

# 4 **Hosting via Airbnb: Motivations and operational complexities**

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## **Introduction**

The collaborative, or sharing, economy has experienced tremendous growth. For instance, in an often cited study, PWC suggests that by 2025 sales revenue in the sharing economy will rise to 335 billion dollars from 15 billion in 2013 (PWC, 2015), with the effects of COVID-19 on the sharing economy yet to be ascertained. Uber, the ride hailing app, has increased trips per year from 140 million in 2014 to 6.9 billion in 2019 (Iqbal, 2021). Since its launch in 2017, Lime Scooters, who rent e-scooters, is now operating in more than 120 cities across more than 30 countries (Glasner, 2020). Airbnb is another prime example of this success (Dolnicar, 2020; Fagerstrøm et al., 2017; Oskam & Boswijk, 2016; Prothero et al., 2011). Yet, the vulnerability of the sharing economy has been exposed since COVID-19 started in 2020. For example, evidence from Australia suggests that the financial loss as result of the pandemic is around AUS \$14 million for Airbnb hosts (89.5% reduction in income) from January to August 2020, suggesting that hosts suffered 6.5 times more than the Airbnb platform itself (Chen et al., 2020). On the contrary, UberEats and the other three main food delivery apps in the US (DoorDash, Grubhub and Postmates) saw a collective rise in revenue of more than US \$3 billion during the pandemic (Sumagaysay, 2020). These suggest that the effects of the pandemic on the sharing economy are not always negative. This chapter focuses on one specific player in the sharing economy, Airbnb, with implications for other peer-to-peer accommodation providers and beyond.

Airbnb is currently the largest accommodation rental platform in the world, with over 150 million users, 650,000 hosts and 6 million listings worldwide (iProperty Management, 2020). Airbnb offers a worldwide online platform for services including travel experiences and peer-to-peer

(P2P) property rental. The platform allows ‘hosts’ to rent out accommodation to ‘guests’, charging both parties a fee for the transaction. The business model that Airbnb operates relies to a large extent on successful interactions between hosts and guests, including those that happen on their booking platform. This model of operation is not unique given that other peer-to-peer providers offering meals, personal loans and transportation are also using platforms to fulfil customer needs (Wirtz et al., 2019). Peer-to-peer accommodation providers (e.g., Airbnb, HomeAway, XiaoZhu and onefinestay) are typically offering services to the entire accommodation market targeting every segment from budget travellers, to families and luxury seekers (Wirtz et al., 2019).

The purpose of this chapter is to explore what motivates hosts to rent their properties, what type of properties they rent, what motivates them to use Airbnb as a rental platform, any challenges they face, and the marketing practices they adopt. Thus, this chapter covers the operational complexities of managing an Airbnb, focusing on guest-host relationships, and has implications for other peer-to-peer providers such as HomeAway and onefinestay.

Extant research prioritizes guest or user perspectives of Airbnb (Prayag & Ozanne, 2018). Airbnb provides guests a homely feeling (Liang et al., 2018; Zhu et al., 2019) by providing authentic interactions between guests and local hosts (Oskam & Boswijk, 2016; Paulauskaite et al., 2017). Recent research finds that price and location are primary motivations of users for booking Airbnb (Sthapit & Jiménez-Barreto, 2018), while convenience, flexibility, and the hospitality provided by the hosts are also significant (Priporas et al., 2017). Some of these criteria have driven consumers to switch to peer-to-peer providers in other industries. For example, the rising popularity of ride-sharing platforms such as Uber, Lyft, Didi, BlaBlaCar, Grab and Ola have to a large extent been driven by flexibility, convenience and price (Wirtz et al., 2019). Evaluations of guests’ online reviews for Airbnb reveals three key attributes, including location, amenities and the host, as affecting the guest experience (Cheng & Jin, 2019). This highlights the importance of hosts having to not only understand guest requirements but also manage the property to fulfil guest expectations (Dolnicar, 2021). In addition, Sthapit and Jiménez-Barreto (2018) and Sthapit, Björk, and Jiménez Barreto (2021) find that poor communication between guests and hosts contribute to negative Airbnb accommodation experiences.

Despite the critical role played by hosts as evidenced by the research on guests, less attention has been given to investigating Airbnb hosts (Karlsson & Dolnicar, 2016; Lee et al., 2019; Malazizi et al., 2018) and their business

practices (Dolnicar, 2019). In particular, the operational complexities inherent in managing Airbnb guest experiences and in other types of sharing economy experiences from UberEats to Limescooters remain poorly understood. Karlsson and Dolnicar (2016) identify three main motives driving hosts to participate in Airbnb, including income generation, social interaction, and sharing. Existing research suggests that hosts are increasingly managing more than one listing, with evidence of an inverse relationship between quantity of listings and host quality (Xie & Mao, 2017). In exploring host satisfaction, research finds that safety/security risks can reduce Airbnb host satisfaction and intention to continue using the platform. Safety and security risks for consumers have also plagued other providers such as Uber. Psychological risk impacts Airbnb host satisfaction and behavioural intentions related to the platform use (Malazizi et al., 2018). In a qualitative study of host motivations, initial intrinsic motivations (e.g., social interactions) to host were often enhanced, not crowded out, by the existence of financial motivations to host on Airbnb (Lampinen & Cheshire, 2016). More recent research investigates western Airbnb hosts' experiences with Chinese outbound tourists, highlighting the role that cultural differences play in guest-host encounters (Cheng & Zhang, 2019). These studies pinpoint the need for a more nuanced understanding of hosts' motivations and behaviours.

Next, the chapter outlines the methods used for gathering evidence, followed by the findings. The chapter concludes with implications for guest-host management and suggest ways for improvements.

## Method

We conducted in-depth interviews with 22 hosts in Canterbury, New Zealand. This method is valuable for providing information on issues that are complex and cannot be directly observed. The data saturation method was used to determine the final sample size and this emerged after 22 interviews (Guest et al., 2006). We employed a semi-structured interview guide so informants could explore issues that were important to them. We utilised a snowball sampling approach, beginning with the researchers' contacts, and then contacting Airbnb hosts who were unknown to the researchers (Noy, 2008). The interviews ranged from one to two hours in length, were primarily conducted in the informants' homes or places of business, and were audiotaped and transcribed.

An important strength of qualitative approaches is that substantive topics can be examined in greater depth. These approaches are also open-ended allowing for potentially new and surprising theoretical insights to emerge

(Denzin & Lincoln, 2005). Although some initial concepts guided the construction of the interview protocol, emergent concepts evolved within the open-ended structure of the qualitative approach. Our analytical approach fits within a hermeneutical framework (see Thompson, 1997, for a detailed explanation). This analysis was iterative, ongoing, and changed over time. Rather than define concepts a priori and use content coding, the strength of the analysis emerges across the pattern of emergent results. All authors coded and analysed the data. As with any type of qualitative research, the findings cannot be generalised to the views of Airbnb hosts across New Zealand and beyond.

## Results

Our results indicate that Airbnb hosts fit into three categories: professional hosts (PH), semi-professional hosts (SPH), and casual hosts (CH), similar to recent findings (Farmaki & Kaniadakis, 2020). (See Table 4.1) Our categorization is primarily based on the host's main motivation for using Airbnb and the type of unit(s) they offer through Airbnb. Professional hosts primarily use Airbnb as an additional marketing tool for their formal accommodation business. Semi-professional hosts purchase investment properties with the purpose of running them through Airbnb. Casual hosts primarily rent bedrooms in their home to earn extra money and emphasize the social aspect of hosting through Airbnb. These motivations will be discussed later in the results. Nonetheless, the different types of hosts identified in this study raise an important issue of whether hosts affiliated to other peer-to-peer accommodation providers such as HomeAway and onefinestay are uniform or diverse in their profile and mode of operation.

Most of the professional and semi-professional hosts were already in operation before they adopted Airbnb, suggesting that other sharing platforms offering accommodation may also attract different types of hosts. Yet, not much research exists on the hosts of these other platforms. Professional hosts have been offering Airbnb accommodation for one to six years, semi-professional hosts from five months to three years, and casual hosts from less than one year to three and a half years. Despite offering accommodation services, most of the hosts, across all groups, said that they had little to no previous experience in the accommodation sector (81.8% indicated no prior experience), suggesting that entry into this sector is not dependent on previous experience or skills in hosting specifically. The same applies to Uber drivers who are not necessarily familiar or trained in managing customer needs, unlike some of the well-established providers in the taxi industry.