase, the question arises whether the provision of accommodation via peer-to-peer networks places a higher burden on the environment or whether it reduces this burden. This question stands at the center of this chapter.

The accommodation sector has a range of negative environmental impacts: it uses and pollutes water, land and air, and contributes to global warming (Gössling, 2002; Gössling and Peeters, 2015). The precise environmental cost of tourist accommodation is difficult to assess because impacts vary by geographic location and type of accommodation. A few studies provide an indication of the harm done.

Water

Accommodation providers are the biggest users of water internationally (Gössling, 2002) and nationally (Becken et al., 2001; Gössling et al., 2012). The direct average water use per guest night amounts to 350 litres (Gössling, 2015). Indirect uses – such as pools, spas, and food preparation – require an additional 6205 litres per guest night. A four-star hotel in Spain uses 361 litres

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of water per bed, about 187 litres more than a one-star hotel (Rico-Amoros et al., 2009). Gardening alone accounts for 70% of total water use in hotels in the Balearic Islands in Spain (Hoff and Schmitt, 2011). The daily average consumption of water in tourist apartments is 163 litres per day or 46 litres per person per day. Campsites report using about 84 litres of water per person per day (Rico-Amoros et al., 2009).

Land

Accommodation infrastructure contributes considerably to land use (Gössling, 2002). Self-catering accommodation and vacation homes have the smallest land footprint; hotels and campsites the highest (Gössling, 2002). Hotels account for 47% of the total accommodation land use in the world, campsites contribute 27%, pensions 12%, self-catering units 11%, holiday villages and homes 2%, (Gössling, 2002). However, hotels have the smallest land use per bed (only 30 m^2) and vacation homes the highest (200 m^2); campsites use 50 m^2, self-catered apartments 50 m^2, pensions 25 m^2, and holiday villages about 130 m^2 per bed.

Air and climate change

The tourism accommodation sector is responsible for about 20% of the total carbon emissions generated by the tourism industry (UNWTO and UNEP, 2008). Campsites use considerably less energy (Becken et al., 2001; Gössling, 2002) than hotels. As an example, hotels in Greece use between 17 and 42 kWh of energy per guest night (Gössling, 2015). The Hilton hotel chain uses about 90 kWh of energy per guest night (Bodhanowicz and Martinac, 2007). This corresponds to about 44 kg of CO_2 emissions for Hilton hotels (UNWTO and UNEP, 2012). Just one routine daily room clean in a Slovenian four-star hotel – which includes replacement of towels – uses 1.5 kWh of electricity (Dolnicar et al., in press).

A five-star hotel in the Seychelles using a diesel generator to produce electricity, produces 125 kg of CO_2 emissions per guest per night. A three-star hotel in Zanzibar, also using a diesel generator, produces 14.5 kg of CO_2 emissions per guest per night (UNWTO and UNEP, 2012). Sicilian hotels using the same source of energy produce between 4.7 and 15.8 kg of CO_2 emissions per guest per night (UNWTO and UNEP, 2012).

Airbnb commissioned a study into environmental aspects of peer-to-peer accommodation networks (Cleantech Group, 2014). This examined secondary data and conducted a survey with Airbnb guests and hosts, drawing the following conclusions:

1 Airbnb guests in North America use between 63% and 71% less energy than hotel guests in North America, thus generating 61–82% less CO_2

emissions. Airbnb guests in Europe use 78% to 84% less energy than hotel guests, thus generating at least 88% less CO_2 emissions.

2. Airbnb guests in North America use between 12% and 39% (59–170 litres) less water than hotel guests. Airbnb guests in Europe use between 48 and 57% (160–290 litres) less water than hotel guests.
3. Fewer than 2% of Airbnb hosts report washing bed sheets and towels daily.
4. Most Airbnb hosts (95% in North America and 89% in Europe) report that they are providing recycling facilities; 94% of Airbnb guests in North America and 90% of Airbnb guests in Europe say they recycle when they can.
5. Most Airbnb hosts (83% in North America and 79% in Europe) report that they provide energy efficient appliances.

Most of these conclusions are derived from survey responses, which are known to be biased when people are asked about topics with respect to which society as a whole holds certain views (Juvan and Dolnicar, 2016).

It can be concluded from this overview of studies into the comparative environmental damage caused by different types of tourist accommodation that higher quality accommodation comes at a higher environmental costs for land, water and air. This would suggest, *a priori*, that peer-to-peer accommodation networks may offer a solution to reducing the environmental burden of tourist accommodation. To explore whether or not this is the case is the aim of the present chapter.

Peer-to-peer accommodation infrastructure

The infrastructure-related negative environmental impact of listings in existing houses is smaller than that of commercial tourist accommodation in purpose-built dwellings; but peer-to-peer networks are also used as distribution channels by hotel-like providers which may have purpose-built the dwelling (Priceonomics, 2016). The information required to assess the comparative environmental impact therefore is: what is the proportion of listings offered in existing versus purpose-built dwellings? The lower this proportion, the lower is the relative negative environmental impact of peer-to-peer accommodation networks in their entirety.

Estimates of the proportion of commercial properties range from 6% (Schneiderman, 2014) to 40% (McCarthy, 2016), and higher in countries such as China where local network facilitators themselves develop purpose-built spaces for trading (Chapter 13).

In July 2017, we analyzed 90 Airbnb properties listed in selected European cities: Amsterdam, Berlin, Bratislava, Helsinki, Lisbon, Ljubljana, London, Madrid, Oslo, Paris, Prague, Rome, Stockholm, Vienna, and Zagreb. We identified the most frequently rented Airbnb properties in each of those cities. For each listing, we inspected infrastructure-related features based on the description of the property. Table 24.1 provides results.

Table 24.1: Sustainability-related characteristics of Airbnb listings in selected European cities

Characteristics	Frequency	Percent
Dwelling purpose		
Home	18	20
Tourism	9	10
Other	64	70
Dwelling type		
Apartment	51	57
Garden house	1	<1
House	3	3
Room	20	22
Studio	15	17
Service		
Air-conditioner	23	26
Bathtub	19	21
Hot tub	4	4
Coffee maker	4	4
Laundry dryer	19	21
Laundry machine	75	83
Other appliances (electric heater, electrical fireplace, pool, toaster, table fan, microwave)	12	13
Pool	1	>1

As can be seen in Table 24.1, only 20% of high-in-demand properties in the selected cities appear to be people's homes. This aligns with the fact that 22% of listings offered rooms only, rather than the entire dwelling. Of the analyzed properties, 70% are likely to be commercial properties because hosts explain they do not live there permanently. These properties could also be people's second or holiday homes, in which case, their purpose of existence is not short-term rental and the environmental cost of construction cannot be attributed to peer-to-peer accommodation networks.

Almost three-quarters (74%) of the listings are apartments and studios in apartment buildings. As such, they have a small land footprint per room per person because apartment buildings typically use less ground space than

hotels or houses. The smallest space listed has only 15 m^2; the largest 200 m^2. The average apartment size is 70 m^2; more than a typical hotel room. In the US, an average hotel room has 30 m^2 (O'Rourke Hospitality, 2017). Hotelstars (2017) criteria suggest that the minimum room size should be 14 m^2, but rooms can also be larger than 30 m^2. The estimated average space of Airbnb listing is similar to that in traditional hotels.

Prior work, as well as our own analysis for city destinations in Europe, indicates that a substantial proportion of properties on peer-to-peer networks are commercial in nature and thus likely to have been constructed specifically for the purpose of short-term rental. Yet this proportion is not 100% as it is for network-independent commercial providers, giving peer-to-peer networks a relative advantage in terms of infrastructure-related negative environmental impacts. Setting an upper limit for commercial listings on peer-to-peer networks could increase this advantage.

Other aspects which determine the relative infrastructure-related negative environmental impacts include land used (which is difficult to assess without detailed information of the nature of the dwelling in which spaces is located) and amenities. In terms of amenities it can be concluded that peer-to-peer network accommodation rarely offers the same resource-intensive amenities as hotels, such as large common areas, large swimming pools or manicured gardens (Bastic and Gojcic, 2012; Gossling et al., 2012).

Peer-to-peer accommodation services

The service level at accommodations listed on peer-to-peer networks is typically lower than that in commercial accommodation: bedlinen and towels are not replaced and the space is only cleaned before each arrival of new guests. This stands in direct contrast to the daily room-cleaning routine in hotels, with each room clean in a four-star hotel estimated to use 1.5 kWh of electricity, 35 litres of water and 100 mL of chemicals (Dolnicar et al., in press). In addition, fewer amenities and services are offered, leading to less energy and water use; less energy, water and chemicals are required to service common areas, such as gardens, reception areas and pool areas, because these spaces do not exist or are smaller in size, and because they do not need to be kept at the same standard as in hotels. This implies a substantially reduced environmental footprint compared to most commercial accommodation providers.

On the other hand, spaces listed on peer-to-peer accommodation networks typically contain fully equipped kitchens, which may lead to more water and electricity use for cooking. It is difficult to assess, however, whether the alternative of dining out leads to an overall smaller environmental footprint than

cooking at home. Also, spaces listed on peer-to-peer networks are typically equipped with energy and water use intensive amenities, as can be seen in Table 24.1: 26% have air conditioners, 13% other electrical appliances and 21% laundry dryers. All these devices use electricity – probably more than commercial systems in hotels – adding to the carbon footprint.

Overall, however, spaces listed on peer-to-peer accommodation networks are unlikely to cause more environmental damage than services offered in hotels when compared at the hotel, rather than the room level. The situation may be different for bed and breakfasts as well as low-end hotels, the environmental impact of which is likely to be more comparable with that of peer-to-peer network listings.

Tourists' perceptions of environmental footprints

We asked 378 adult Australian residents – who had undertaken at least one personal holiday in the last year and were aware of peer-to-peer network accommodation – about their perceptions of the comparative environmental friendliness of eight accommodation options: peer-to-peer; five-star or four-star hotels; three-star, two-star, one-star or unstarred hotels; beds and breakfasts; holiday apartments; youth hostels; camping sites; and staying with friends. Respondents were offered to explain their ratings in open-ended questions.

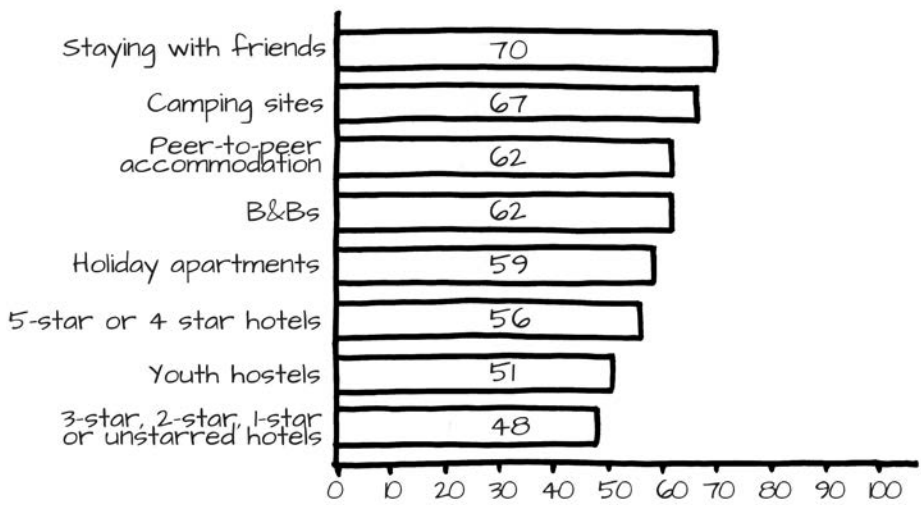


Figure 24.1: Perceived levels of environmental friendliness of accommodation options (0 = minimum, 100 = maximum)

Figure 24.1 shows the perceived levels of environmental friendliness. Differences between accommodation options are statistically significant

(Friedman chi-squared = 439.91, p-value = 0). As can be seen, respondents perceive staying with friends as the most environmentally friendly accommodation option, followed by camping sites. Peer-to-peer network accommodation ranks third, together with bed and breakfasts. Low-end hotels rank last.

When explaining the assessment of peer-to-peer network accommodation networks, responses fell into two groups: structural differences, and different levels of change of behavior from home, for example:

> I think I'd be as environmental friendly as I'm at home.
>
> It is probably like staying in your own house.
>
> I would treat their home as I would expect mine to be treated.

This is in line with findings of pro-environmental habits of people who use a home-swapping service as holiday accommodation (Forno and Garibaldi, 2015); they appear to display a high level of environmental sensitivity and prefer to cook using local food. Comments relating to structural differences include the following:

> People who rent out their own homes are more likely to have installed energy saving fittings and fixtures, appliances lights etc.
>
> Someone's personal property could have things like solar power, water tanks etc.
>
> You are able to keep the recycling going.
>
> You are essentially living in a house that is already occupied. Therefore, most things are only slightly additive to any sort of footprint rather than a whole room that is often empty and cleaned top to bottom every day.
>
> It's using existing buildings so there will be no building of new buildings just for temporary accommodation.
>
> It uses existing infrastructure, can connect well to public transport with the owner's help and allows self-catering which is low impact.

Some respondents mentioned that tourists would behave more environmentally friendly when using peer-to-peer accommodation because it is someone's home, not a corporation:

> I presume people would look after other people's homes.
>
> I think you take more care because it's not a big corporation.

A framework for assessing the environmental impact of peer-to-peer accommodation

Figure 24.2 offers a simple framework for the assessment – on a listing-by-listing basis, rather than a network basis – of the environmental footprint of the accommodation. It uses three criteria: the first criterion – plotted along the vertical axis – is whether the dwelling which is (entirely or partially) offered was built for the personal use of the host, or specifically for short-term rental. The latter option comes at a higher environmental cost. The second criterion – plotted along the horizontal axis – is the size of the space, with larger spaces being less environmentally friendly. The third criterion – plotted along the 45° angle for illustration purposes – is the pro-environmental setup of the space, which could include solar panels for electricity production; a solar hot water system; rainwater tanks; a greywater system; energy-efficient appliances; composting bins; recycling bins as well as recommendations for guest on how to keep their environmental footprint to a minimum. Optimally, a listing would have low values for all three dimensions, placing it in the light gray shaded area at the bottom left.

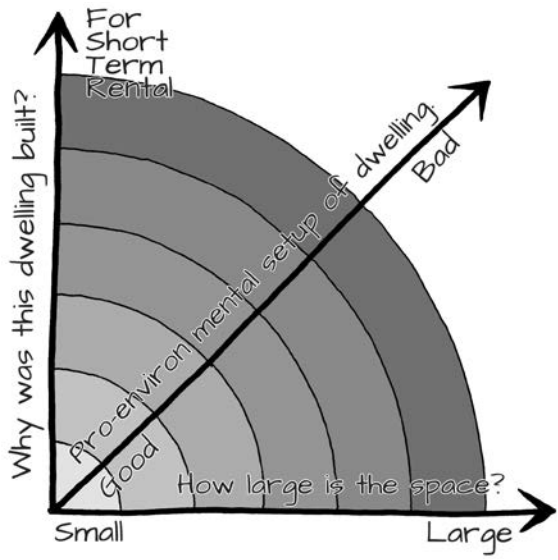


Figure 24.2: The environmental impact of listings on peer-to-peer accommodation networks

This framework can be used by guests to choose an environmentally friendly accommodation among all the options listed on their preferred network. It can also be used by hosts to improve the environmental sustainability of their spaces. It can be used by peer-to-peer network facilitators to develop a sustainability index that could be publicly displayed as part of the listing to offer

guests a single number summarizing the environmental cost of booking this accommodation. Such an internal environmental certification scheme would be unpopular among all those hosts with unfavorable environmental ratings, but in the long term it would encourage hosts to take action to ensure their listing has a high value, thus improving the overall environmental sustainability of the network. Such action would be in line with the call for businesses to 'set up their business models to encourage the right behaviors' (Bocken and Bocken, 2017: 92). It may also encourage hosts to be proactive in making recommendations to guests on how they can keep their environmental footprint to a minimum. Such recommendations are currently not common on peer-to-peer accommodations. A rare example is the following: 'We are a green household and appreciate you helping us with this by switching off lights, electrical appliances after use and unplug if possible. Using recycle bins provided.'

Conclusions

Constructing buildings and maintaining them comes at an environmental cost, as does using them to provide short-term accommodation services to tourists. Consequently, both established commercial providers and peer-to-peer networks harm the environment. The question is: what is the environmentally best of all the bad options? The answer is not clear cut. While high-end hotels and resorts offer relatively standardized services that allow the development of reasonably accurate estimates of their negative environmental impacts, peer-to-peer accommodation networks do not. By definition, these networks offer maximum variability ranging from accommodation equivalent to a five-star rated hotel to a modestly equipped room in someone's home. Consequently, the environmental impact of the network as a whole is difficult to estimate, given that the number and nature of listings changes by the minute. It is comparable to estimating the impacts of the entire tourism accommodation sector, including high-end hotels as well as beds and breakfasts, motels and campsites.

Overall, however, it can be concluded that peer-to-peer traded spaces in their original conceptualization – where 'ordinary people' make available to other 'ordinary people' unused space in their houses or their holiday homes – have a lower negative environmental impact because: (1) they already exist and were not constructed specifically for short-term rental; (2) most of them are small, especially rooms within the primary residence of the host; and (3) they are more likely to be equipped with infrastructure that enables people to display environmentally friendly behaviors such as recycling waste. Yet the proportion of commercial accommodations traded on peer-to-peer networks is increasing. The higher the proportion of accommodation similar to high-end hotels, the

higher the negative environmental impact of the networks as a whole.

In this chapter a simple framework was proposed which can be used as a guide for guests when they choose accommodation; by hosts when they set up the space for listing; and by network facilitators, such as Airbnb, to calculate an environmental sustainability index which may drive demand and, with it, offer an incentive for all hosts to make their spaces more environmentally friendly.

Questions for future research

What is the actual environmental footprint of a range of typical listings on peer-to-peer accommodation networks? Then, knowing the proportions of listings of different kinds, what is the network footprint? Why do some peer-to-peer accommodation networks offer information on the environmental sustainability of listings – even if subjective – and others do not? Does this information affect bookings? If Airbnb were to introduce an internal environmental indicator for their listing, would it encourage hosts to increase the environmental sustainability of their listing?

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PEER-TO-PEER ACCOMMODATION NETWORKS

Peer-to-peer accommodation networks are pushing boundaries we did not even know existed. These networks have rocked the established accommodation sector, dramatically increasing the variety of accommodation options available to people around the world.

Peer-to-Peer Accommodation Networks: Pushing the boundaries is the first book to provide an in-depth analysis of the business model of Airbnb, to discuss factors facilitating the transition of peer-to-peer networks from niche market to mainstream accommodation providers, and to predict that the next step of development for peer-to-peer accommodation networks will be to become online one-stop travel shops. Many other hot topics around peer-to-peer accommodation are discussed.

Using her first-hand experience as a host on both traditional holiday accommodation webpages and peer-to-peer accommodation networks, respected tourism academic Sara Dolnicar and her fellow contributors examine possible reasons for the explosive success of peer-to-peer accommodation networks, investigate topics relating to peer-to-peer network accommodation which are less frequently discussed (such as charitable activities and social activism), and offer a future research agenda.

Peer-to-Peer Accommodation Networks: Pushing the boundaries discusses a wealth of issues including:

- Factors that drive the success of peer-to-peer accommodation networks;
- Regulations put in place at different destinations around the world to benefit from peer-to-peer accommodation while minimizing negative side-effects;
- The potential of peer-to-peer accommodation networks to increase accommodation capacity with a click of a button, which can help fill infrastructure gaps, facilitate events, and give shelter to people if a disaster strikes;
- Types of guest and hosts on peer-to-peer accommodation networks, and the social conventions that regulate their interactions;
- Who genuine peer-to-peer accommodation networks members are, what motivates tourists to use peer-to-peer accommodation, and the chance of a 'perfect match';
- Pricing, discrimination, stimulation of entrepreneurship, and consequences for employment in the hospitality sector.

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