Airbnb Before, During and After COVID-19

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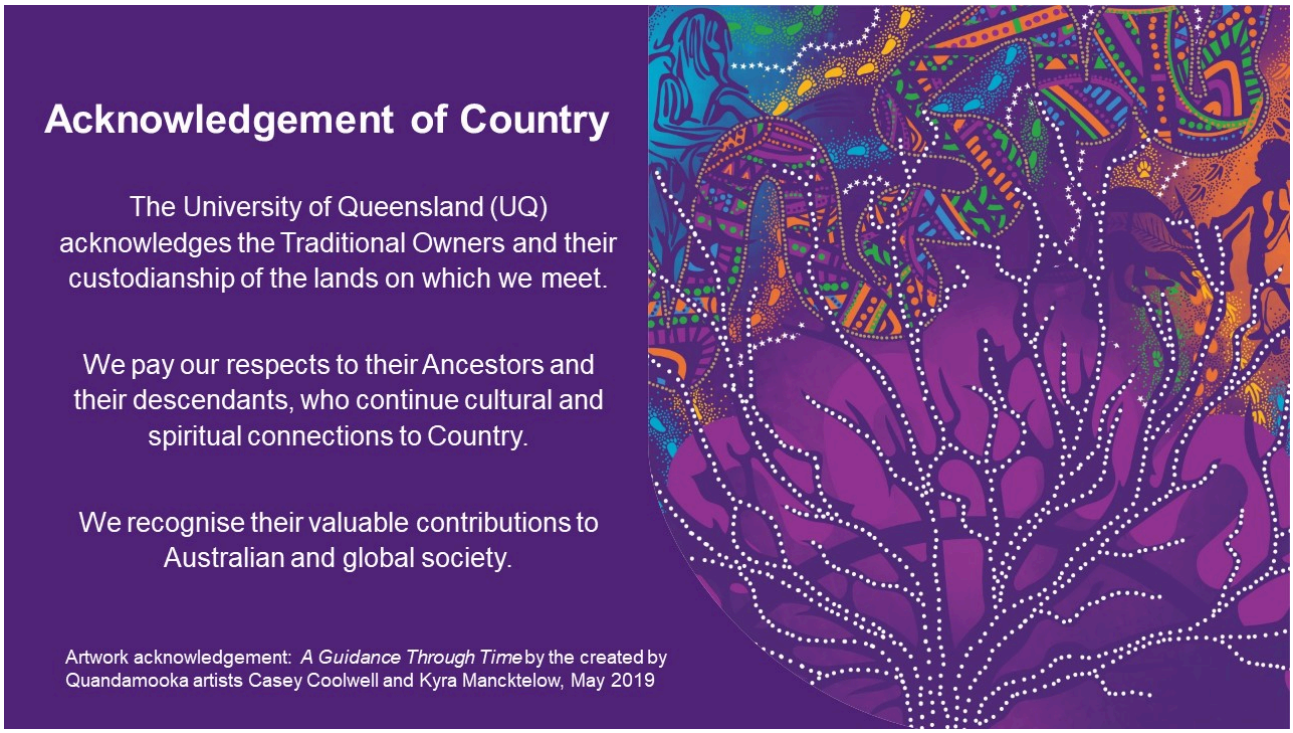
Acknowledgement of Country



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We gratefully acknowledge the Traditional Owners and their custodianship of the lands on which this project originated, this country known as Australia, where Aboriginal people have lived and practiced their culture for many thousands of years. We pay our respects to their Ancestors and their descendants, who continue cultural and spiritual connections to Country. We recognise their valuable contributions to Australian and global society.

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Foreword

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When Airbnb first entered the Australian market, I was hugely fascinated by it. Having studied tourism for many years, I was amazed by all the novel and unique features that made Airbnb.com such a remarkably successful space trading platform. People who wanted to sell space rejected booking requests. In which other contexts does the seller refuse to sell? Fascinating. Guests developed peer-to-peer accommodation CVs, publicly displaying their performance across their entire booking history. In which other context does a buyer have to prove that they are worthy of buying a product or service? Airbnb also offers a unique opportunity for micro-segmentation because it allows guests to browse seven million different spaces. It is hard to imagine that guests would not be able to find a space that is perfect for them, if they just searched long enough. In the early years of its operation, Airbnb was a truly unique and fascinating phenomenon for tourism researchers to investigate. A few colleagues of mine, who shared my fascination with Airbnb, joined me in writing the book *Peer-to-Peer Accommodation Networks – Pushing the Boundaries* (https://doi.org/10.23912/9781911396512-3454).

After we published this book, I quickly started to lose interest in Airbnb because – as the years went by – Airbnb became rather uninteresting. It was assimilating. Most of its unique features disappeared because Airbnb saw the opportunity to maximise its profits by giving up distinctiveness, and because some of Airbnb's unique features were criticised as facilitating discriminatory behaviour of its hosts. Photos of guests were no longer shown to hosts as part of a booking request. And the wide uptake of Instant Book – a setting hosts can choose on Airbnb.com to allow tourists to book the space without having to wait for host approval – made the Airbnb booking experience much like that on any other online travel agent's webpage. The increased interest from profit-oriented investors – who purchased and set up houses and apartments for the sole purpose of renting them out on Airbnb.com – led to the professionalisation and commercialisation of the listings on Airbnb.com. Soon, Airbnb became indistinguishable from online travel agencies, finding itself in competition with Booking.com. The expansion from trading accommodation only to trading also *Experiences* did little to re-establish uniqueness. By the end of 2019, the main points of differentiation in Airbnb's positioning had vanished. And with it my scholarly interest in Airbnb.

Then, in 2020, COVID-19 shocked the tourism industry globally in a way no one could have imagined. According to the United National World Tourism Organisation (2020), COVID-19 reduced international tourism to levels last seen 30 years ago. Airbnb's revenue, after years of growth, dropped by 72%, forcing it to let go of 1,500 staff members and to fundamentally rethink its positioning. At the end of 2020, despite COVID-19, Airbnb still had 2.9 million hosts and more than seven million listings across 2002 countries and 100,000 cities globally (Deane, 2020). Some 4,000 new hosts sign up to Airbnb every month (Deane, 2020). Yet, the founders of Airbnb did some soul-

searching during COVID-19 and concluded that Airbnb needs to go back to its roots of supporting communities. Airbnb also formalised their space donation activities by founding an independent non-profit organisation called Airbnb.org.

My fascination with Airbnb was re-ignited. Together with my colleagues the idea for a new book was born – a book that would explore the evolution of Airbnb, focusing specifically on the changes triggered by COVID-19, while also shining a light on aspects of Airbnb which have received little attention, such as their pioneering role in altruistic space donation before, during and after COVID-19.

Sara Dolnicar

Brisbane, 2021

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Sara Dolnicar is a Professor of Tourism at the University of Queensland. She has a particular interest in empirical measurement in the social sciences, and has applied her work primarily to tourism, but has also contributed to the areas of environmental volunteering, foster care and public acceptance of water alternatives. Her current research program focuses on developing and experimentally testing measures that trigger pro-environmental behaviour in tourists. In recognition of her achievements, Professor Dolnicar was elected a Fellow of the *Academy for the Social Sciences in Australia* (ASSA), the *International Academy for the Study of Tourism*, the *International Association of Scientific Experts in Tourism* (AIEST), and the *Council for Australasian Tourism and Hospitality Education* (CAUTHE). In 2019, she was awarded a prestigious Australian Research Council Laureate Fellowship to leave a creative and human legacy relating to her research into low harm hedonism. Professor Dolnicar currently serves as the co-editor-in-chief of *Annals of Tourism Research*. She was awarded the *Travel and Tourism Research Association* (TTRA) Distinguished Researcher Award in 2017, and named the *Slovenian Ambassador of Science* in 2016, the highest honour the Republic of Slovenia bestows on expatriate Slovenian researchers in recognition of global excellence, impact, and knowledge transfer. In 2020, Professor Dolnicar commenced her Australian Research Council Laureate Fellowship which will develop – as part of the Low Harm Hedonism Initiative – a new theory and a suite of practical measures to make consumers behave in more environmentally sustainable ways in enjoyment-focused contexts.

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TEDx UQ talk

FREE book on peer-to-peer accommodation

FREE book on market segmentation analysis

FREE course on market segmentation analysis

FREE online tourism course

More about the Low Harm Hedonism Initiative:

Video: A brief introduction

Video: How to increase the number of families eating up everything on their plate by 34%

Video: How to reduce routine hotel room cleans by 63%

Video: How to reduce routine hotel room cleans by 42%

Video: How to reduce the use of thick cotton serviettes by 95%

Video: Factors that make tourists generate plate waste at buffets

Video: The role of carbon emission information on restaurant menus

Video: How to design for more environmentally friendly tourism

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1.

Sharing economy, collaborative consumption, peer-to-peer accommodation or trading of space?

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Sara Dolnicar, *Department of Tourism, UQ Business School, The University of Queensland, Australia*

The terms *sharing economy*, *collaborative consumption*, and *peer-to-peer accommodation* are routinely used when talking about Airbnb and similar online platforms. But are they suitable descriptors? We argue that they are not. We also argue that – while initially there may have been an aspect of sharing on Airbnb – short-term accommodation platforms have mostly become web services that facilitate commercial online trading. The types of spaces that are being traded have changed substantially since Airbnb first empowered ordinary people to purchase access to space from other ordinary people in 2008: the number of private listings by people making spare rooms available in their homes has dropped, and the number of commercial short-term rentals has increased. In 2020, COVID-19 shook up the entire tourism industry. The pandemic rattled Airbnb investors, and may lead to a partial revival of the original, more sharing-oriented concept of space trading.

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Is Airbnb part of the sharing economy?

The ability to bring together buyers and sellers via online platforms has fundamentally reshaped many industries, including the tourist accommodation sector. Facilitators of well-developed online

platforms, such as Airbnb, managed to give buyers and sellers confidence that trading on such platforms is safe, and offer a range of benefits compared to using traditional intermediaries. These benefits include lower commission rates, a more balanced power relationship between buyer and seller, higher flexibility for sellers, and the potential to find a better match between accommodation features and traveller needs because of the substantial variability of spaces listed on such online platforms (Dolnicar, 2018). Online platforms enabled ordinary people to not only buy, but also sell products and services. The term *sharing economy* was increasingly used to describe what was essentially a rise in the popularity of platform businesses.

Platform businesses connect buyers and sellers without engaging in direct interaction when buyers and sellers make a transaction. The platform enables sellers to present their product or service, making it visible to buyers. But the terms of the transaction and the decision to go ahead with a specific transaction are up to the buyer and seller (Reinhold & Dolnicar, 2018). Platform businesses existed long before Airbnb, ranging from "*dating clubs (men and women), to video game consoles (game developers and users), to payment cards (cardholders and merchants), to operating system software (application developers and users)*" (Evans, 2003: 1). The key to their success is attracting and maintaining a substantial pool of different types of customers (Evans, 2003), in the case of Airbnb; people who have available space they can rent out to others for short periods of time (hosts), and people who are in need of short-term accommodation (guests). Sharing is not associated with platform businesses as such.

This is not surprising. Definitions of sharing include to "*have or use something at the same time as someone else*" (Cambridge Dictionary, 2020), and to "*partake of, use, experience, occupy, or enjoy with others*" (Merriam-Webster Dictionary, 2020). Neither of these descriptions reflect the transactions that take place on Airbnb and similar accommodation platforms. Even the most aligned of definitions (to "*allow someone to use or enjoy something that one possesses*", The Free Dictionary, 2020) implicitly assumes that the person who possesses the item being shared does so without payment. Allowing guests to use space without paying is not typically the nature of transactions taking place via most platform businesses. Some exceptions exist. Couchsurfing.com, for example, is an online platform that facilitates genuine space sharing without a fee.

Reinhold and Dolnicar (2018) discuss in detail the sharing-exchange continuum proposed by Habibi and colleagues (2016), concluding that – while different platforms populate different positions along this continuum – Airbnb lacks a number of key features associated with sharing, including the non-reciprocal nature of sharing, a joint sense of ownership, the presence of both sharer and recipient, no calculation of value, money not being the motivation for the sharing, and the formation of social connections that live beyond one transaction. The latter can develop on Airbnb, and many interactions on Airbnb do imply at least a minimum social connection between sharing partners. In the detailed paperwork filed for its initial public offering, Airbnb described itself as a *global platform* (Airbnb, 2020a) and as an *enablement platform* (Airbnb, 2020a). It refers to hosts sharing access to their homes, talents and passions in the form of listings and experiences. However, there is not a single mention of the sharing economy.

It can be concluded that Airbnb has little to do with the concept of sharing. Airbnb facilitates space "*exchanges wrapped in a vocabulary of sharing*", "*pseudo-sharing*" (Belk, 2014: 7). Hence, the term *sharing economy* is not suitable to describe Airbnb. On top of these considerations, the sharing economy has neither a consistent, broadly accepted definition (Curtis & Mont, 2020) nor a single business model (e.g., Ritter & Schanz, 2019).

Does Airbnb facilitate collaborative consumption?

Another term that is frequently used in the context of Airbnb is *collaborative consumption*. It is defined as a "*market model that enables individuals to coordinate the acquisition and distribution of a resource for a fee or other compensation* (Belk, 2014)*, where the interaction is at least partially supported or mediated by technology*" (Perren & Grauerholz, 2015: 141). Perren and Grauerholz discuss in detail how the concept of collaborative consumption differs from brand communities, collective innovation communities and digital content-sharing communities, but does not explain what makes it different from a multi-sided online platform businesses. The two most fundamental defining characteristics of multi-sided platforms are that "*they enable direct interactions between two or more distinct sides*" and that each "*side is affiliated with the platform*" (Hagiu & Wright, 2015: 5), where direct interaction implies that the two sides engaging in the interaction control the terms under which they enter an exchange.

The term *collaboration* fails to adequately describe the nature of the activity taking place on Airbnb and similar online platforms. To collaborate means to "*work jointly with others or together*" (Merriam-Webster Dictionary, 2020), "*work with another or others on a joint project*" (The Free Dictionary, 2020), or "*work with someone else for a special purpose*" (Cambridge Dictionary, 2020). Nobody works with another person on Airbnb. The host presents their product on the online platform. The guest purchases or does not purchase the available product. Host and guest do not collaborate on producing or even modifying the accommodation on offer to make it more suitable to the guest or more lucrative to the host. The term *collaborative consumption*, therefore, is not suitable to describe Airbnb's peer-to-peer accommodation trading activities.

Is Airbnb enabling the trading of peer-to-peer accommodation?

In our book titled *Peer-to-Peer Accommodation Networks: Pushing the boundaries* (Dolnicar, 2018) we deliberately chose to use the term *peer-to-peer accommodation* to avoid the incorrect use of *sharing economy* and *collaborative consumption*. In hindsight, we feel this term is also not optimal because it over-emphasises the fact that transactions on online platforms such as Airbnb are made by ordinary people, by peers, as opposed to businesses. In reality, however, Airbnb was always open to commercial accommodation providers, and has increasingly been used by them as a distribution platform.

Strictly speaking, therefore, peer-to-peer accommodation is "*space suitable for overnight stays sold by a non-commercial provider (the host) to an end user (the guest) for short-term use through direct interaction between host and guest*" (Dolnicar, 2019: 248). Although Airbnb started with an inflatable air mattress in someone's living room, it has benefitted hugely by allowing licensed, commercial accommodation providers to use the platform as a distribution channel. Commercial providers list properties for no other reason than to maximise their return on investment and profit. While hosts do not need to declare if they are commercial or non-commercial providers, and statistics about the proportion of commercial versus non-commercial properties are not available, there is some empirical evidence for the professionalisation of Airbnb over time (Reinhold & Dolnicar, 2021). In 2017, for example, two thirds of Airbnb listings were entire homes and only one third were private rooms in someone's home – a substantial shift from 2012 when entire homes accounted for only 57% of listings (Ke, 2017). It is likely that the proportion of private room listings was much higher still in 2008 when Airbnb was founded. Furthermore, in 2017, one third of listings were "*owned by 9.4% of hosts, each of whom has at least three listings, and one host even owns 1,800 listings*" (Ke, 2017: 132).

The desire to increase revenue was not the only factor that led to Airbnb's transition from a platform building trust between people in order to make them comfortable letting each other stay at their homes or holiday homes, to an online trading platform for short-term rentals. Pressure to reduce the potential for discrimination (Hajibaba & Dolnicar, 2018) led to modifications of the Airbnb online platform, which significantly altered the Airbnb space trading experience. For example, a guest's picture is no longer displayed until a booking is confirmed. Removing the picture removes much of the social connection people experienced when booking on Airbnb. The introduction and wide adoption by hosts of Instantbook is another development that led to a substantially reduced need for direct interaction between host and guest. If the space is vacant it can be booked, without any questions asked and without a conversation ahead of the booking. Airbnb has developed from a platform connecting humans to an online trading platform providing access to short-term accommodation and tourist experiences (Gardiner & Dolnicar, 2018; 2021).

To complicate things further, the success of Airbnb has created a large number of other businesses that support hosts (Sigala & Dolnicar, 2018; Fairley et al., 2021), including hosting agents. Hosting agents (Airbnb, 2020b) can handle all aspects of hosting, including interacting with guests, responding to guest enquiries, maintaining and cleaning the property, changing towels and linen, organising key handovers, optimising the price, and offering 24/7 support to guests. When a host engages a hosting agent, no further direct interaction occurs between the host and the guest. The host is effectively a property investor, and the hosting agent is equivalent to a business with management rights. This model is very common in tourism: individuals own units in resort complexes, which are then managed by hotel groups or individuals who purchase the management rights.

It can be concluded that, while correctly capturing the original Airbnb model and its ethos, the term *peer-to-peer accommodation platform facilitator* is no longer an accurate descriptor for Airbnb as it is today, nor for other, similar businesses that facilitate the online trading of space.

What do Airbnb hosts and guests think?

In January 2021 we conducted an online survey with 102 Airbnb guests and 47 Airbnb hosts located in Australia, the US, New Zealand, Canada and the UK. We asked them whether they perceived, when they were booking accommodation on Airbnb, that they were engaging in sharing with the Airbnb host, that they were collaborating with the Airbnb host, or that they were purchasing a service from the Airbnb host. Figure 1.1 shows the results.

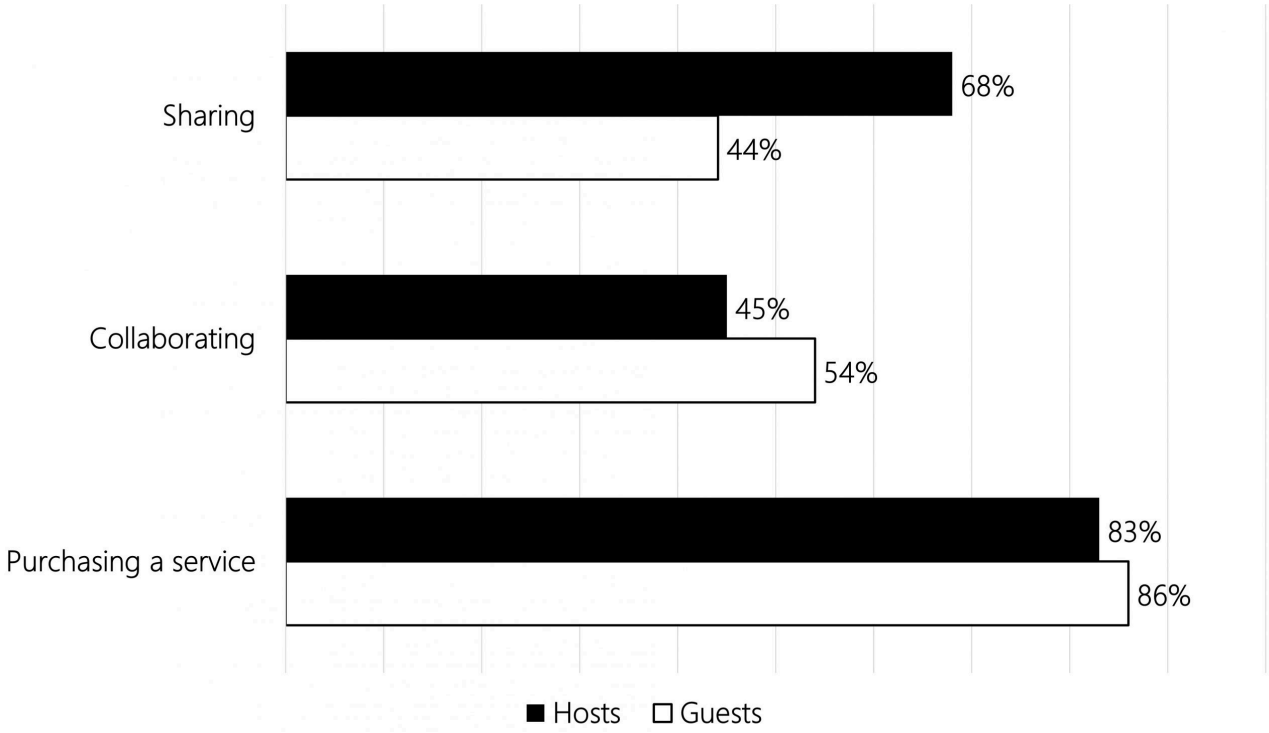

Figure 1.1: Airbnb guest and host perceptions of booking on Airbnb

What term should we use when referring to Airbnb?

With *sharing economy*, *collaborative consumption* and *peer-to-peer accommodation* deemed unsuitable to describe Airbnb, what term can we use to accurately describe it? Is the less catchy, less romantic, rather long and clumsy term *multi-platform business that facilitates the trading of space* the best one to use in order to avoid any misleading connotations? We argue that this is indeed the case, and that it was the case before COVID-19, during COVID-19 and will probably remain so long after COVID-19, even if Airbnb redirects its positioning back toward its roots of serving communities. Finally, it is also consistent with Airbnb's self-identification as a global enablement platform.

Acknowledgements

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Survey data collection in 2021 was approved by the University of Queensland Human Ethics Committee (approval number 2020001659).

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2.

The evolution of Airbnb's business model

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This chapter provides an in-depth discussion of the evolution of Airbnb's business model until its initial public offering at the end of 2020. We identify three periods of development that mark distinctly different orientations in how the international market leader in peer-to-peer accommodation created and captured value from its activities. While the first two periods were characterised by developing the initial configuration of the business model and experimenting with different growth paths, the third period has been dominated by finding a response to the COVID-19 pandemic and a business model that will work in the context of the new travel reality.

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The academic fascination with Airbnb, but not with its business model

By reinventing home stays and tourism experiences, Airbnb has introduced to the tourism and hospitality sectors one of the most fascinating innovations of the past decade. By facilitating an online peer-to-peer trading platform, Airbnb has extended short-term accommodation capacity in unprecedented ways (Dolnicar, 2019), and provoked strong responses from both the established commercial tourism accommodation sector (Zach et al., 2020) and local regulators (von Briel & Dolnicar, 2020).

Airbnb has adapted the platform business model to the long tail of hospitality in ways that had

not been attractive to established distribution networks (Reinhold et al., 2020). In so doing, Airbnb demonstrated that a Silicon Valley-style start-up company (Gallagher, 2017) can scale in tourism and hospitality, and create a broad ecosystem that facilitates new entrepreneurial activity serving at a number of levels: hosts, and providers assisting hosts with service provision (e.g., Sibbritt et al., 2019; Sigala & Dolnicar, 2018). While these additional entrepreneurial opportunities were welcomed, the success of Airbnb also presented host communities and other stakeholders with new sets of problems (e.g., Xie et al., 2020). For both its merit and associated conflict, Airbnb has become an iconic, category-defining case study in industry and scholarly discourse (Dolnicar, 2019; Kuhzady et al., 2020).

As of July 2020, Elsevier's Scopus database lists 602 scholarly articles on Airbnb published between 2011 and 2020 in English in peer-reviewed journals. About two thirds of them appeared in the fields of business (34%) and social science (29%). The first article mentioning Airbnb in Scopus was published by Robin Chase (2011) in the *Journal of Urban Regeneration & Renewal*. Of the 602 articles, 46% appeared in tourism and hospitality journals, with the *International Journal of Hospitality Management* (45 articles), *Annals of Tourism Research* (26 articles), and *Tourism Management* (23 articles) the main outlets. The focus of most studies is on guest and host behaviour, the interaction among different stakeholders, and regulation. Only 53 articles address the business model of Airbnb, with the first one published by Daniel Guttentag (2015). Most of these articles do not analyse Airbnb's business model as an integrated logic of value creation and capture. They thus fall short of meeting the standards of the broader research program on business models as a theoretical concept (e.g., Foss & Saebi, 2018; Massa et al., 2017).

Figure 2.1 shows the number of Scopus-registered articles published by year for the search terms Airbnb and Airbnb + "business model". The first publications for each set are marked with a colour-corresponding dot. The sharp increase in 2019 is partially explained by *Annals in Tourism Research* launching its virtual curated collection on peer-to-peer accommodation leading to a surge in new submissions. The slight decline between 2019 and 2020 is likely explained by the cut-off of the search in July 2020. At the time of writing, there was another half year for new articles to be registered on Scopus.

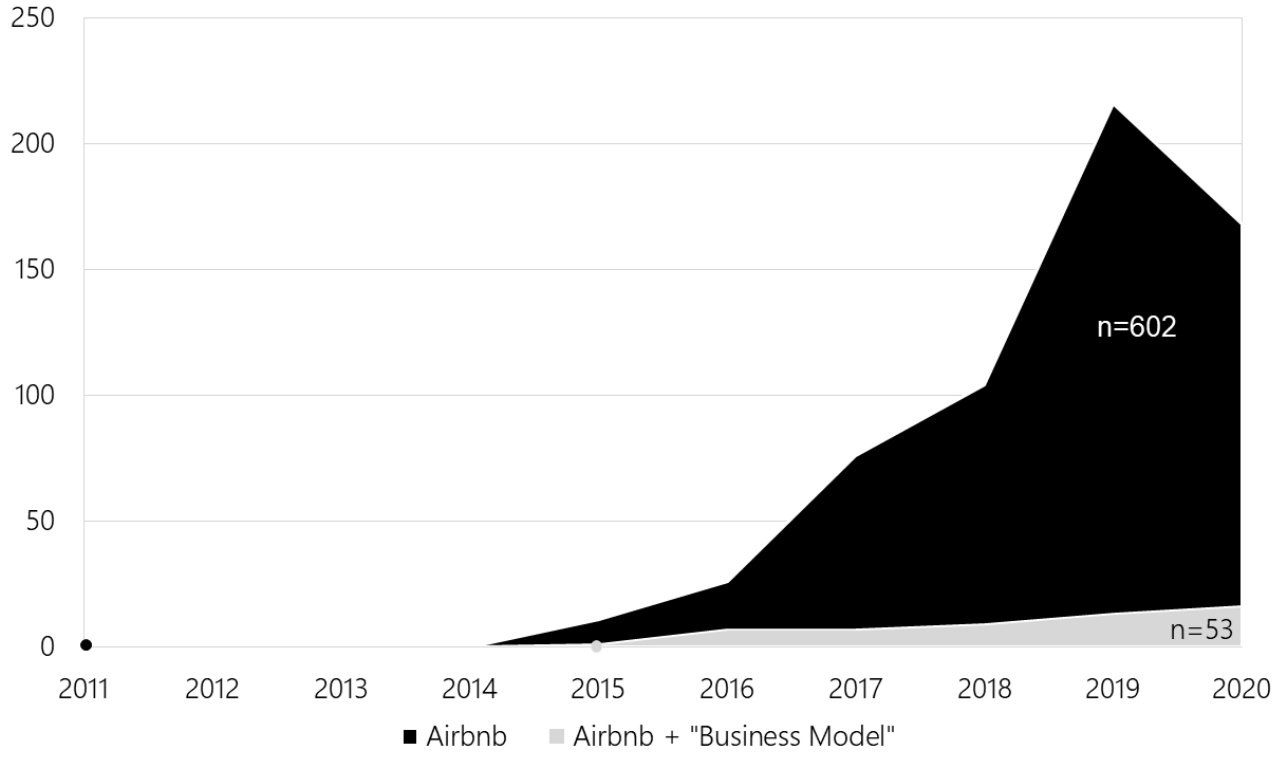


Figure 2.1: Scholarly publications mentioning Airbnb (dots represent year of first publication; source: Scopus)

This review of scholarly work on Airbnb shows that only few studies focus specifically on Airbnb's business model. This is an important omission. Understanding Airbnb's business model shows how the design choices as a dynamic equilibrium (Demil & Lecocq, 2010) have shaped and are being shaped by the evolution of Airbnb and its interactions with guests, hosts, and other contextual contingencies. Those interactions determine the success of the platform, the viability of its facilitator, the dependability of services for guests and hosts, and externalities experienced by other stakeholders. The business model perspective provides insights into how Airbnb's context and business model shape one another.

In this chapter we explore in detail the evolution of Airbnb's business model across three distinct development periods. We draw on existing academic publications on peer-to-peer accommodation, industry and media reports, and public archival sources to reconstruct Airbnb's business model at various points in time, and transformations over time. This approach enables us to reconstruct a detailed account of how Airbnb creates, captures, and disseminates (non-)monetary value, and outline avenues for further research.

Business model versus strategy

Interest in the business model was triggered in the mid-1990s during the dotcom boom (DaSilva & Trkman, 2014). Today, it is an interdisciplinary research stream in its own right (e.g., Bigelow & Barney, 2020; Lecocq et al., 2010), which has been used across a number of industries including tourism (e.g. Reinhold et al., 2019; Reinhold et al., 2020) and what is generally referred to as the *sharing economy* (e.g. Kumar et al., 2018; Ritter & Schanz, 2019).

At its core, the management concept of the business model is a description of how value is created, captured and disseminated by an entity, typically an organisation (Bieger & Reinhold,

2011). Analysing an organisation's business model is a powerful approach (Reinhold et al., 2017) to understanding how it works (e.g., Zott & Amit, 2010) by investigating observable attributes. Examples of observable attributes of interest include how an organisation prices its services and how it designs segment-specific services. The business model also observes staff perceptions of how an organisation operates – their mental models (e.g., Martins et al., 2015). These perceptions determine to a significant extent decision-making in organisations because they allow decision makers to anticipate the results of alternative decisions. The intimate understanding of an organisation derived from the analysis of its business model can serve as the basis for redesigning the organisation or creating an entirely new organisation (e.g., Osterwalder & Pigneur, 2009; Sinfield et al., 2012).

The business model connects an organisation's strategy with its operations (Bieger & Reinhold, 2011). Strategy outlines the direction in which an organisation is moving. Operations are specific tasks which an organisation needs to perform in order to move into the direction set out in its strategy. While an organisation's business model captures the bigger picture, like business strategy does, the two concepts are distinctly different from one another (Bigelow & Barney, 2020). Strategy is forward-looking and sets out the organisation's scope, its unique selling proposition among the competitive field in the market, and how the organisation generates value for shareholders (Massa et al., 2017). The business model in itself is not forward-looking. Rather, it is a description of the present moment. The business model specifies how the organisation, presently, creates value for its customers, captures value, and how it disseminates it further to its suppliers and business associates. The business model is not aspirational, it is "*a reflection of a […] realized strategy*" (Casadesus-Masanell & Ricart, 2010: 205). As such it is particularly valuable to organisations who do not have a clear strategy (Casadesus-Masanell & Ricart, 2010). A strategy cannot be fully recreated by observing how an organisation operates. Its business model can be.

For the present analysis, we focus on the integrative story (Bigelow & Barney, 2020; Doganova & Eyquem-Renault, 2009) that provides insights into the evolution of Airbnb's business model over time. We base our analysis on the value-based business model framework (see Table 2.1, which "*(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 & Reinhold, 2011: 32).

Table 2.1: Business model elements (Source: Reinhold & Dolnicar, 2018a, based on Bieger & 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 fulfils 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 fulfil 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 evolution of Airbnb's business model

The business model configuration used by Airbnb is called a multi-sided platform model (Rumble & Mangematin, 2015; Reinhold & Dolnicar, 2018a; 2018b); a term coined in the field of economics (Rochet & Tirole, 2003). As the name implies, a platform stands at the centre. The business runs the platform; it serves as the platform facilitator. The platform connects two sides, in the case of Airbnb: guests who need short-term accommodation and hosts who have available space and are interested in renting it out for short periods of time. Additional stakeholders can also be involved in multi-sided platform businesses. Professional photographers, for example, assist Airbnb and hosts to present available spaces in the most attractive possible manner.

A deep theoretical understanding of multi-sided platform businesses was not the starting point of Airbnb being founded. Rather, it was the result of a long and ongoing learning and development process as the subsequent quote from Jeroen Merchiers (Airbnb Managing Director of Europe, the Middle East and Africa) illustrates:

> "*When the founders started Airbnb 10 years ago with a few air mattresses in their apartment, they had no idea what the company would become. They simply found a creative accommodation solution at a time where there was no availability at nearby hotels. But they soon realized, as they hosted their first guests, that Airbnb can offer far more than just an air mattress on the floor. It could offer a much more personal and unique experience for guests provided by locals who know the area.*" (Ting, 2018a)

The subsequent sections portray and discuss the evolution of Airbnb's business model from its origins in 2008 to the alternate pandemic travel reality created by the COVID-19 pandemic in mid-2020. We detail the initial business model configuration (2008 – 2016), track experiments and different growth paths on the way to initial public offering (2017 – 2019), and finally assess Airbnb's COVID-19 response up to and including the organisation's initial public offering on the stock market. Figure 2.2 provides an overview of critical milestones across these three periods. The milestones at the top mark changes in the elements of Airbnb's business model and achievements.

The milestones at the bottom provide information on funding for the company. We close this section with observations on the overall development. Our arguments and analysis are grounded in in public archival sources and industry publications detailing observable changes in the key attributes of Airbnb's business model. It should be noted that although the chapter is divided into defined time periods (e.g., 2008 – 2016), some events extend across multiple periods.

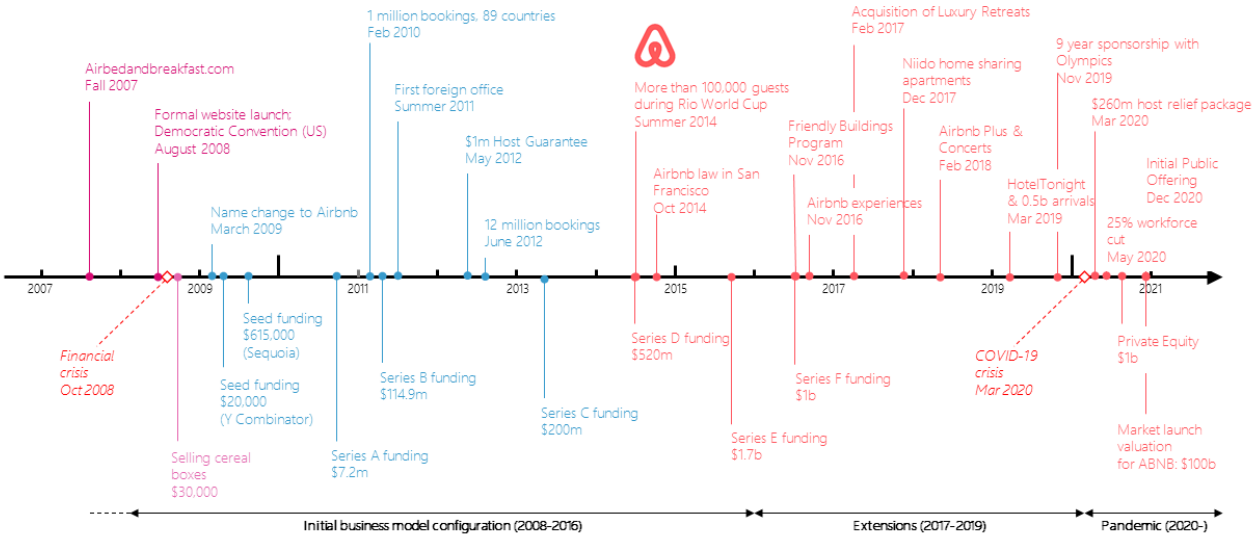


Figure 2.2: Airbnb milestones from 2007 to 2020 (source: Airbnb.com, Craft.co and Skift.com)

Developing the initial business model configuration (2008 - 2016)

Developing a new business model in an undeveloped market ("*alternative tourist accommodation offered in people's homes*") is a complex endeavour. Hence, designing what is still at the core of Airbnb's value creation logic to this day, was the result of years of trial-and-error. It shaped the different mechanisms Airbnb uses to create and capture value from connecting guests, hosts, and third parties.

Value proposition

Table 2.2 summarises Airbnb's value propositions to hosts who list space on its platform Airbnb.com, to guests who use the platform to book short-term accommodation and to all other service providers who support any of the core providers within the network. These aspects remain essentially unchanged, apart from the additions between 2017 and 2020 outlined in later sections.

Value proposition for…

Table 2.2: Value proposition for hosts, guests, and third-party service providers (Modified from: Reinhold & Dolnicar, 2018c)

Hosts	Guests	Third parties
Identify suitable guests	Find accommodation	Find and engage with new clients
Mitigate risk	Offer convenient booking	
Handle monetary transactions	Mitigate risk	
Maximize revenue	Augment experience	
Administer the short-term rental		
Connect with like-minded hosts		

Proposition to hosts

The primary reason for hosts to list space on Airbnb's online platform is to find trading partners – people who are willing to pay for access to these spaces. Hosts may be motived by a range of different benefits that are important to them (Karlsson & Dolnicar, 2016), including maximising return on a property investment, earning an income, supplementing their income, covering the expenses associated with having a holiday home, meeting new people, or putting space that otherwise sits idle to good use.

Airbnb's online platform attracts hosts with very different patterns of motivation, which have been classified by different authors in different ways. At the most fundamental level, hosts can be grouped into *professionals* and *non–professionals* (Farmaki et al., 2019; Li et al., 2016). Splitting up the non-professionals leads to three segments of hosts: *capitalists*, *befrienders* and *ethicists* (Hardy & Dolnicar, 2018a). Even finer groupings differentiate between *economic hosts*, *eco-socio hosts*, *socio-eco hosts* and *social hosts* (Sweeney & Lynch, 2009) and *pragmatists*, *petty tycoons*, *conflictual owners*, *extrinsic owners*, and *lexi-owners* (Darke & Gurney, 2000).

Irrespective of the reasons for wanting to host, it is extremely difficult to do so unless potential buyers are aware of the offer. Developing a webpage to showcase one's space is one solution, but it does not offer the same value as listing space on Airbnb.com. Airbnb's value proposition to hosts developed between 2008 and 2016 is multi-faceted: Airbnb's online platform: exposes the listing to a very large number of potential buyers, limits the host's risk associated with letting strangers stay at their property, manages payments, handles additional administrative matters (such as providing information about access, internet passwords etc.), and provides hosts with access to thousands of other people who are part of the network to connect with, share experiences with and learn from.

Airbnb.com helps hosts to **identify suitable guests** by showcasing the property in a lot of detail, and in a standardized way familiar to guests, to 150 million Airbnb members living around the world. This is a very strong value proposition because of the size of the network. The more members – potential buyers – that are part of the network, the more exposure the listing gets and the likelihood of being booked increases. The search interface on Airbnb.com facilitates the identification of good matches between buyers and sellers of space – guests and hosts. Guests are offered an extensive list of accommodation characteristics which they can choose from to ensure that search results are suitable for their needs and attractive to them. Examples include: whether the property has a pool, a secure undercover parking space, a spa, and Wi-Fi. In addition to these searchable criteria which are coded in binary format on the trading platform, each Airbnb listing also offers a substantial amount of detail, including a detailed description and a large number of – often professional –

photos. These sections of the listing enable hosts to ensure that the uniqueness of their property is communicated and illustrated well to potential guests. Underlying the Airbnb.com webpage visible to Airbnb members is a sophisticated algorithm that presents listings in an order that maximises bookings.

Risk is the main concern hosts have when they make space available to strangers (Karlsson et al., 2017). Airbnb's value proposition of **risk mitigation**, therefore, is hugely important. Airbnb has in place a range of mechanisms to reduce the risks associated with short-term space trading. The identities of all Airbnb members are verified. Hosts have the possibility to read reviews of guests sending booking enquiries. These reviews are provided by other hosts, who have previously made space available to these guests. Over time, guests develop what has been referred as a peer-to-peer accommodation network curriculum vitae (P2P-CV, Dolnicar, 2018): a long list of reviews from other hosts. A large number of positive reviews gives a host confidence that it is safe to make their property available to these guests. Airbnb also has a very generous host guarantee, which "*provides up to $1,000,000 USD in property damage protection in the rare event a host's place or belongings are damaged by a guest or their invitee during an Airbnb stay*" (Airbnb, 2020a). This host guarantee is critically important given the amount of negative press generated every time an incident occurs at an Airbnb property.

Most hosts are not professional e-commerce retailers. The fact that Airbnb **handles all payments**, therefore, is of significant benefit to them. Guests can pay using the most commonly used online payment options in their national currency. Airbnb handles the rent payment, including any surcharges and cleaning fees that may apply, as well as managing transactions associated with cancellations, and collecting and holding a deposit from the guest in case the host notices damage and requests within 24 hours of check-out for the damage to be paid for by the guest. Electronic handling of payment well before check-in is safer and avoids any socially unpleasant situations between guests and hosts at the time of the stay.

Closely related to managing payment is also the pricing strategy of a listing. Airbnb offers a value proposition for hosts in this area also, by helping them **maximise revenue**. This is not only achieved by the algorithm that matches guests with the most suitable listings, but also by making pricing recommendations to hosts for every calendar day based on the features and location of their property, and historic data of booking prices for similar properties. Hosts can choose to use these pricing recommendations, or, alternatively, to set their own price, overriding Airbnb's recommendations.

Another key Airbnb value proposition is **assistance with the administration of a listing.** When a host decides to list a property, they need to take action with respect to a range of areas: they need to provide certain information about the property (such as location, Wi-Fi password), ensure that the property has the safety features required under local laws and regulations (such as fire alarms, exit signs on doors and an emergency evacuation plan), and be able to signal to guests interested in booking their property whether or not it is available on specific dates. The highly structured and standardised setup of a listing on Airbnb guides hosts through all these steps. The Airbnb platform also forces hosts to take action when regulations or circumstances change in critical ways. As a result of the COVID-19 pandemic, for example, as discussed later in this chapter, hosts had to agree to stricter cleaning procedures. While Airbnb cannot police compliance with these procedures, the process of committing to them alerts hosts to how they need to modify their procedures, effectively offering a checklist

The value proposition of **connecting like-minded hosts** is one that is appreciated by some hosts more than by others. Many Airbnb hosts use Airbnb.com as a distribution platform and have no interest in engaging with other Airbnb members. Others are very active on the platform and its

discussion groups via the *Airbnb Community Center*, which invites hosts to *"share knowledge, get inspired and meet other hosts who are creating a world where anyone can belong"* (Airbnb, 2020b). The Airbnb community facilitates online exchanges between hosts, but hosts also have the opportunity to meet in person or use alternative communication platforms once they are connected. A very active and vocal group of Tasmanian Airbnb hosts, for example, uses a Facebook group to talk and coordinate their actions (Hardy & Dolnicar, 2018b; Hardy et al., 2021).

Proposition to guests

Airbnb.com also offers several value propositions for guests, whether they are travelling for business or for pleasure. At the most fundamental level, Airbnb's online trading platform helps guests **find suitable accommodation.** The search for accommodation is facilitated on Airbnb.com in many ways: it enables directed searching using a range of search criteria, including geographic location, price, size, and rating by other guests as well as a substantial list of criteria which are used to describe – in binary format – each listing. Criteria developed between 2008 and 2016 include the nature of the listing (shared space or entire property), whether the host is a Superhost, and whether it has: a kitchen, heating, air conditioning, a washing machine, a dryer, Wi-Fi, a TV, an indoor fireplace, hangers, an iron, a hair dryer, a cot, and a highchair. Other default searchable criteria include safety-related aspects such as whether the space is equipped with a smoke alarm and a carbon monoxide alarm, whether there is a dedicated workspace, whether self-check-in is possible and whether breakfast is provided. More search filters are accessible to guests for specific requirements, such as a pool, a spa, free parking, a gym, and whether the property allows pets.

Guests can search by scrolling through listings, looking at one picture and a few key facts about each property or by locating properties on a map. Clicking onto one specific listing provides access to a very detailed property profile, much more detailed than those provided by established tourism accommodation providers. Listings include a substantial number of pictures, an overview of the key features of the property, the amenities provided, cancellation terms, reviews by other guests, detailed – sometimes quite lengthy – information about the property, whether pets are allowed, and whether smoking is permitted. The listing also directs people searching for accommodation to the profile of the hosts, and provides information about the neighbourhood, including tips provided by hosts themselves. The large number of daily searches conducted on Airbnb.com is harvested by Airbnb to identify search patterns and deploy search optimisation algorithms to present people with the listings that are likely to be most attractive to them.

The Airbnb online trading platform also facilitates a different kind of search: entirely undirected searching guided by browsing the webpage and deriving inspiration from the content. Such undirected searching has become even more attractive since Airbnb introduced *Experiences* in 2016 across a wide range of areas, including sport, food and entertainment (Gardiner & Dolnicar, 2018; 2021). *Experiences* refocus the search to activities. Once an interesting *Experience* is identified, the location follows, and accommodation can also be booked on Airbnb.com.

A value proposition in its own right is also the **convenience of booking** using an online booking platform. When suitable accommodation is identified, the booking process is very easy. It only takes a few clicks and the credit card details. The level of convenience has further increased in recent years as a consequence of Airbnb introducing the *Instantbook* feature. When a host activates *Instantbook*, guests can book the accommodation without having to send a request to the host. Sending a request to the host and potentially being denied permission to book the selected accommodation was a key feature of Airbnb as it was originally designed, as it gave hosts control, and with it, confidence in giving access to their house to strangers (Dolnicar, 2018a). Booking convenience on network platforms is known to represent a key factor in perceived service quality (Priporas et al., 2017; Varma

et al., 2016). On Airbnb.com the booking process is standardised. Airbnb manages all payments, which means that no money transfers – and certainly no cash payments – are required directly between guests and hosts. Payments can be made using most available standard payment options supported by banks.

Booking a private space via an online booking platform helps guests to **mitigate risk**. Many things can potentially go wrong when booking space from a non-licensed provider, especially when the space is shared with the host or other guests. For a relatively small service fee charged by Airbnb to guests, guests benefit from a range of risk-mitigation measures put in place by Airbnb:

- The identity of all network members is verified. At the very least, this identification process involves their telephone number and email address. Network members can also choose to list links to their social media profiles, their location of residence and provide official identification documents.
- Before a booking is confirmed, Airbnb does not share the guest or host's private data, and does not transfer money to the host until 24 hours after the guest has checked in, making it easier to handle refunds if the guest finds the accommodation to either not exist at all or be unacceptable and not as presented on the online listing.
- Guests and hosts are encouraged to write reviews about one another. Guest reviews include a star rating for cleanliness, communication, check-in, accuracy, location and value. Guests can also provide a more detailed evaluation in an open text field. The sum of all reviews forms the host's peer-to-peer accommodation network curriculum vitae (P2P-CV, Dolnicar, 2019), just as it does for guests. The availability of these host P2P-CVs gives guests the opportunity to inspect them before deciding to book accommodation. Airbnb further adds value by allowing hosts to respond to what they believe to be inaccurate accusations.
- Although Airbnb does not mandate safety devices, it encourages hosts to take several measures to reduce risks to guests through a separate safety section on the listing profile. Here, hosts declare if there is a pool or spa without a gate or lock, if the accommodation is near a lake, river, or other body of water, if there is a climbing or play structure, if there are any elevated areas without rails, or any potentially dangerous animals. If any of these things apply, the host is asked to provide additional information. Hosts also indicate if the space has security cameras or audio recording devices, a carbon monoxide alarm, and smoke alarms.
- Airbnb has a guest guarantee, giving people confidence that alternative accommodation will be arranged if the booked Airbnb property does not exist or is unsafe.

While the core focus of Airbnb is on the trading of accommodation, guests can derive additional value from a wide range of *Experiences* (Gardiner & Dolnicar, 2018; 2021) that can also be booked on the platform. In addition, Airbnb encourages hosts to provide local recommendations which are not related solely to the accommodation, but also encompass dining experiences and attractions, among other things. This authentic, local, personal insider knowledge **augments the experience** compared to booking accommodation using established commercial accommodation providers.

Proposition for third parties

To third parties – businesses involved peripherally with peer-to-peer accommodation trading – Airbnb also offers a value proposition: revenue generation by providing services that are not provided by either Airbnb or the host. Such additional services (for examples from the first period

see Table 2.3) are embedded on the trading platform, but not operated by Airbnb. One example is the professional photography service for listings.

Table 2.3: Examples of third-party service providers for Airbnb (source: Reinhold & Dolnicar, 2018c; adapted 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)

Another example is the possibility for professional co-hosts to assist hosts with their Airbnb operations. Airbnb has set up an interface where co-hosts are formally involved in the process, rather than having to illegitimately operate through the hosts' login credentials. Co-hosting offers significant entrepreneurship opportunities to third parties (Sigala & Dolnicar, 2018; Fairley et al., 2021a). Ultimately the value proposition is the ability for businesses and entrepreneurs to attract new clients. An entire ecosystem (Adner, 2017) of third-party providers depends on the trading occurring on Airbnb.com.

Value creation

Airbnb creates value for hosts, guests, and third parties through activities and resources, and input from business partners. Table 2.4 offers a summary of the five key activities and five key resources Airbnb leverages to generate value. The term *key activities* refers to standard operating procedures – routine behaviours (Feldman & Pentland, 2003) – that make it possible for Airbnb to make the value propositions discussed above. *Key resources* are the building blocks Airbnb relies on to perform the key activities. Optimally, key resources are under full control of Airbnb and, as such, cannot be imitated by competing facilitators of peer-to-peer accommodation trading.

Table 2.4: Key activities and resources (source: Reinhold & Dolnicar, 2018c; adapted from Airdna.co and Gallagher, 2017)

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

A handful of *key activities* drive Airbnb's success. The first one is to attract and retain a large number of Airbnb hosts and guests (**growing and nurturing guest and host networks**). By definition, the attractiveness of any market of trading platform depends on how many potential trading partners are available in the market or on the trading platform. As the number of potential trading partners increases, so does the attractiveness of the market or trading platform. The technical term relating to this attractiveness is network effect (e.g., Hagiu & Wright, 2015). A network effect occurs when the value of a service – in this case the functionality of Airbnb.com – increases with the number of network members.

As soon as a market or trading platform reaches a critical mass of buyers and sellers, a self-reinforcing cycle is activated: markets and trading platforms with many members attract more members and continue to grow to a point where they can dominate entire markets. This is exactly what happened in the case of Airbnb. Airbnb put substantial efforts into the initial growth of its membership between 2008 and 2016, including employing growth managers whose sole purpose is to attract more network members. Airbnb has taken a wide range of different approaches over the years to grow its membership. When Airbnb launched originally, the founders of the company personally door-knocked to increase the number of listings on Airbnb.com, and organised events dedicated solely to the recruitment of hosts (Gallagher, 2017).

Airbnb also tapped into the pool of people already listing rooms and apartments on online platforms – such as the US classifieds webpage Craigslist –and offered them co-listing opportunities (Brown, 2017; Gallagher, 2017).

Using Facebook, Airbnb launched an early advertising campaign in San Francisco and New York. The aim of the campaign was to communicate how much money people could earn by selling access to their homes while they were on vacation. The key argument was that people could in fact fund their vacation by renting out their homes while enjoying their holiday (The Economist, 2015). To minimise the cost associated with making space available on its online trading platform, Airbnb did not charge a listing fee – much in contrast to other peer-to-peer trading platforms (The Economist, 2012). This pricing strategy signalled to potential host that listing on Airbnb.com was risk free: it may lead to revenue, but it will not cause any cost (except the time hosts invest in setting up the listing).

In an attempt to expand their network globally, Airbnb acquired businesses in the UK and Germany that imitated the Airbnb.com platform in the first period. This approach was highly effective in growing the number of local Airbnb hosts quickly, platform by platform, rather than host by host (Brown, 2017). Where this was not possible, or where it proved too expensive to acquire competitors,

Airbnb reverted to its original growth strategy of personal door-knocking by teams of staff to proactively recruit local hosts in international markets (Yip, 2017).

Although Airbnb is now well-established globally, its recruitment efforts are ongoing. Its referral program, for example, allows hosts to invite their friends to list space on Airbnb. If they do, Airbnb gives them credit to use when they make their first booking on Airbnb as a guest. As soon as the new host has welcomed their first Airbnb guest, the host who referred them is also given credit that they can use for their next stay at an Airbnb-listed property (Brown, 2017). Word of mouth also played a key role in recruiting new hosts. Airbnb fuelled word of mouth by its storytelling initiative, which facilitates the sharing of travel experiences among Airbnb members (Yip, 2017). Airbnb also ran advertising campaigns using a range of communication channels (Wegert, 2014) emphasising the advantages of booking Airbnb-listed accommodation (Davis, 2016), and targeted advertisements using Google, amplifying its own search engine optimisation algorithms.

Events that lead to a temporary, but substantial increase in demand for tourist accommodation (Brown, 2017), often characterised by accommodation shortages (Fairley & Dolnicar, 2018; Fairley et al., 2021) are another key recruitment opportunity for Airbnb. Such events include major sports events, conventions, conferences and festivals. In such situations, Airbnb can unlock vacant unused space temporarily to help overcome accommodation shortages, while enabling locals to earn additional income. Locals who would otherwise not have considered hosting may take the opportunity to try it out. Furthermore, guests who would usually prefer to stay in established, licensed tourist accommodation may choose an Airbnb-listed property because of the high prices of hotels and similar accommodation options at times when demand is high.

The second key activity Airbnb engages in to create value is to facilitate the matching process on the online trading platform (**search optimisation to match guests and hosts**). People searching for accommodation are not interested in the largest set of options. Rather, they want to be presented with a reasonably sized, relevant set of accommodation options that matches their requirements and preferences. This is where Airbnb's secret search algorithms come into play. Optimal matching of listed properties with guest needs – micro segmentation (Dolnicar, 2018) – gives an online trading platform a substantial competitive advantage in the marketplace. Although Airbnb does not disclose the exact optimisation algorithm (which was supervised by some 400 engineers and data scientists as of 2016), existing reports point to two key features of the algorithm that make it so effective (Gallagher, 2017): the design of its search platform Airbnb.com, and the use of search engines such as Google that facilitate targeted displays of search results. For example, Airbnb targeted advertising by optimising Google AdWords (Gallagher, 2017; Google, 2014) and Display Ads (Wheeler, 2014).

The algorithm Airbnb uses on its own trading platform takes more than 50 aspects of guest-host matching into consideration, including: the property's location and type of space; its star rating across reviews; the number of reviews available for a listing; how quickly a host responds to guest enquiries; if a property can be booked without having to wait for the confirmation from the host; if the required travel dates are available; and how expensive it is. By understanding how Airbnb processes listings, hosts can optimise the visibility of their property in guest searches by ensuring they perform well on the key criteria, including responding to enquiries, responding quickly, not cancelling bookings, providing many forms of identity verification as well as pricing the property competitively and including many pictures. Importantly, no two identical searches by two Airbnb guests will lead to the same properties being displayed. This is because Airbnb personalises the presentation of available listings to the preferences of network members learned through their previous searches and bookings (Ifrach, 2015). In Table 2.4 this activity is listed as **understanding and tracking guest and host behaviour**.

In addition to digital platform optimisation, Airbnb also engages personally with hosts to understand their needs, what they like about listing their properties on Airbnb, and what they think could be improved. When Airbnb started its operations, the founders of the company themselves interacted directly with hosts to gain market insight. While such individual conversations became unviable as the number of listings climbed into the millions, Airbnb moved to organising large events to facilitate the personal exchange between Airbnb staff, hosts and host service providers. Airbnb's flagship event is the Airbnb Open, which Airbnb refers to as "*the festival of hosting*" (Airbnb, 2017). Airbnb Open events have been held in San Francisco, Paris and Los Angeles.

Overall, however, personal meeting and conversation opportunities have – over the years – given way to machine learning and behavioural modelling, which allow Airbnb to gain insights into people's preferences by mining large transaction data sets (Sng & Hachey, 2016). This development has not been welcomed by Airbnb hosts, especially those Airbnb hosts who have been the pioneers of peer-to-peer accommodation provision (Hardy & Dolnicar, 2018b) and have become used to interacting with humans at Airbnb. Yet, the data generated on a continuous basis by Airbnb.com opens up new business opportunities for Airbnb. Its transaction data has the potential to provide key insights informing decision-making by tourism industry professionals, urban planners, the real estate sector, and tax authorities – as events discussed later in this chapter will demonstrate. Airbnb could mine data and sell insights or even sell de-identified data, creating an entirely new revenue stream.

Risk mitigation is another key activity Airbnb engages in. Before Airbnb became a successful peer-to-peer accommodation trading platform, potential investors raised significant concerns about the proposed business model, suggesting 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). While these concerns did not prevent Airbnb from becoming successful, it is true that giving all network members confidence in the platform and the transactions made on the platform (Dolnicar, 2018) was critically important to Airbnb's business model. Not surprisingly, much of Airbnb's effort was directed toward the building of trust. A dedicated Airbnb Trust and Safety Division manages a portfolio of strategies put in place to reduce host and guest risk and risk perception, and to increase trust and confidence in the platform.

Airbnb has put in place several measures targeted at hosts, including the host guarantee providing protection against damage to a host's property or belongings (Airbnb, 2020a), the ability to access guests' P2P-CVs containing the numerical and verbal reviews written by people who have previously hosted these guests, and identity verification. Airbnb provides information on their webpage for hosts about the local regulatory requirements in relation to short-term rentals. At popular tourist destinations, these regulations typically include requirements to register, to pay a tourist tax, and to comply with specific criteria relating to guest safety (Hajibaba & Dolnicar, 2018; Von Briel & Dolnicar, 2020; 2021a). In some destinations, policy makers allow Airbnb to collect and pay taxes on behalf of hosts.

Risk mitigation is also a core Airbnb activity with respect to guests. Airbnb protects guests in a number of ways. Paying hosts with a slight delay is one of these approaches. The 24-hour payment delay ensures that hosts listing non-existent properties or properties that are substantially different in reality to how they were presented online are not paid. In such instances, guests are able to contact Airbnb and have alternative accommodation organised. Another way for guests to reduce risk is to study the P2P-CVs of hosts. These P2P-CVs consist of all reviews guests have ever written about the host and the property. A large number of positive reviews gives guests confidence that they will not be disappointed. Airbnb also verifies the identity of hosts and set up the property listing in a way that ensures that hosts include detailed safety-related information, including which safety

devices are at the property, evacuation plans and emergency contact details. The Airbnb Community Defence Team spot-checks listings, and data scientists monitor trading transactions on Airbnb.com for any potentially fraudulent activity, and Twitter and Facebook posts for Airbnb-related distress calls (Gallagher, 2017). Airbnb also has crisis management, victim advocacy, insurance, and law-enforcement relations teams; all working under the supervision of Airbnb's Trust Advisory Board (Gallagher, 2017).

The final key activity is the **management of cost**. Airbnb's revenue model works on the assumption that a large number of trades occur on Airbnb.com, each only contributing a small profit margin. This explains why Airbnb charges hosts only a relatively low fee for its services compared to other tourism accommodation distribution channels. The low fee, in turn, attracts more hosts because they perceive Airbnb as a cost-effective distribution channel. As a likely consequence of the small profit margin Airbnb makes for each transaction, Airbnb has strict cost control measures in place (The Economist, 2017).

Key resources

Airbnb's *key resources* include a tailored marketplace, trust-base relationships, an extensive database of reviews tied to network member profiles, knowledge resources, and service recovery staff. These resources enable Airbnb to engage in the key activities discussed above and, in so doing, create value for all its stakeholders. Key business resources are particularly beneficial to a business if they cannot easily be copied, offering a substantial competitive advantage in the marketplace (Barney, 1991). The extent to which Airbnb's key resources can be imitated by competitors varies from resource to resource.

The **tailored marketplace**, Airbnb.com, is one of the keys to Airbnb's success. When Airbnb started operating, its online trading platform was custom designed to facilitate all the key functions necessary to present listings in the most attractive way possible, facilitate high numbers of trades simultaneously without crashing, build a community, protect all network members, create trust through a reciprocal review system that allows for responding and resolution (Dolnicar, 2019), and manage international financial transactions without requiring a bank licence (Gallagher, 2017). Airbnb's tailored marketplace was not easy for competitors to imitate in the early days of Airbnb. Since the end of the first period, a number of off-the-shelf open-access and paid online marketplace solutions have been available to use by new market entrants to copy this aspect of Airbnb's online presence (von Briel & Dolnicar, 2021b)

Airbnb's second key resource is the **trust-based relationships** it has built with millions of hosts and guests globally over the years. This was extremely challenging for Airbnb because tourists were used to relying on licensed tourism accommodation providers. The licensing signalled to tourists that they could trust these accommodation providers. The providers themselves did not need to work to earn the trust of tourists, they could only lose this trust by providing inadequate services. Airbnb was in an entirely different position. It was trying to convince people to rent out their private spaces to strangers, and to book someone's private space for their holiday. Trusting the trading platform is an essential requirement to be able to achieve this (Morgan & Hunt, 1994). Developing trust as a resource takes a long time (Dierickx & Cool, 1989). In terms of competitors' ability to imitate this resource, Airbnb's efforts of trust-building have paid off. Airbnb is arguably the most trusted peer-to-peer accommodation trading platform globally, a resource that is very difficult to imitate. At the same time, Airbnb's success in getting tourists to trust peer-to-peer accommodation in general also makes it easier for competitors to build trust into their platforms, as the base level of trust for peer-to-peer accommodation has increased substantially since Airbnb first launched.

Related closely to trust is another of Airbnb's key resources: an extensive **database of reviews** associated with network member profiles. Every review benefits the entire network, allowing hosts to assess the suitability of a guest before confirming their booking and guests to assess the trustworthiness and professionalism of a host before sending a booking enquiry. The large collection of reviews and P2P-CVs that has accumulated on Airbnb.com is not easy to imitate for competitors because it is a function of the substantial number of trades that have taken place on Airbnb.com over the last decade. Hosts and guests who do not have a single review are at a significant disadvantage, representing a high risk for their potential trading partners (Dolnicar, 2018b). Reviews benefit Airbnb in another way: they highlight problems with listings which Airbnb may need to address, thus doubling up as a quality assurance instrument.

Knowledge resources are relevant to Airbnb in two ways. First, gaining market insights from millions of guest-host transactions requires knowledge on how to extract insights from data, while at the same time creating expertise in data mining for consumer insight at Airbnb, a resource that is available generally, but not easy to imitate by competitors with lower transaction numbers in the peer-to-peer accommodation space. The second dimension of knowledge resources relates to information libraries created by Airbnb to assist hosts. These include guidance such as setting up optimal listings, responding promptly and professionally to guest enquiries, dealing with complaints, complying with local regulations relating to peer-to-peer accommodation (Gallagher, 2017), and – more recently – cleaning properties in way that ensures no COVID-19 transmission between guests. Not all of this information is shared with the general public, with many knowledge resources embedded in Airbnb structures and procedures, including the Airbnb call centre (Sng & Hachey, 2016). While some of these knowledge resources for hosts can be easily imitated by competitors, others cannot.

The last of Airbnb's key resources is a pool of call centre staff specialising in service recovery. Call centres can either be run by a business itself or can be outsourced. Outsourcing is typically the more cost-effective approach, but implies a lower level of control. Because building trust is of such fundamental importance in peer-to-peer accommodation trading, Airbnb has chosen to never outsource their call centre. Call centre service staff are critically important to building and maintaining positive relationships with hosts and guests, while also having to resolve critical situations involving safety risks. This key resource is not easy to imitate by competitors.

Only little information is available about how Airbnb's partners and suppliers create value in this first period (Table 2.5).

Table 2.5: Airbnb partners and suppliers (not comprehensive) (source: Reinhold & Dolnicar, 2018c, based on Spiderbook.com and Travelmarketreport.com, Montevago, 2016

Partners		**Suppliers**	
AmEx Global	Hipmunk To	Akamai Technologies	HootSuite Media Inc.
Business Travel	Instagram	Amazon	Twilio Inc.
AGR Investments	Lloyd Lyft Inc.	Dailymotion	Zendesk Inc.
Maximize revenue	Augment experience		
Apple	MyAssist Inc.	EatWith Media Ltd.	
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	

The role of some of Airbnb partners is quite fundamental, as is the case with Amazon Web Services, for example. Amazon hosts Airbnb's web services. As a consequence of the decision to use Amazon's services, Airbnb does not need to manage hardware infrastructure, and is able to increase or reduce processing capacity quickly (Amazon, 2017; Gallagher, 2017). A different kind of partnership is that with business travel companies (Montevago, 2016). Here, Airbnb integrates its services with corporate travel programs.

Value communication and transfer

Airbnb.com is not only a point of sale for Airbnb. It is also the primary platform used by Airbnb to communicate with all of its active network members and people who are considering joining. Most communication is not individualised, yet offers support to hosts and guests and ensures the homogeneity of listings. Helpful, automatised communication includes, for example, a reminder email to hosts shortly before guests check in. This email ensures that hosts do not forget the arrival of guest. This may sound like an unlikely scenario, but with many hosts not being professional accommodation providers and hosting only as an additional source of income, such reminders are very useful indeed. Automatic emails are also sent to remind both guests and hosts to review each other on the day of check-out. This communication ensures that guest and host P2P-CVs grow continuously, increasing the value of Airbnb.com to all trading partners.

Most of Airbnb's communication is not personal, rather it involves its web platform, its app, email, and advertising. In the early beginnings of Airbnb, personal contact was a key success factor in attracting new hosts. Over the years these personal contact opportunities became more organised and concentrated, for example, through hosting large events called Airbnb Opens where Airbnb staff, hosts, guests and host service providers had the opportunity to interact personally. Increasingly, these opportunities have become rare and interaction has been shifted online where Airbnb communities are encouraged to discuss any Airbnb-related matters.

Advertising and public relations play a key part in growing membership and retaining hosts and guests. In public, Airbnb focused strongly on communicating the concept of belonging in the first period (Marion, 2014). Marketing messages tended to be variations on this theme (e.g., '*belong*',

‘*belong anywhere*’ ‘*don’t go there. live there*’, ‘*until we all belong*’), and fed into the curation of listing content, presentation of guidebooks and tips about local neighbourhoods (Davis, 2016; Wheeler, 2014). In addition to the highly emotional message of belonging, Airbnb also issued its own magazine (originally titled Pineapple and later renamed Airbnb Magazine), produced its own blog, created short films (including Birdbnb), and shifted content onto the full range of social media sites, including Facebook, YouTube, Instagram and Twitter (Wegert, 2014).

Airbnb.com’s messaging system – which serves as the platform for all communication – saves all messages sent and received, helping hosts with the filing of documents and serving as the basis for the resolution of any legal disputes or complaints by other network members (Gallagher, 2017).

Value capture

Airbnb captures value by charging a relatively small commission on all guest-host transactions. As opposed to other distribution channels, Airbnb split up this commission between hosts and guest with the guest fee between 5% and 15% of the price, and the host fee ranging from 3% to 5%. For comparison, Booking.com charges, as of 2020, an average commission rate of 15%, which is paid entirely by the accommodation provider (Booking.com, 2020). Booking.com claims that its commission rate average is “*among the lowest in the industry*”, suggesting that other tourist accommodation distribution channels charge an even higher commission rate.

Also in contrast to other distribution channels, Airbnb charges guests the entire amount of the accommodation at the time of booking. Airbnb deducts its commission and only releases the remainder to the host 24 hours after the guest checks in. This approach benefits Airbnb in two ways. First, it ensures – in the absence of complaints – that the listing actually exists and reflects the description on the listing, and second, it gives Airbnb access to the money for potentially extended periods of time. Peak season bookings are commonly made 12 months in advance; Airbnb having this money available to use for 12 months effectively represents an interest-free loan (Reinhold & Dolnicar, 2018d). This cash flow management model is also being used by Amazon; customers order and pay, then wait for days until the items they have purchased are delivered. During this period, Amazon can work with the money.

Figure 2.3 illustrates the money flows for Airbnb and Homeaway (now VRBO) as per the first period, highlighting the benefits Airbnb derive from its model.

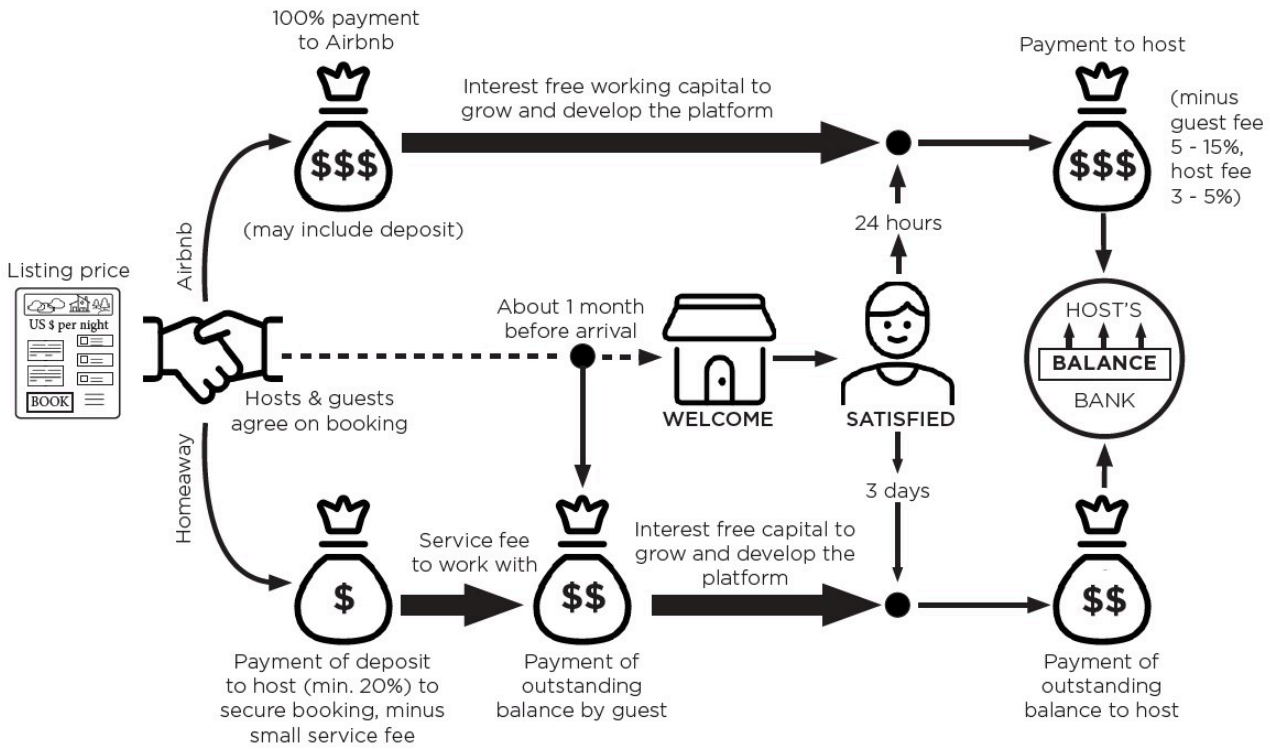


Figure 2.3: Money flow comparison as of 2017 – Airbnb and Homeaway (now VRBO)

For guests, Homeaway's model is preferable – its payment plan includes a number of smaller payments leading up to the time of the booking. At the time of booking, Homeaway only charges a deposit of a minimum of 20%. Hosts can choose a higher deposit amount. In contrast to Airbnb, Homeaway immediately transfers the payment to the host, after having deducted its commission. The final payment is due one month before the booking. The host receives this amount three days after the guests have checked in. The security deposit is not due until one week before the booking. This money is refunded to the guest unless the host makes a damage claim after the guest has checked out.

The money-flow comparison shows the competitive advantage Airbnb derives from the way it manages payments. Airbnb can use the money guests have paid for accommodation well in advance of their booking to cover its expenses and expand its business.

Until December 2020, Airbnb was not a publicly traded company and was therefore not obliged to reveal details about its revenue and profit. However, the company is said to have first been profitable in 2016 with revenues projected to hit USD $2.8 billion in 2017 with its earnings before interest, taxes, depreciation and amortisation (EBITDA) at USD $450 million (Gallagher, 2017). Airbnb attracted – through ten investment rounds – some USD $3.34 billion of funding from 41 investors during the first period (Crunchbase, 2017), as shown in Table 2.6.

Table 2.6: Airbnb funding rounds and investor valuation (source: Based on Craft.co)

Funding stage	Year	Capital raised	Airbnb investor valuation
Seed	2009	$635,000.00	$2,500,000.00
Series A	2010	$7,200,000.00	$70,000,000.00
Series B	2011	$117,000,000.00	$1,300,000,000.00
Series C	2013	$200,000.00	$2,900,000,000.00
Series D	2014	$519,700,000.00	$10,500,000,000.00
Series E	2015	$1,700,000,000.00	$25,500,000,000.00
Series F	2016	$1,000,000,000.00	$31,000,000,000.00

Value dissemination

Airbnb cannot create value for its members and third parties without a large number of stakeholders. These stakeholders gain benefits from their association with Airbnb but also potentially incur risk or other negative effects resulting from peer-to-peer accommodation sharing – even without actively partaking in the economic activities surrounding Airbnb's platform. It is in Airbnb's interest to ensure that all key stakeholders continue to gain benefits to ensure that they will continue to assist Airbnb in creating value for hosts, guests and third parties. Using as a framework Post, Preston, and Sachs' (2002) dimensions of strategic settings (which differentiates resource base, industry structure and socio-political context), Figure 2.4 paints a picture of Airbnb's stakeholder relationships. We discuss the main relationships below in detail.

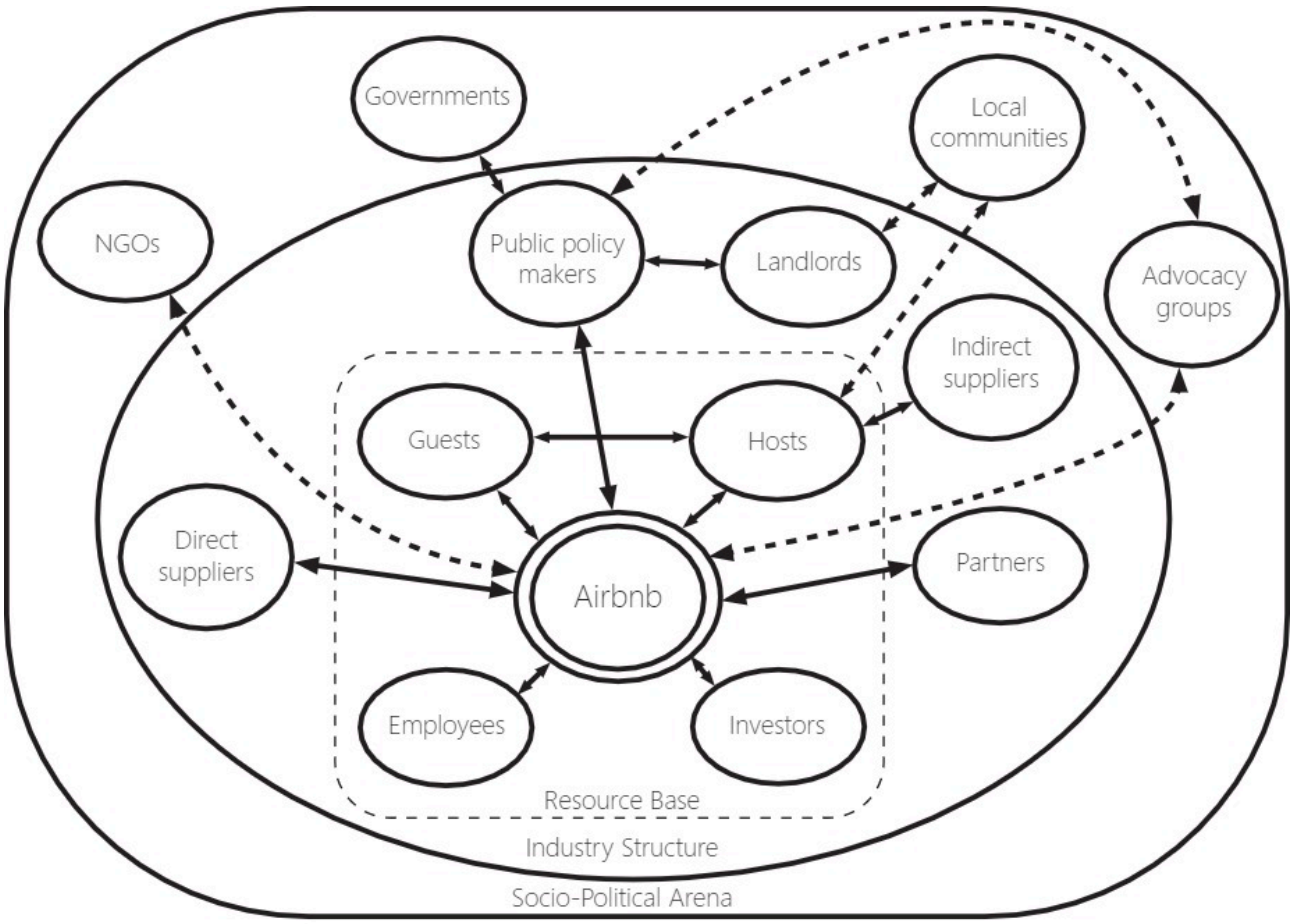


Figure 2.4: Airbnb's stakeholder relationships

Dissemination to hosts

Hosts and guests are Airbnb's core stakeholders. **Hosts** enable Airbnb to operate by making spaces available for rent. Without the hosts' spaces, Airbnb has nothing to sell. The number, quality, and variety of listings on Airbnb.com determine how attractive Airbnb's online trading platform is to guests (Dolnicar, 2018a). In addition to the core service of accommodation provision, hosts may also offer additional services to guests, including local insider tips about which attractions to visit and where to dine. The reviews hosts write about guests who stayed at their properties are invaluable to other hosts when they are assessing whether to grant permission to future guests to book (Karlsson et al., 2017). Many hosts further contribute to Airbnb.com through their involvement in host communities and in training new hosts and guests (e.g., Dolnicar 2018b).

The contribution from hosts comes at a risk. The most fundamental risk is that guests will not treat their property with respect and cause damage to it. Additional risks include tensions and disputes with neighbours or the body corporate (homeowners association) of an apartment complex. Hosts may also risk disputes, fines and lawsuits with government regulators if they are not in compliance with rules relating to short-term letting. Rules are not always unambiguous, creating a risky grey legal space within which hosts may need to operate (von Briel & Dolnicar, 2021a).

Because Airbnb relies on hosts, it is in its interest to minimise the risk for them of being active on the network. Airbnb achieves this in several ways: it enables people who otherwise would not be able to make space available for short-term rental to do so; it helps hosts to create an attractive listing; it assists with price setting; and it pays out a higher fraction of the price the guest pays than other online trading platforms or traditional tourism accommodation distribution channels. Airbnb also punishes

guests who violate guest rules, including the possibility of legal proceedings and exclusion from the network. Despite substantial media interest in instances where Airbnb guests have caused severe damage to host properties in the first period, such instances are exceptionally rare: "*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*" (Gallagher, 2017: 92).

Dissemination to guests

The second stakeholder group that is essential to Airbnb's operations is its guests. Guests contribute to Airbnb by purchasing short-term access to space (making the trading platform more attractive to hosts), and by writing reviews about the properties they stayed at and their hosts. Reviews assist other guests in the decision-making process when they are looking for suitable accommodation. Reviews also serve as an inbuilt quality control mechanism, similar to the established market research practise of mystery shopping (Dolnicar, 2019). Guests can express their discontent or make constructive recommendations for improvement publicly, or in a private message to the hosts. For hosts who are motivated to improve the service they are offering, this process provides specific guidance on how they can achieve this.

Actively engaging with an online peer-to-peer accommodation trading platform is not risk-free. Guests could find themselves desperately searching for a property they booked that does not actually exist, or they could be disappointed in the space because it is much inferior to its appearance on the online listing. If the listing is a shared space, guests face several additional risks: the hosts could be disrespectful to their privacy, steal from them or physically harm them.

It is in Airbnb's interest to minimise these risks to ensure that guests continue booking on Airbnb.com and write positive reviews which attract new guests to the network. Airbnb, therefore, put in place several risk mitigation measures benefitting guests, including a guarantee which entitles guests to alternative accommodation if the booked space does not exist or differs significantly from what was advertised. At the more fundamental level, Airbnb reduces risk by structuring the way peer-to-peer accommodation listings on Airbnb.com are presented. By structuring listings, hosts are nudged to comply with key safety requirements. Airbnb also manages financial transactions, giving guests confidence that delinquent hosts cannot take their money without providing access to space as agreed.

Dissemination to landlords and real estate developers

Hosts and guests as the key stakeholders of Airbnb have been discussed extensively in the literature (for a review see Dolnicar, 2019). Other stakeholders and their roles in Airbnb's business model have received substantially less attention. These stakeholders include landlords and real estate developers.

Many landlords and real estate developers find themselves in the situation of being involved in the short-term rental business because their tenants list spaces owned by them on Airbnb. Their involvement with Airbnb is not intended and, in some instances, they may not even be aware of it. Despite this indirect and involuntary association with Airbnb, landlords and real estate agents can benefit from Airbnb and bear risk because of their association with Airbnb, giving them some bargaining power.

The risks landlords and real estate developers face are similar to those of hosts: the short-term nature of the rentals is likely to cause more damage and more wear than is the case with long-term rentals, the body corporate or owner's association may object to short-term rental activity, neighbours may complain about reduced safety given that new sets of strangers are given access to the apartment

complex on a regular basis, and the likelihood of neighbourhood complaints is higher. Accepting these risks allows real estate developers and landlords to benefit in several ways from their indirect association with Airbnb.

Airbnb is actively engaged in making apartment blocks more friendly to peer-to-peer accommodation trading. In collaboration with rental conglomerates, Airbnb has developed models under which tenants are given the right to sublet properties on Airbnb within the parameters set by the owners (Gallagher, 2017). One such initiative named Niido is discussed later in this chapter. As demand for Airbnb properties increases and apartment complexes become more peer-to-peer friendly, property value – in terms of both the sale and rental value – also increases, putting owners in the position of being able to charge higher rents because of the short-term rental return potential of a property: "*landlords have already begun pricing the expectation of an Airbnb revenue stream into the rents they charge*" (Gallagher, 2017: 204).

For property owners who are not happy for their long-term tenants to sublet their properties, Airbnb does not offer any solutions (McNamara, 2015) – owners are forced to find a solution within the framework of local tenancy laws. In the long term, the simplest option in such cases is to clarify in the rental agreement that subletting is not permissible.

Dissemination to local communities

Another of Airbnb's key indirect stakeholders is the *local community*. Most of the public discourse in relation to Airbnb's impact on the local community focuses on the negative externalities experienced by locals (for a review, see Dolnicar, 2019), including: competition for public resources upon which residents rely in their everyday lives, such as parking, guests' lack of a sense of responsibility to care for the area and of accountability for their misbehaviour, and the nuisance of being stopped by tourists in residential areas and asked for directions or help (Edelman & Geradin, 2015).

In addition to these direct inconveniences to the lives of local residents, a large numbers of Airbnb listings at popular tourist destinations can also lead to an increase in real estate sale and rent prices. Airbnb put in place some measures to reduce the potential of disruption to the lives of locals, such as the neighbourhood support webpage (Airbnb, 2020c) where locals can complete a form stating the nature of the disruption. The complainant, after submitting the form, receives a confirmation, and Airbnb contacts the host (assuming the address provided by the complainant is an active listing hosting guests at that point in time). Airbnb reports back to the complainant at the end of this process.

Airbnb also put in place initiatives aimed at giving back to the communities that are potentially burdened by its operations. One such initiative in the first period was the co-design of 10% of its Airbnb *Experience* offererings with local non-profit organisations (Gallagher, 2017), donating all revenues to the participating non-profits.

While such initiatives are welcome, Airbnb does not take more radical action, such as limiting the number of listings to address social sustainability concerns (Ciulli & Kolk, 2019). This is largely the responsibility of local policy makers (von Briel & Dolnicar, 2020; 2021a). Overall, the bargaining power of locals is relatively low.

Dissemination to public policy makers

Public policy makers, including tax authorities, represent another key Airbnb stakeholder. They have substantial bargaining power because Airbnb is operating within their legislation. Airbnb is therefore highly motivated to lobby them and work with them to ensure it can run its operations as

smoothly as possible. Regulations relating to short-term rentals vary substantially from location to location (Hajibaba & Dolnicar, 2018; von Briel & Dolnicar, 2021a), and have dramatically evolved over time within locations (von Briel & Dolnicar, 2020; 2021a). This is not surprising because the characteristics of a location affect the potential impact Airbnb has on it. Regional and remote areas in desperate need of revenue sources are likely to benefit more than popular city destinations struggling with overtourism. At city destinations popular with tourists, the negative externalities of Airbnb are most pronounced. This explains why the most restrictive government regulations have been implemented in such places, including New York, San Francisco, Paris and Barcelona. Airbnb has dedicated staff who lobby local government and aims to establish collaborative agreements with policy makers where possible. At some locations, Airbnb collects tourist taxes on behalf of hosts and forwards them directly to tax authorities – a matter that has become more salient in periods two and three.

Value development

Over the years, Airbnb has grown by continuously adding hosts and guests to its member base, which has substantially increased its valuation (The Economist, 2015, 2017). Acutely aware of its multi-sided platform business model and the importance of a large pool of hosts and guests to increase the attractiveness of the trading platform, Airbnb put in place several initiatives to ensure continued growth. At the host level, Airbnb established a referral program through which hosts can earn travel credits if they successfully recruit another host (Airbnb, 2020d). Airbnb also engages in acquisitions, especially in view of capturing new markets quickly and developing its offerings for specific segments. In 2016, Airbnb started cooperating with CWT Carlson Wagonlit Travel and American Express Global Business Travel in an attempt to expand from the leisure tourism market to the business market. While this growth occurred within Airbnb's original business model, it represented a significant expansion geographically and with respect to the market segments Airbnb catered to.

In addition to strategic initiatives aimed at growth, Airbnb also benefits from cross-pollination: "*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).

Experimenting with new growth paths (2017 - 2019)

By 2016, Airbnb had laid the foundational core of its business model and established key relationships between the different sides of its accommodation sharing platform, propelling its growth. With these foundations established, the period between 2017 and 2019 was characterised by experimentation with different growth paths – some evolutionary, some revolutionary. Still, survey-based estimates in 2017 suggested that more than half of the travellers in Airbnb's home market had never used Airbnb (Carty, 2017). The senior management team aspired to develop Airbnb into a "*true 'ecosystem' or a 'one-stop shop for travel'*" (Ting, 2018b). These aspirations seem to have guided Airbnb's expansionary course and built on the core of its business model. The following sections highlight critical changes to the elements of Airbnb's business model.

Changes to the value proposition

Proposition to hosts

Between 2017 and 2019, Airbnb enhanced its value proposition for two specific kinds of hosts

(Superhosts and hotels) as well as for the broader population of hosts. It addressed risks inherent to hosting guests by making the way monetary transactions are handled more convenient and competitive, and by increasing the value offered from its short-term property management solutions.

Identify suitable guests: Airbnb labels some of its host community as Superhosts (approximately 600,000 as of December 2018). Superhosts benefit from higher visibility and exposure in guest search queries on the platform and thus have a higher likelihood of receiving bookings (Ting, 2018c, 2018d). A second group of hosts that has received more attention in this second period are hotels listing rooms on the platform (Ting, 2018e). Airbnb enables hotels to find guests for their rooms on the platform via easy integration into their existing inventory management systems and without the need for a long-term contract. An example of developments in this area include new boutique aparthotel offerings providing long-term stay options for project-based travellers (Ting, 2018f).

Mitigating risk: Airbnb announced stricter moderation of its review systems to prevent guests from using negative reviews or ratings to petition hosts for discounts or other benefits (Schaal, 2019a). Airbnb support agents are granted the right to remove reviews that are irrelevant (e.g., based on features that have nothing to do with the host's listing or that are beyond their control) or biased (e.g., based on host characteristics such as race or political orientation). They preclude guests from using the platform for repeated misconduct. These measures were accompanied by updates to Airbnb's guest standards. The updates aim to protect hosts and host communities from issues such as littering in and outside of rental properties, parking violations, and open-invite parties or unauthorised guests (Whyte, 2019a).

By the end of September 2020, Airbnb had a network of more than 6,600 third-party partners in 25 locations to handle community support, alongside 24/7 assistance in Mandarin and English, and helplines and live chat in 8 to 11 languages during business hours. To prevent guest misconduct, Airbnb has also updated its reservation screening procedures – complementing computer screening with human judgement – to identify bookings from unauthorised parties and other potential misconduct (Sheivachman, 2019a). Airbnb still refrains from requiring government issued identification, in order to not discriminate access to its services on that basis. In January 2020, more than two thirds of accommodation transactions involved verified parties from the Airbnb guest and host community (Schaal, 2020a). Finally, *Experience* hosts must underwrite additional third-party insurance and prove possession of the required licences and permits to host government-sanctioned activities, for example, tours in national parks, or tours that involve high risk activities such as white water rafting (Schaal, 2019b).

Managing short-term rentals: Airbnb has started providing more support for professional hosting. Professional hosts are those that manage multiple properties that do not qualify as private, permanent residences. At the end of 2019, Airbnb reported that 10% of its hosts were non-individual hosts, and 28% of its overnight stays were booked with professional hosts (Schaal, 2020b). Small property managers with between two and twenty properties on Airbnb.com account for most of Airbnb's listings. Professional hosts with more than 100 listings have seen the biggest growth overall (Schaal, 2020b). Functional value upgrades include IT integration with professional property management systems, calendars and booking management, pricing rules, additional messaging features (Ting, 2017a), and human support (Ting, 2018g). This is a valuable addition for hotels listing rooms on the platform (Ting, 2018a).

The relationship between property management companies acting as professional hosts and Airbnb remained challenging throughout this second period – particularly in holiday destination markets outside of urban centres. These companies disapprove of Airbnb's short-term guest cancellation policy, which limits insurance policy sales. Professional hosts also present Airbnb with challenges in

terms of collecting the taxes and other fees mandated by local regulations (e.g., overnight taxes and resort fees) and complying with local hosting caps (O'Neill, 2019a).

Handling monetary transactions: Alongside the payment options and support for monetary transactions introduced prior to 2017, Airbnb has started to open to local payment service providers such as WeChat Pay and Alipay in China (Schaal, 2019c). The way Airbnb handles monetary transactions and shares revenues has also been a sales argument in convincing hotels to list their rooms on Airbnb. Online travel agents charge hotels a commission rate of between 15% and 25% and do not offer additional services such as payment solutions or the collection and remission of taxes on behalf of the accommodation provider (Ting, 2018a). Airbnb charges much lower commission, allowing hotels to retain as much as 97% of the listed price. This is possible if Airbnb collects a part of its service fee from guests (Ting, 2018g) but does not seem attainable if hosts opt for the host-only charges model (Schaal, 2019d) – as we discuss under changes to value capture in period two.

Proposition to guests

Between 2017 and 2019, Airbnb improved its services to help guests find suitable accommodation more effectively, make bookings more easily, and deal with the risks involved in renting shared accommodation. It also implemented several ways to augment guest stays, for example, offering *Experiences* in addition to accommodation (Gardiner & Dolnicar, 2018; 2021). In 2019, Airbnb reported 54 million active bookers, accounting for 327 million overnight stays and *Experiences* as well as 825 million guest arrivals (Airbnb, 2020e).

Finding accommodation: Airbnb has considerably extended its types of listings beyond traditional home sharing. Between 2017 and 2019, Airbnb's inventory included everything from rooms in boutique hotels, inns, and bed and breakfasts, to traditional vacation rentals, holiday homes, luxury villas, and entire apartment complexes (Ting, 2018g). For example – under the label *Beyond by Airbnb* – the platform featured luxury vacation rentals purchased from Luxury Retreats (Ting, 2018h, 2018c). Under the label *Airbnb Plus*, Airbnb featured a curated collection of inspected listings meeting specific quality standards from a 100-item checklist. Airbnb listings in this collection are characterised by their design rather than luxury, while still commanding higher than average nightly rates (about USD $250 instead of USD $100) (Ting, 2018i, 2018c). Airbnb also improved the way its platform helps guests discover those options and reach a decision. A new layout on the app and website assisted people in finding different kinds of accommodation for specific purposes using new markers (e.g., business travel, accommodates families, balcony) and curated collections (e.g., honeymoons, dinner parties). Listings in collections have a rating of 4.8 or higher (Ting, 2018c). Regulatory intervention (von Briel & Dolnicar, 2020; 2021a) has led to more transparency in European markets, where Airbnb now displays the total price including room rate, cleaning fee, and local occupancy tax (Schaal, 2019e).

Booking process: Localised payment options such as WeChat Pay and Alipay – along with the integration of logins and apps on popular social media platforms and new options for splitting the payments of travel groups – lower guest barriers to engaging with Airbnb's services (Schaal, 2019c; Ting, 2017b). Airbnb highlights that – compared to online travel agents – after having machine learning match guest preferences with listings, processing is supervised by its service and support staff who can be contacted in case of problems (Ting, 2018g).

Mitigating Risk: Airbnb has taken several measures to improve the way it mitigates the risks involved in sharing activities on its platforms. First, it started monitoring reviews more closely, screening specifically for content that causes safety concerns, including sexual harassment and other forms of discrimination (Ting, 2018j). Second, it has strengthened its efforts to identify and prevent deceitful

offers, for example, hosts listing an establishment at multiple price points, and misrepresentations of offered properties and amenities in text and images. It also vets host profiles for prior bans from the platform (Ting, 2017c). At the end of 2019, Airbnb announced its intention to verify most of what it offered on the platform, including *Experiences*. Third, Airbnb mandates additional insurance for hosts offering *Experiences* that require governmental permits, licences, or that involve high-risk sports activities (Schaal, 2019b).

Augment experiences: Airbnb has tremendously grown its *Experiences* offering, which was first launched in November 2016 (Gardiner & Dolnicar, 2018; 2021). The platform's inventory increased from 3,100 activities across 40 cities in November 2017 to around 40,000 activities in 1,000 cities around the globe by the end of 2019 (Schaal, 2020c; Ting, 2017d). In 2018, Airbnb reported that it had approximately 1.5 million bookings for Airbnb *Experiences* annually, most with a five star rating. Top *Experience* hosts earned USD $300,000 (Ting, 2018b, 2019a). Categories for *Experiences* enjoyed by both locals and tourists include food and drink, sports, lifestyle, music, entertainment, and new categories such as animals. *Experiences* have centred on more conventional tourist activities like sightseeing compared to early high profile offers (Ganaishlal, 2019; Ting, 2017d).

Alongside these activities, usually lasting from one to a few hours, the platform operator launched Airbnb *Adventures* for multiday experiences in 2019. Unlike *Experiences*, *Adventures* include board and lodging with ticket prices ranging up to USD $5,000. With 200-plus exclusive itineraries run locally by selected tour operators, *Adventures* are akin to traditional holiday packages without transportation. *Adventures* on offer on Airbnb.com include, for example, slow-food safaris, mountaineering and trekking in traditional holiday destinations such as the Galapagos Islands. In mid-2019, neither *Experiences* nor *Adventures* were separate profit centres at Airbnb despite these offerings positioning Airbnb.com in direct competition with companies such as GetYourGuide, TripAdvisor, and Intrepid Travel (Schaal, 2019f, 2019g). As a smaller in-destination convenience feature, Airbnb has started offering dining reservations on its platform via a Resy integration (Ting, 2017e).

Proposition to third parties

Between 2017 and 2019, Airbnb extended its value proposition for host- and guest-focused third-party service providers by helping them to engage with new clients, with process optimisation and access to new inventory for booking and events professionals.

Process optimisation and new inventory: The period between 2017 and 2019 is characterised by Airbnb extending its range of tools for booking professionals via integration with corporate travel management solutions (Ting, 2018k). These tools facilitate the processes of corporate travel managers and allow them to access Airbnb inventory under the label *Airbnb for Work* (formerly *Airbnb for Business*). Airbnb also partnered with WeWork to facilitate access to workspaces and meeting rooms (Sheivachman, 2017, 2018a). For event professionals (Fairley & Dolnicar, 2018; Fairley et al., 2021b), Airbnb introduced the option to create dedicated landing pages that identify available accommodation for delegates near the event location, and assist with the organisation of group trips (Sheivachman, 2018b).

Find and engage with new clients: Alongside photography and facility management services – both available early on in its development– Airbnb launched a preferred software partner program in the 2017 to 2019 period that identifies backend solutions for professional host property management (Ting, 2018h).

Changes to value creation

The period from 2017 to 2019 saw a noteworthy addition to Airbnb's key resources and activities: the automation of processes and interfaces. Airbnb tries to keep transactions and exchanges efficient, as operations scale and the complexity and volume of interactions between guests and hosts – as well as with other stakeholders – increase. For instance, regulators in different national and local contexts started requiring hosts to file dedicated tax reports and reports on other fees and financial activities (von Briel & Dolnicar, 2020; 2021a). To this end, Airbnb started offering automated tax reporting for hosts in certain locations, such as Estonia (Sheivachman, 2018c). In terms of strategic resources, Airbnb started building its inventory ownership across strategic locations and markets by means of investments in lodging and property management companies. It does not seem that these investments are purely financially motivated as the companies Airbnb invested in have brought listings of their own to Airbnb.com (e.g., HotelTonight and Luxury Retreats; Hamdi, 2019a; Ting, 2018h, 2018c).

Airbnb added new partnerships and investments to tie partner resources and capabilities to its business model. Airbnb partnered with property planners and real estate investors to launch *Niido*, an Airbnb-branded hotel-like concept (Ting, 2018l). Units in the apartment complex are designed with sharing rooms or rented out as entire units for up to 180 days a year. They include common areas, keyless entry systems, and booking systems provided by the landlords. Under this concept, tenants would retain approximately 75% of the profits resulting from guest stays (Ting, 2017f). However, the resident tenants of the apartment complex designated to be converted to the Niido concept met the Airbnb partnership with some resistance as they had first signed leases under a different concept (Ting, 2018m, 2018n).

To lower entry barriers for traditional bed and breakfasts and increase the inventory of bed and breakfast rooms on its platforms, Airbnb started partnering with ThinkReservations, potentially giving it access to 17,000 establishments in the USA alone (Ting, 2017g). Likewise, a new partnership with SiteMinder, a cloud-based hotel distribution platform, provided potential global access to the rooms of more than 28,000 hotels (Ting, 2018g). Alongside these distribution integrations, Airbnb partnered with a range of new software providers to extend its value proposition for professional hosts and property managers (Ting, 2018h). At 75 Rockefeller Plaza in New York, Airbnb partnered with a real estate company to offer apartment-style hotel suites to business travellers (Carey, 2019).

Between 2017 and 2019, Airbnb also made investments worth around USD $800 million (Schaal, 2020d) that, by adding services and travel content, contribute to the ways in which Airbnb creates and captures value (Ting, 2018b). Table 2.7 provides a summary of investments during the 2017 to 2019 period.

Table 2.7: Selected investments by Airbnb between 2017 and 2019

Date	Company (short description)
September 2017	Resy (restaurant reservations)
November 2017	Accomable (accessible travel startup)
December 2018	Luckey Homes (concierge services / property management corporation)
January 2019	Gaest (booking site for off-site meetings/events)
March 2019	HotelTonight (mobile-first last-minute hotel travel)
April 2019	OYO (discount hotel chain)
April 2019	Lyric (multi-family apartments rental manager)
August 2019	Urbandoor (managed apartments for business travel and relocation)
October 2019	Tiqets (ticketing for experiences)

Airbnb invested in Resy, a restaurant software partner it uses to enable guests to make dinner reservations directly through its platform (Ting, 2017e). Accomable represented a limited run investment in accessible travel for travellers with special needs (Randle & Dolnicar, 2018; MacInnes et al., 2021; Ting, 2017h; Whyte, 2018a). Airbnb's acquisition of the French concierge and property management company Luckey Homes is the first investment in parts of the extended partner eco-system surrounding the peer-to-peer accommodation platform (Schaal, 2018a; Ting, 2018o). In Denmark, Airbnb invested in Gaest, a small booking site for events and meetings offering a low-cost alternative compared to other business-focused alternatives (O'Neill, 2019b; Sheivachman, 2019b).

Airbnb added two hospitality investments to its portfolio in 2019; OYO and HotelTonight. Through its USD $400 million investment in HotelTonight, Airbnb added around 25,000 boutique and lifestyle offerings from independent hotels to its platform while keeping HotelTonight as a separate, mobile-first business (Ting, 2019b). HotelTonight complements Airbnb by not only providing additional capacity, but by offering rooms tailored to last-minute travellers alongside Airbnb's more long-term orientated booking offerings (Hamdi, 2019a). The USD $200 million investment in OYO, in contrast, helped to establish additional inventory in rapidly growing Asian markets (Hamdi, 2019b; Schaal, 2019c).

Multi-family apartments (Hajibaba & Dolnicar, 2018; Zare & Dolnicar, 2021) were the focus of Airbnb's USD $160 million investment in US-based Lyric, a rental management company (Schaal, 2020e; Ting, 2019c). Airbnb also acquired Urbandoor, a company specialising in furnished business apartments, relocations, and extended stays (Schaal, 2019h). Finally, with Tiqets, Airbnb invested USD $60 million in ticketing solutions for tourist experiences (Schaal, 2019i).

Changes to value communication and transfer

Airbnb's value communication and transfer activities between 2017 and 2019 represent evolutionary changes to the communication and distribution established within Airbnb's first ten years of operation. The activities below highlight selected additions and extensions.

While Airbnb had scaled back on affiliate marketing before 2017, it gave third-party websites such as GoEurope and Hipmunk commission to promote its brand on their channels (O'Neill, 2017). Airbnb engaged in direct communication with potential new hosts when it wrote an open letter to bed and

breakfast and hotel owners to encourage them to join the platform in coordination with a larger advertising campaign centred on hotel listings on Airbnb.com (Schaal et al., 2018). These efforts preceded Airbnb's investments in OYO and HotelTonight, which would eventually add hotel room inventory to the platform in 2019. The investment in and partnership with HotelTonight led Airbnb to cross-promote hotel room offerings across the mobile-first service and its own platform (Schaal, 2019j). Airbnb started making its inventory available through Google searches alongside Expedia in 2019 (Schaal, 2019k, 2019l). In selected markets, Airbnb also partnered with tourism boards – such as Visit Sweden – for marketing purposes (Peltier, 2017).

Airbnb's marketing strategy seems to have remained content centred. In Airbnb *Travel Stories*, the platform allowed users to share personal travel stories that inspire and convey the community's purpose (Ting, 2017d). Superhosts were allowed temporary editorship of the Airbnb Instagram channel one day at a time to share their stories with 3.5 million followers in December 2018 (Ting, 2018d). Airbnb also started early development work on new original entertainment content in the form of travel shows and films (Ting, 2019d). The Japanese market saw a concerted USD $30 million investment with an image marketing campaign centred on home-sharing, as new regulation for the sector came into force in 2019 (von Briel & Dolnicar 2020; 2021a). The introduction of Airbnb *Adventures* was marketed with an "*around the world*" promotional offer, enabling guests to travel to 18 countries on six continents within 80 days (Schaal, 2019m).

Airbnb's focus on marketing and sales activities meant that it spent less effort on value communication and transfer than rival online travel agencies, such as Booking.com, Ctrip or Expedia (Schaal, 2019n). Consequently, Airbnb attracted substantially more direct traffic to its webpage – about 60%, compared to 23% paid traffic in 2019 (Borko, 2020). A higher share of direct traffic compared to its competitors and the focus on word-of-mouth activities signal the relational and community-centric focus of Airbnb's marketing activities (Schaal, 2018b). This is reflected in a favourable ratio of marketing expenditure to gross booking income. In terms of gross booking revenue per USD of marketing expenses, Airbnb reported USD $33, Expedia group USD $21 and Booking Holdings USD $19 (Borko, 2020). Airbnb has also reported that – based on credit card data – it manages to retain customers better than other online travel agents in the US with repeat guests accounting for 69% of Airbnb's 2019 booking revenue (O'Neill, 2020).

Changes to value capture

How Airbnb creates value from interactions with guests and hosts by means of monetising interactions based on its value proposition has remained mostly unchanged. In 2019, 69% of revenues from overnight stays and *Experiences* resulted from return guests (Airbnb, 2020e).

The main change to the way Airbnb captures value from its activities is the option given to professional hosts and hotels to eliminate the guest fee. Starting in 2019, instead of splitting the service fee between guests and hosts, hosts could now opt for a 14% host-only charge (Schaal, 2019d). This seems to fit with the addition of more hotel inventory to the platform and Airbnb's requirement to keep control of their own pricing and yield management. Hotel guests are not used to paying guest fees and the 14% host charge is substantially lower than the commission typically charged by online travel agents. A minor change also occurred in the way group payments were being handled to increase convenience: up to 16 guests can share the payment for a listing for up to 72 hours after booking (Ting, 2017b).

Between 2017 and 2019, Airbnb remained a private company, limiting the availability of reliable financial information. Discussions of the valuation of Airbnb by industry media and analysts was connected to a potential initial public offering (IPO) on the stock market. The first financial

information communicated by Airbnb itself was released in a public memo in the third quarter of 2018. In this quarter, Airbnb had realised revenues of more than USD $1 billion for the first time and reported 400 million total guest arrivals since its launch in 2008 (Ting, 2018p). For 2018 as a whole, Airbnb reported that it had earned money for the second year in a row without mention of details (Whyte, 2019b). Bloomberg and The Wall Street Journal suggest that Airbnb accumulated a net loss in 2019 as it had increased spending on a range of investments and marketing activities in preparation for a rumored IPO in 2020 (Schaal, 2020f, 2020g). In September 2019, Airbnb confirmed its intentions to go public in 2020 after much speculation of if and how (direct listing vs IPO) the sharing platform operator would eventually go public (Schaal, 2019o; Whyte, 2018b). Airbnb's CEO later clarified that the company was cashflow positive in 2019, despite not being profitable in earnings after taxes, depreciation, and amortisation (Schaal, 2020h). With the information revealed in light of Airbnb's IPO, considerably more is now known about the financial side of Airbnb's business model (see Table 2.8).

Gross bookings increased from:

USD 21 billion in 2017 (185.8 million nights and experiences booked; average booking price USD 113) to
USD 29.4 billion in 2018 (250.3 million nights and experiences booked; average booking prices USD 117)
USD 38 billion in 2019 (326.9 million nights and experiences booked; average booking price USD 116).

International operations accounted for:
30,3% of its business in 2017 and rose to
32.6 in 2018 and
36.8% in 2019 Airbnb's business while all remaining revenues resulted from US.

Sales and marketing expenses rose from:
USD 871.7 million in 2017 to
USD 1.1 billion in 2018 and
USD 1.6 billion in 2019.

Operating expenses overall increased from:
USD 2 billion in 2017 to
USD 2.8 billion in 2018, and
USD 4.1 billion in 2019.

Revenue has increased from:
USD 2.6 billion in 2017 to
USD 3.7 billion in 2018, and
USD 4.8 billion in 2019.

Gross profit margin moved from:
74.7% in 2017, to
76.3% in 2018, and
75.1% in 2019.

Earnings before interest and taxes (EBIT) were:
Negative in 2017 (USD -81.4 million)
and 2019 (USD -501.5 million)
but positive in 2018 (USD 18.7 million).

Net income was negative throughout the second period with:
USD -70.0 million in 2017;
USD -16.9 million in 2018; and
USD -674.3 million in 2019.

Cash in the balance sheet was:
USD 2.1 billion in 2018 and
USD 2.0 billion in 2019.

Current assets in the balance sheet were:
USD 5.9 billion in 2018
USD 6.6 billion in 2019.

Current liabilities in the balance sheet were:
USD 3.7 billion in 2018
USD 5.2 billion in 2019.

Table 2.8: Airbnb financial data (source: Craft.co based on Airbnb, 2020e)

Airbnb's earnings before interest and taxes (EBIT) margin has never been above 5%, which is acceptable for asset-heavy business models, but far behind the operating margins of the asset-light business models of platforms such as Booking Holdings with about 35% (Schaal, 2020b). Airbnb describes its own business model as *capital efficient* (Airbnb, 2020e). The moderate EBIT margin may also be a sign of Airbnb's commitment to its host community and their earning potential from engaging with the platform.

Figures 2.5 and 2.6 show how gross booking value per night and the average number of nights per booking vary by region, using 2019 data as an example. As can be seen in Figure 2.7, the Europe, Middle East and African Region (EMEA) generated most of Airbnb's revenue and bookings in 2019 (Ali, 2020a). In total, 63% of the platform operator's revenues originate from non-US listings, while Expedia Group receives 43% of its revenues from non-US sources (O'Neill, 2020).

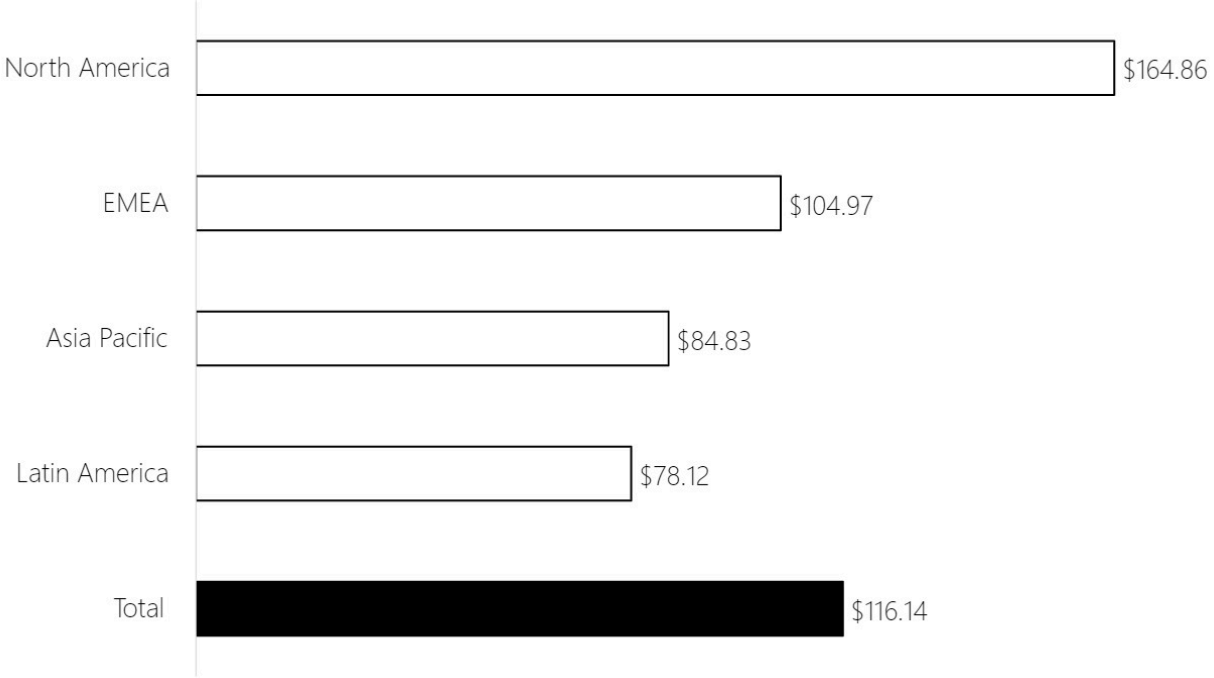


Figure 2.5: 2019 Gross bookings per night across geographic regions (source: Airbnb, 2020e; Ali, 2020b)

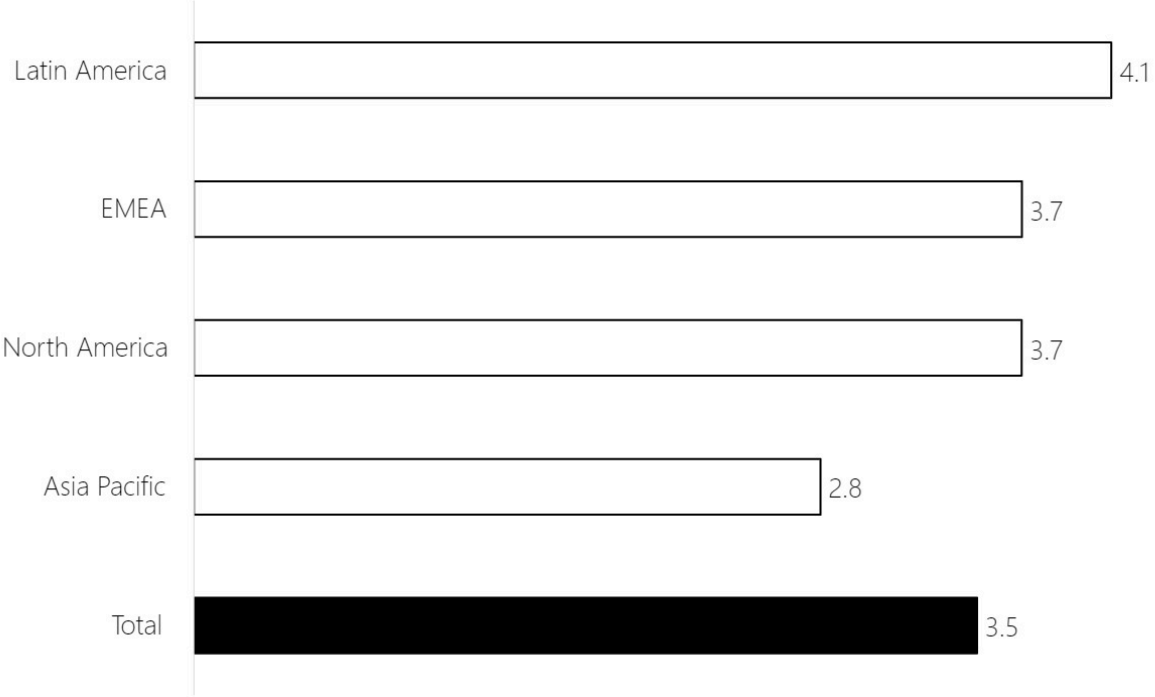
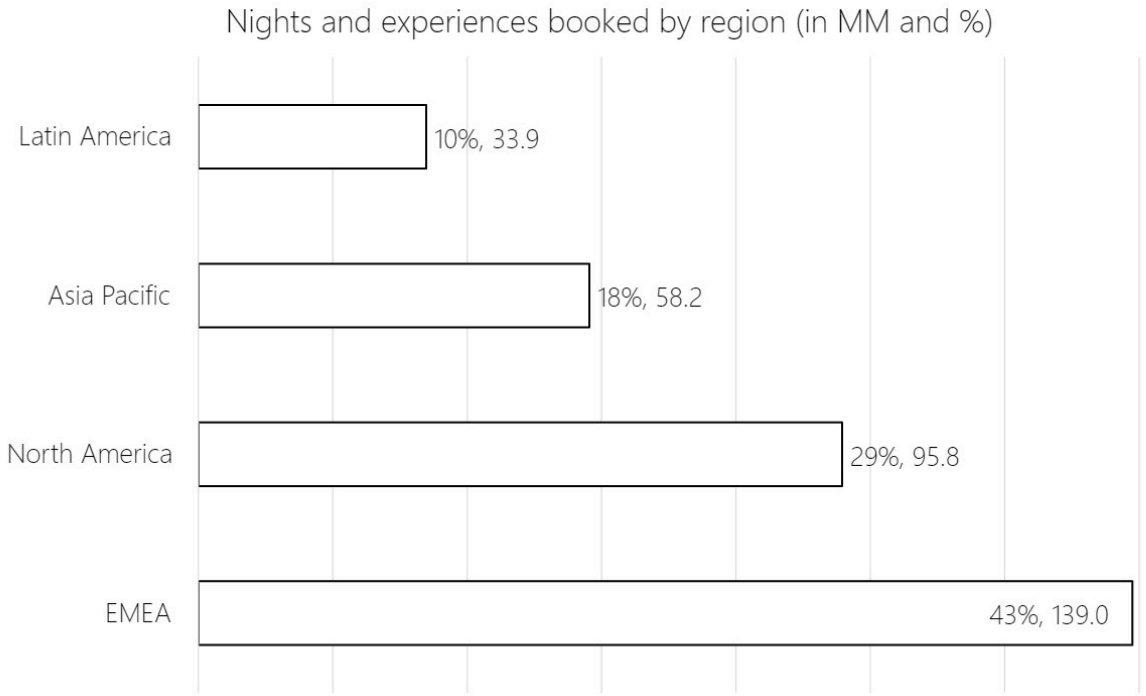
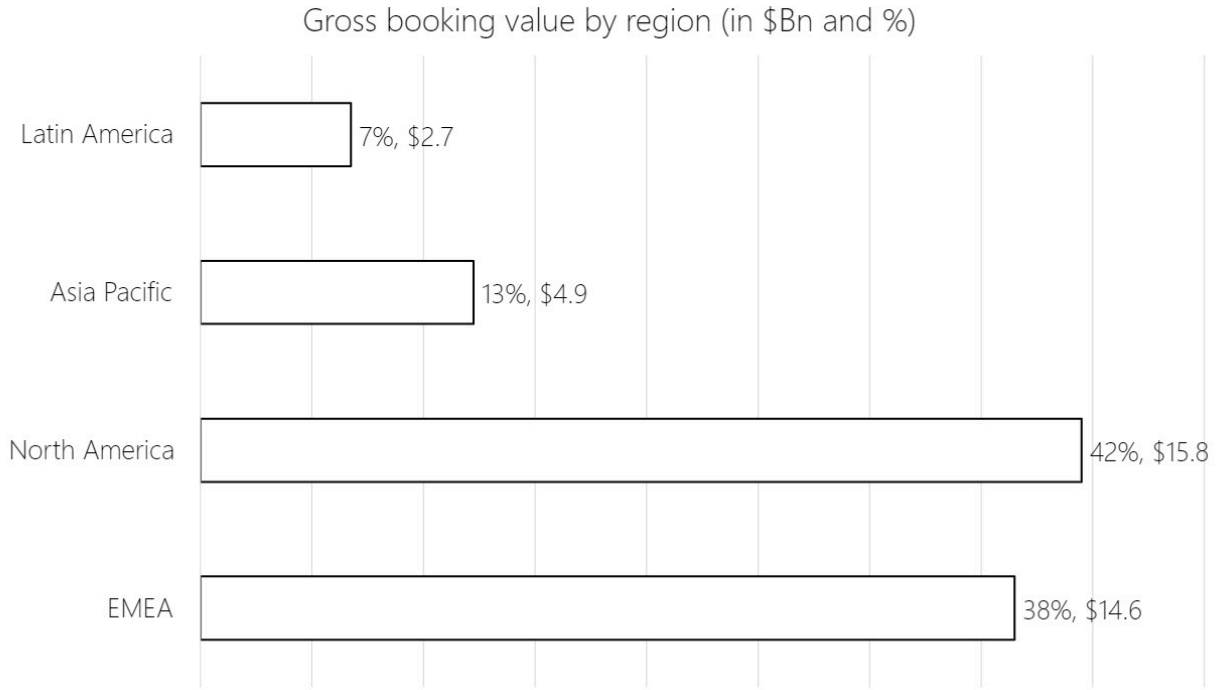


Figure 2.6: 2019 Average nights per booking across geographic regions, excludes Experiences (source: Airbnb, 2020e; Ali, 2020b)


Nights and experiences booked by region (in MM and %)
Latin America
10%, 33.9
Asia Pacific
18%, 58.2
North America
29%, 95.8
EMEA
43%, 139.0


Gross booking value by region (in $Bn and %)
Latin America
7%, $2.7
Asia Pacific
13%, $4.9
North America
42%, $15.8
EMEA
38%, $14.6

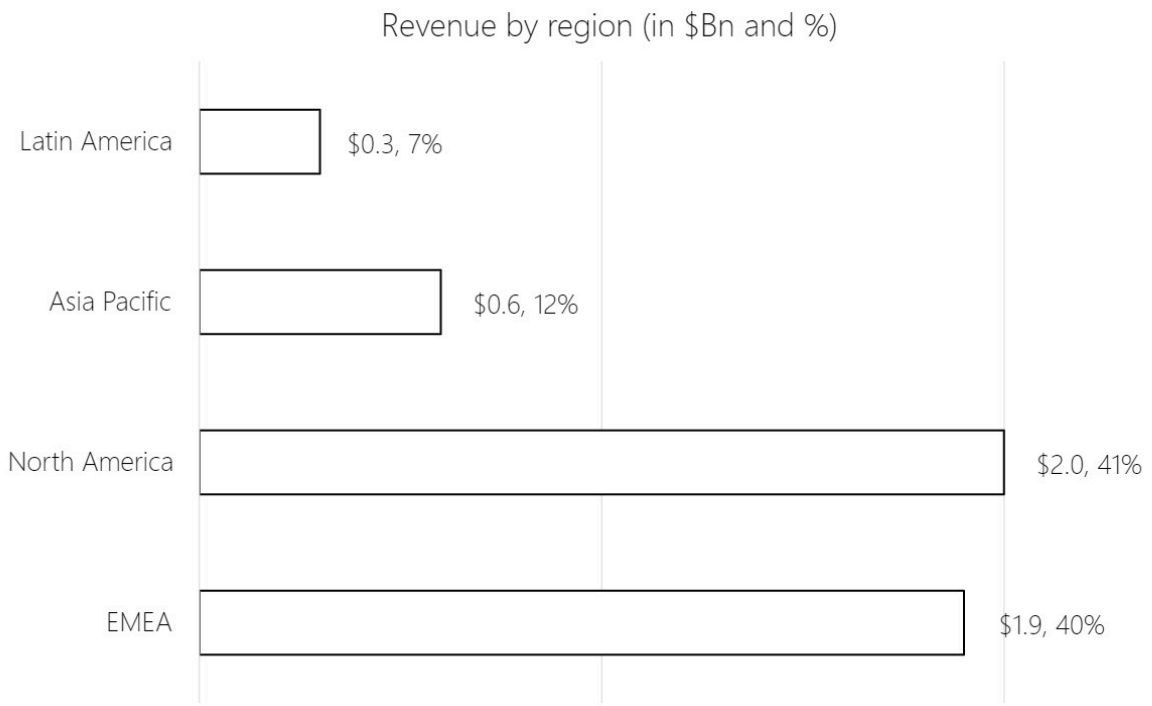


Figure 2.7: 2019 Airbnb nights and Experience bookings, gross booking value, and revenue by region (Ali, 2020b) based on IPO filing

Changes to value dissemination

The interactions between Airbnb and its stakeholders in matters of value dissemination were modified in several ways between 2017 and 2019. We cover a number of key developments for selected stakeholder groups below and highlight, where appropriate, contributions, rewards, risks, and bargaining power implications.

There was no major change in value dissemination in interactions with *guests*. Modified in favour of guests between 2017 and 2019 was the increased availability of alternative accommodation options on different platforms other than Airbnb, such as aparthotel rooms and vacation rental homes, being listed in volume via the booking platforms of online travel agencies (Montali, 2017).

From a *host* perspective, a 2018 Skift research report based on AirDNA data estimated that Airbnb hosts had an economic impact of about USD $12 billion in the ten largest urban markets, with hosts earning an average of approximately USD $3,900 per year from hosting activities (Stone, 2018). Developments in top markets like London suggest that the platform featured a smaller share of single apartment or single room hosts, and more professional hosts instead (Schaal, 2019h). This development shifted bargaining power in favour of professional hosts. Some evidence for this is provided by the newly introduced option for hosts to pay the entire Airbnb service fee, thus not requiring guests to pay their fraction (Schaal, 2019d).

Airbnb emphasises that it is aware of its responsibilities toward its hosts when engaging with local markets, which is why, for example, Airbnb did not disengage with the New York City market despite litigations against it (Ting, 2018b). While hosts are Airbnb's customers, suppliers, and provide a valuable, necessary resource to the platform to be able to operate, Airbnb does not tolerate inappropriate host behaviour. Airbnb has introduced penalties for hosts who violate its community guidelines such as fraud, privacy violations, or abuse, be it on its own or other social platforms (Schaal, 2019p).

To the extent that *real estate developers* and *landlords* have not become professional hosts themselves (as in the case of Niido), they have often been sceptical of Airbnb's business, stating reasons such as violations of zoning restrictions, facilitation of illegal hotel operations, distortion of real estate prices, and negative external effects on local resident communities (Schaal, 2017). Airbnb faced a legal challenge by Amico, one of its largest landlords, which accused Airbnb of helping tenants unlawfully violate their lease agreements. Airbnb won the lawsuit in late 2017 (Ting, 2018q). In another landlord lawsuit in 2018, Airbnb reached a settlement (Schaal, 2018c; Ting, 2018r). Airbnb's key arguments are shown in Table 2.9. Airbnb tried to address the concerns of real estate developers and landlords by introducing their *Friendly Building Program* back in 2016 (Ting, 2016).

Key arguments

- This is going to hurt people just trying to make ends meet
- Existing laws just do not work
- We are only a platform
- Let us help you (help us)
- What about the other actors?

Table 2.9: Summary of Airbnb's key arguments in lawsuits by landlord and real estate developers (source: based on Ting, 2018s)

Airbnb emphasises its global responsibility toward *local communities* (Ting, 2018b). According to a 2019 Airbnb-run survey with 84,000 Airbnb guests, 43% of guest spending occurs in local communities (Airbnb, 2020e). Throughout the 2017 to 2019 period, Airbnb took action to address negative externalities and share value with locals affected by guests visiting their neighbourhoods. It established a *Tourism Advisory Board* consisting of industry and policy representatives to develop its long-term vision of travel and address its contribution to overtourism (Peltier, 2018a). Airbnb also launched an *Office for Healthy Tourism* dedicated to the development of tourist activities in rural areas that could benefit from tourism income (Peltier, 2018a), and started to interact more closely with local governments, providing them with policy tools to manage the presence of peer-to-peer accommodation in their local communities (Ting, 2018a). In markets with hosting restrictions such as Amsterdam and London, Airbnb introduced automated caps on host listing availability (von Briel & Dolnicar, 2020; 2021a; Ting, 2018a). Furthermore, Airbnb banned specific nuisance behaviour such as open-invite parties (Whyte, 2019a) and planned to provide local communities with USD $100 million in grants over the course of the 2020s (Schaal, 2020a).

In terms of *public policy makers*, the 2017 to 2019 period saw the introduction of many new regulations and restrictions in popular tourist destinations and urban centres around the world (e.g., Paris, France; Vancouver, Canada; Kyoto, Japan; New York City, US; see von Briel & Dolnicar 2020; 2021a for a summary). Regulations can comprise limits on the number of days hosts are allowed to rent out their property, specify tax filing and tax collection obligations, require hosts to share information and/or sign up to a registration system, mandate inventory cleaning based on specific criteria, and encourage engagement in efforts to deal with overtourism pressure. The aforementioned Tourism Advisory Board and Office for Healthy Tourism as well as the Community Compact and Policy Tool Chest address the concerns of regulators in Airbnb host contexts (Peltier,

2018a; Ting, 2018a). Airbnb has also entered agreement negotiations in Mexico and agreements on tax collection in Denmark (Peltier, 2018b). As of September 2020, Airbnb collected lodging taxes in more than 29,500 different jurisdictions (Airbnb, 2020e). It started sharing host data with authorities in local San Francisco and Chicago markets (Whyte, 2018c), as well as Europe's statistical agency, Eurostat (Whyte, 2020). It adjusted the way it communicates prices and surcharges in the European Union to meet consumer protection standards (Ting, 2018t). According to a Bloomberg report and Opensecrets.org, in the second period Airbnb spent about USD $500,000 to $600,000 per year on government lobbying activities in the US (Schaal, 2018d).

Airbnb has also cooperated with several different *tourism boards* throughout the 2017 – 2019 period (such as Visit Sweden), shared access to its big data, helped them attract new kinds of tourists, and collected overnight fees and other tourist taxes (Peltier, 2017).

Airbnb did not raise any attributed *investor* funding between 2017 and 2019 (unattributed funds of USD $227.5 million in 2019; Series F funding completed in 2016). In 2018, investors expressed that they would like the sharing platform operator to look for ways to compensate for the limitations that new regulations and restrictions had put on the company's profits (Whyte, 2018c).

The ecosystem of *start-ups* around Airbnb that provide services that the platform operator cannot or will not address has grown throughout the second period. Table 2.10 contains several examples.

Table 2.10: Examples of start-ups providing services within the Airbnb ecosystem (source: Lowry, 2019)

Start-up	Service(s)
NoiseAware	Smoke detectors but for noise
Fulhaus Inc	Complete furniture packages designed for short-term rental
Operto	Connects properties to smart devises (sensors, monitors, etc.)
Properly	Manage cleaning, maintenance, and other tasks

Changes to value development

Airbnb grew considerably between 2017 and 2019 due to its geographic expansion in China and the Asia-Pacific region. In 2019, before the emergence of COVID-19, China was projected to develop into Airbnb's biggest origin market (Schaal, 2019c) with its local division called *Aibiying* (Xiang & Dolnicar, 2018; Xiang et al., 2021; Ting, 2018u). In mid-2019, Airbnb reached a milestone with 1 million listings in the Asia-Pacific region (Hamdi, 2019c) and investments in OYO added more diversity and new inventory to its offerings in those markets.

The company's experiments with different growth paths between 2017 and 2019 saw it evolve some elements of its business model while working toward a more revolutionary overhaul of its overall business model architecture.

One of the *evolutionary developments* was Airbnb's diversification of product and service offerings, some including changes to value proposition, value creation and value capture for a broader appeal to new and existing hosts and guests on its platform (e.g. Ting, 2018v). As discussed in detail in the previous section, this diversification was implemented largely by adding diversity to the Airbnb inventory (luxury homes, rooms in inns, bed and breakfasts, hotels, etc.), increasing the options for guests with special needs, and expanding into complementary services (some from partners, some by means of investments) for professional hosts, real estate managers, and professional booking staff in

business travel. Many of these evolutionary changes were triggered by host and guest communities, as illustrated by the following quote from Greg Greeley, Airbnb President of Homes at the 2018 Skift Global Forum (Sampson, 2018a):

> *"The way that Airbnb is thinking about its evolution and the way that we think about it internally, about the different kind of extensions we're doing, it's very much by listening to the community, both the host and the guest and tying that back to, are we really driving great, differentiated innovative travel that's people-powered and centered around just a true great local experience."*

While the contingent strategic plans for the long-term development of Airbnb's business model architecture are mostly opaque to outside observers and analysts, the changes occurring between 2017 and 2019 point to Airbnb's ambitions of more *revolutionary development*: Airbnb's CEO, Brian Chesky, mentioned in mid-2018 that he wants Airbnb to become a one-stop shop for travel or a true ecosystem (Gardiner & Dolnicar, 2018; 2021; Ting, 2018b), which extends way beyond the company's initial role as market maker for the trading of space among ordinary people. Similarly, Nathan Blecharczyk, Airbnb co-founder and chief strategy officer, highlighted that travel is the main focus of Airbnb, supporting the notion that Airbnb aspired to developing into a platform that can cater to all travel-related tourists needs (Sampson, 2018b). At the end of 2019, Airbnb's business model resembled that of online travel agencies (Ting, 2017i). Airbnb.com was used to trade spaces, *Experiences* (vacation activities) and *Adventures* (packaged tours), and allowed network members to make dining reservations. Travel entertainment content and transportation products were in the process of being developed (Ting, 2019e, 2019d).

Navigating COVID-19 (2020 -)

COVID-19 has disrupted the global tourism industry in an unprecedented manner, with far-reaching consequences for both the guest and host communities as people face health threats, travel restrictions, and the financial consequences of layoffs, furloughs, and declining demand in many lines of business. For the leadership of an organisation facilitating guest-host interactions, this has been an experience nobody could have predicted. As Brian Chesky (Airbnb CEO) stated:

> *"We were preparing to go public. We had a plan, and I felt great about the plan. And all of a sudden, it felt like I was captain of the ship and a torpedo hit the side of the ship. The world changed irreversibly and everything was breaking at once. […] I've been through crises before. We started Airbnb in late 2008, right in the middle of the recession – but I've never ever experienced everything like this. You see, usually you have a crisis because something is wrong, and in this crisis – all of a sudden in a matter of a week or two – it felt like everything was wrong. Everything broke at once, and there was this feeling of panic."* (Hoffman, 2020)

On Valentine's Day 2020, Airbnb realised the extent of the challenge it was facing, with activity in China – the original epicentre of the pandemic – declining by 80%. The bad news kept coming. When Europe and the US markets were hit by what at that point was declared to be a pandemic by the World Health Organization (WHO), Airbnb faced more than USD $1 billion in guest cancellation requests (Cox & Chon, 2020). The business model developments outlined below detail how Airbnb dealt with the unfolding crisis. We also portray the company's business model upon its public debut on 9 December 2020.

It should be noted that – at the time of writing– key developments are still in progress; the COVID-19 crisis is far from over and the short- to mid-term implications of the initial public offering unknown.

Changes to value proposition

Airbnb implemented several changes in its value proposition toward hosts, guests, and third parties as a consequence of COVID-19 and the restrictions put in place by nations around the world to protect their residents from the pandemic.

At the end of September 2020, Airbnb reported having more than four million hosts offering 5.6 million active accommodation, *Experiences* and *Adventures* listings in some 100,000 cities across 220 countries (Airbnb, 2020e). As illustrated in Figure 2.8, some of the accommodation offerings listed on Airbnb were non-traditional, distinguishing Airbnb from traditional accommodation providers and online travel agents.

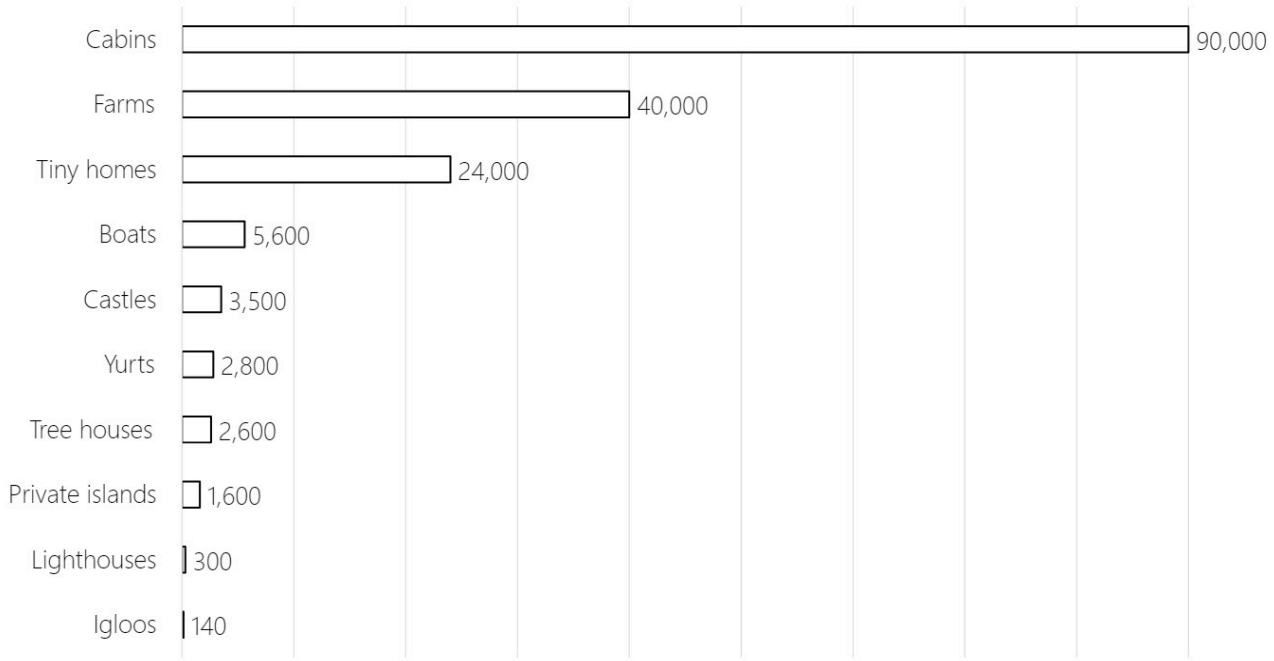


Figure 2.8: Non-traditional accommodation listings on Airbnb as of September 2020 (source: Airbnb, 2020e)

Proposition to hosts

Hosts experienced several changes to the value proposition Airbnb offered them during COVID-19. Most critically – in response to national COVID-19 restrictions – Airbnb reduced the ability of hosts to *identify suitable guests* by disabling trading on Airbnb.com during times when and in places where it was illegal given local regulations. At one stage, Airbnb disabled all listings in the UK – with the exception of bookings made by essential health and other key workers – following instances of hosts promoting isolation retreats (Spinks, 2020a). Airbnb also addressed illegal offers and false claims made by hosts, such as "*COVID-19-free*" accommodation.

Hosts benefitted from Airbnb's action to help them *mitigate risk*. In May 2020, Airbnb launched an advanced cleaning initiative with sanitation protocols and support for hosts in inspiring confidence in their guests (Schaal, 2020i). Hosts were unable to accept bookings unless they agreed to the stricter cleaning protocols, which required a minimum of 24 hours between stays, or a more rigorous 72-hour window between departing and arriving guests, to increase confidence in the care given to deep cleaning and inspire an emphasis on cleanliness in guest reviews (Schaal, 2020i; 2020j). Furthermore, Airbnb has updated its host knowledge resources with information about the COVID-19 pandemic and how to deal with guest health issues (Airbnb, 2020f, 2020g).

Airbnb introduced a mandatory refund policy for bookings from early March 2020 onward to prevent guests from feeling obliged to travel, which proved a point of contention with hosts who lost revenue during the early 2020 period (Schaal, 2020k). Airbnb also started mandating more professional hosts, particularly those using third-party software, to move to its new 15% host flat fee (instead of splitting the Airbnb service fee between hosts and guests), as Airbnb's experience allegedly showed that this would generate more bookings (Schaal, 2020l).

Proposition to guests

Airbnb's value proposition for *guests* also changed during COVID-19. During lockdowns in different national markets, Airbnb allowed hosts to provide free accommodation – or accommodation at reduced rates – for employer-registered health and first-line response workers (Spinks, 2020a). Remote work and long-term stays (30 days or longer) also became more of a priority on the platform; the proportion of long-term stays increased from around 15% of bookings on Airbnb.com to nearly 50% during the pandemic (Schaal, 2020m). Meanwhile, efforts to establish *Airbnb Plus* as a certified collection of homes of the highest quality with great reviews and exceptional hosts were abandoned as Airbnb focused on consolidating existing listings and offerings (Schaal, 2020n).

Safety concerns with an emphasis on health issues became a priority in how Airbnb *mitigated risk* during the pandemic. In its communication, Airbnb emphasised the benefits in control over where and how guests get to stay and the limited number of other people sharing the same space compared to traditional hotels (Schaal, 2020o). Airbnb enforced stricter cleaning procedures involving five steps (prepare, clean, sanitise, check and reset) and 16 specific tasks, such as washing hands and wearing a mask and gloves during the cleaning process, wiping down all hard surfaces, using the highest setting when washing dishes and laundry, and spraying surfaces that are touched frequently, such as door handles, with an approved disinfectant (Airbnb, 2020h). Hosts were unable to list their spaces unless they agreed to comply with the more rigorous cleaning regime.

It is, however, unclear whether hotel rigor in cleaning and safety standards outweighs control over who guests interact with and the lower density of guests in shared accommodation units. A selective analysis of 12 regional and 15 urban destinations based on STR and AirDNA data for January to June 2020 comparing whole-unit listings and hotel rooms suggest that hotel rooms, on average, saw much more of a drop in revenue per available room than the short-term rentals listed on Airbnb and VRBO (Sperance, 2020). This analysis does not account for the differences in occupancy between hotels. It also does not include the summer holiday peak season.

To address the unpredictable travel environment, guests have changed their booking patterns. Since COVID-19, bookings occur much closer to the travel date, about 7 days prior to arrival. People also look for accommodation much closer to home than usual – within a 50-mile or 80-kilometre radius (Schaal, 2020i). This radius extended to about 200 to 300 miles (320 to 480 kilometres) in July and August (Cox & Chon, 2020). Destination preferences shifted to the countryside and small towns as guests preferred to not travel abroad and to avoid plane travel and large crowds (Cox & Chon, 2020; Ravenscroft, 2020). In the US, for example, the shift in guest preferences led to an increase in bookings from mid-May to the start of June 2020 compared to the previous year (Schaal, 2020k). Globally, domestic *Experiences* and overnight stays accounted for 77% of bookings in 2020, compared to around 51% of Airbnb's business in 2019 (Ali, 2020b).

Finally, Airbnb has pledged to monitor transactions for discrimination against (potential) guests in ongoing efforts to become a more equitable platform (Schaal, 2020h). Alongside the COVID-19-focused changes, Airbnb continued to suspend hosts who acted in violation of its community standards (e.g., Domio case; Schaal, 2020p, 2020q) and worked to prevent nuisance

behavior (e.g., house parties and event bookings in Los Angeles) as some destinations imposed a ban on one-night stays (Schaal, 2020r, 2020s). Guests trying to make single night reservations were directed to hotel reservations on the platform instead, with a note that the initially requested reservation of one night might be considered unsafe (Schaal, 2020t).

In an attempt to *augment experiences* during COVID-19, Airbnb launched *Online Experiences* as people stayed home to self-isolate and most events and personal service industries shut down. In May 2020, Airbnb offered approximately 300 different *Online Experiences* which enabled people to virtually connect and *Experience* hosts to earn an income. Successful *Experiences* such as *Sangria and Secrets with Drag Queens* earned USD $150,000 in just one month (Begley Bloom, 2020).

Changes to value creation

The altered business environment in which Airbnb has found itself since the start of the COVID-19 pandemic required it to reconsider the *key activities* and *key resources* that underpin the value creation of its business model.

Airbnb put a renewed focus on cost management (Schaal, 2020u) and recentered on the aspects of its business that make it unique, specifically the human connection between guests and hosts as the foundation of the platform and the basis of Airbnb's unique supply (Cox & Chon, 2020; Schaal, 2020u). According to Brian Chesky, Airbnb's CEO, the intention was to preserve value for all stakeholders, including cash, reputation, and shareholder value (Cox & Chon, 2020). Chesky mentioned the increasing cost that came with growing from a start-up to a more corporate entity, and how total operating expenses had grown faster than revenue from 2017 to 2019.

Airbnb's re-focus on core business and cost management did not imply, however, that every new investment and initiative was abandoned or sold, though its development priorities changed (Schaal, 2020h). Airbnb stopped or scaled back work on transportation offers, travel content (*Airbnb Studios*; Airbnb, 2020e), *Airbnb Plus* and *Airbnb Luxury*, as well as hotels (Cox & Chon, 2020). Airbnb also ended its partnership for the Niido apartments in March 2020 – allegedly over disputes about their development – but did not rule out working with other real estate developers in future (O'Neill, 2020).

These changes came with the layoff of 1,900 people, around 25% of Airbnb's global workforce, to ensure the long-term survival of the organisation should the pandemic travel reality endure for a number of years (Airbnb, 2020e). Departing employees were granted the right to remain stockholders even if they had worked for Airbnb for less than one year, they could keep their computers, received severance pay and one year of health insurance post-employment, and Airbnb used company resources to establish an alumni directory to help former staff market themselves to recruiters as they started looking for new jobs (Cox & Chon, 2020). In total, this resulted in more than USD $130 million in restructuring costs (Airbnb, 2020e) and left the company with only around 5,400 employees in 24 cities worldwide (Airbnb, 2020e). The remaining employees had their bonuses adjusted and the executive committee reduced their salaries for six months (Airbnb, 2020e).

Finally, Chesky identified that an ability to learn was crucial to deal with the crisis as there were no prior reference points as to how a global internet company ought to deal with a pandemic crisis (Cox & Chon, 2020).

Changes to value communication and transfer

Marketing expenses were cut drastically early on in the COVID-19 pandemic (Airbnb, 2020e;

Schaal, 2020v) and the use of channels, partners, and content promoting local, non-urban destinations (Schaal, 2020k) reflected Airbnb's new priorities alongside the safety and cleaning messaging reinforced by the new host protocols (Airbnb, 2020h). Brian Chesky regularly communicated with his employees and the host community in semi-public video meetings answering questions, detailing developments, and explaining the executive management team's decisions. Finally, Airbnb disassociated its listings with Google vacation rentals – which it had joined in the 2017 – 2019 period – presumably because investors in an IPO value its unique traffic and inventory (Schaal, 2020w, 2020x).

In its IPO filing, Airbnb reported that its community of guests and hosts had written more than 430 million reviews on the platform as of the end of September 2020 (Airbnb, 2020e).

Changes to value capture

In March 2020, Airbnb's business faltered in Asia (-90%), Europe (-75%) and the signs in the US market were not promising either (-50%; Schaal, 2020y). The platform facilitator faced refunds of USD $1 billion at the start of the pandemic because its revenue model has guests pay their stay in full to Airbnb at the time of booking (Schaal, 2020u).

Understandably, many hosts were unhappy about the universal refunds Airbnb granted as they relied on that booking revenue for mortgage payments and their operations (Schaal, 2020z). Airbnb did eventually pay hosts USD $250 million from its own reserves to partly cover pandemic cancellations (Schaal, 2020aa). Airbnb itself had to take on USD $1 billion in new debt at 10% interest, due in April 2025, to protect its liquidity (Airbnb, 2020e; Schaal, 2020ab) and by mid-2020 this number had increased to a total of USD $2 billion (Schaal, 2020ac). Airbnb was expected to produce a positive EBITDA for 2020 (Spinks, 2020b), but with these new financial developments, the valuation of Airbnb dropped to USD $18 billion (Schaal, 2020v).

Work on the initial public offering planned for 31 March 2020 was paused (Cox & Chon, 2020; Schaal, 2020h). As of mid-2020, Airbnb was approached by different investors proposing it forego an IPO in favour of a special purpose acquisition company or consider direct listing (Schaal, 2020w, 2020ad, 2020ae). Airbnb confidentially filed for IPO on NASDAQ with the US Securities and Exchange Commission (SEC) in mid-August 2020. It split its privately held shares in October 2020 (Schaal, 2020af).

Financially, the pandemic did not affect Airbnb as badly as expected. The company saw a growth in domestic overnight stays and *Experience* bookings with a focus on short-distance travel outside of major cities, with an average growth rate of 35% for those offerings compared to the previous year (Ali, 2020b). While gross booking value decreased by 39% in the first nine months of 2020, the platform facilitator reported an operating profit of USD $418 million as of September 2020, likely due to cost cuts and layoffs (Ali, 2020b). In the year leading up to September 2020, North America surpassed the Europe, Middle East and Africa Region (EMEA) in bookings and gross value per booking compared to 2019, as shown in figure 2.5 (Ali, 2020a). Individual figures for bookings and *Experiences* are not available as Airbnb reports them as one category in their S-1 registration statement.

Airbnb's IPO in early December 2020 was the biggest in travel to date with a valuation of USD $47 billion and USD $68 per share in asking price (Schaal, 2020ag). At the end of the first NASDAQ trading day, ABNB shares listed at around USD $145 and the organisational market capitalisation (MCAP) at USD $100 billion, thus surpassing Booking Holdings (USD $86 billion), Expedia (USD $18.5 billion) and the combined value of Hilton and Marriott (USD $71.8 billion) (Schaal, 2020ag).

The IPO filing mentions that although most guest nights are paid in full upon booking, there is also a *Pay Less Upfront* program that allows guests to pay in two installments (Airbnb, 2020e). Airbnb might earn interest on the funds held on behalf of hosts and guests, which would positively affect the platform facilitator's cashflow (Airbnb, 2020e).

Changes to value dissemination

COVID-19 led to several changes in value dissemination because of the radically altered travel reality. We highlight those that pertain to guests, hosts, local communities, tax authorities and other public policy makers, and investors.

The looming threat of coronavirus infection meant that *guests* faced an unprecedented health threat when travelling and staying at accommodation away from home. Airbnb decided early in the pandemic to grant full refunds for a limited period of time, although this decision meant reversing more than USD $1 billion in bookings as of March 2020.

From a *host* perspective, Airbnb had previously been synonymous with relatively stable business and growth prospects. When COVID-19 disrupted global travel, many hosts faced defaults on their mortgages or rent payments (Schaal, 2020z). Reports from the United Kingdom suggest that former Airbnb listings have been flooding the property market with an increase in available listings between 45% (in London) and 78% (in Bath) as landlords and property managers try to cover their costs and cut their losses (Schaal, 2020z). Some former Airbnb hosts resorted to launching their own direct booking sites or pooled efforts to establish their own, independent platforms (e.g., Zeevou.direct, LetsConvention.com; Rodriguez, 2020). Lowering rates to draw in more reservations was not an option for most, as this has the potential to attract guests that disrespect the community standards and could ruin price anchors (Suttell, 2020).

Airbnb acknowledges that the decision to unilaterally refund guests may have raised doubts as to whether it still values hosts as partners (Neate, 2020; Schaal, 2020z). To signal its commitment to the host community, Airbnb paid hosts USD $260 million (USD $250 million from Airbnb, USD $9 million from the founders, and USD $1 million in donations from Airbnb employees; Schaal, 2020aa). Hosts were refunded up to 25% of what the cancellation policy would have granted them. A special fund equipped with USD $15 million (USD $10 million from Airbnb, USD $5 million from two Airbnb investors) was established for Superhosts to cover up to USD $5,000 in rent and mortgage payments (Schaal, 2020aa, 2020ab).

In comparison, Expedia offered its partners marketing credit, a reduction in commission, and access to free training videos (Schaal, 2020ah). VRBO left hosts to decide how to handle refunds but strongly recommended returns of up to 50% in cash or in the form of vouchers for future stays (Schaal, 2020aa). As of the end of September 2020, Airbnb had reported payments to customers of USD $204 million under its scheme (Airbnb, 2020e). Airbnb also established host knowledge resources pointing hosts to national and local stimulus and aid packages, and lobbied for the inclusion of hosts in such relief packages (Spinks, 2020b). In October 2020, Airbnb announced an endowment fund of approximately USD $9 million to allow the 4 million members of the host community share in the platform operator's success. The fund will provide educational and financial host support once it reaches USD 1 billion (Schaal, 2020ai). Despite these commitments to the host community, Airbnb faced a host lawsuit seeking class action status and punitive damages (Schaal, 2020aj).

In light of the COVID-19 crisis, Airbnb has reiterated that it wants to connect guests to real *local communities* and disperse and redistribute the flows of guests between and at destinations (Cox & Chon, 2020).

Tax authorities and other public policy makers are hoping that a fair share of former Airbnb apartments will be reintroduced to the long-term rental market, alleviating the pressure the introduction of Airbnb had caused in local housing markets (Schaal, 2020ak). In Europe, the European Court of Justice ruled in two cases (C-724/18; C-727/18) that national or local requirements to register short-term letting are not in violation of European law (Parsons, 2020). Furthermore, regulators in local markets like Chicago have started to ban single-night stays in shared accommodation as such stays can signal potentially undesirable house parties (Schaal, 2020s). During an IPO roadshow presentation, the CEO of Airbnb mentioned that 70% of cities have some sort of short-term rental regulation (Schaal, 2020al).

Some *investors* made contributions to the relief funds Airbnb initiated for its (Super)hosts (Schaal, 2020aa; 2020ab). Airbnb also publicly communicated that its long-term relationships with host and local communities are a prerequisite of its business and will ultimately benefit investors as well (Cox & Chon, 2020). Airbnb notifies shareholders in the risk section of the S1-Filing that they have in the past and might "*in the future make decisions, that* [they] *believe are in the long-term best interests of* [the] *company and* [its] *shareholders, even if such decisions may negatively impact the short- or medium-term performance of* [the] *business*" (Airbnb, 2020e).

Change to value development

With the prior period characterised by growth, experiments and extensions, period three was quite the opposite. Airbnb recentered its efforts on the core of its business model – facilitating transactions between hosts and guests. This recentering and the senior management's decisive action to preserve cash alongside the principles that value their employees, their communities and other stakeholders alike seem to have been rewarded with a USD $100 billion valuation upon initial public offering. While predictions about whether Airbnb will further its plans to become a one-stop shop for travel at the time of writing are pure speculation, this is not unthinkable. Then again, how tourism and travel are going to look after the pandemic is still very much subject to lively debate.

Conclusion

Airbnb and its ongoing evolution remain, to our minds, one of the most fascinating research subjects in tourism and hospitality. The three periods we outline demonstrate the initial business model configurations (2008 – 2016), different experiments and extensions (2017 – 2019), and the renewed focus on the core of the business model from the start of the pandemic to the initial public offering (2020). With this chapter and the details we provided on Airbnb's business model, we contribute to the understanding of how facilitators of multi-sided platforms evolve, how such facilitators create, capture, and disseminate value in light of external change (e.g., the COVID-19 pandemic, regulatory responses) and internal initiatives (e.g., the search for alternative paths to growth on the basis of acquired capabilities and resources).

We encourage future work that keeps track of the unfolding changes in Airbnb's business model as the pandemic and tourism recovery continue. For instance, it will be interesting to see which pandemic-induced changes have lasting implications for Airbnb's value proposition, value creation, and stakeholder relationships. Furthermore, we also encourage longitudinal work into the co-evolution of business models and contextual change in the tourism and hospitality context.

Acknowledgements

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3.

The evolution of Airbnb's competitive landscape

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Over a decade ago, Airbnb disrupted the tourism accommodation industry. Initially, licensed commercial tourism accommodation providers, such as hotels, were not overly concerned. But over time, they saw their market share shrink and realised that Airbnb had the potential to directly compete with them. As the concept of peer-to-peer accommodation was embraced by tourists around the globe, many start-up companies attempted to reproduce Airbnb's success, and established online travel agents added peer-to-peer accommodation to their offerings. This chapter provides an overview of this competitive landscape, discusses how it has been affected by COVID-19, and predicts how it will evolve post-pandemic.

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Airbnb's competitive environment

Airbnb made the trading of space for short periods of time on a large scale possible through its online platform Airbnb.com. When Airbnb first entered the short-term accommodation market, the trading of space among ordinary people was not new, and established commercial accommodation providers were not overly concerned about the impact of Airbnb's market entry on their businesses. Contrary to this assessment, Airbnb succeeded in attracting a substantial number of hosts and guests

to its network in a remarkably short amount of time, making Airbnb.com an attractive marketplace for space trading among non-professional hosts (Reinhold & Dolnicar, 2018). Although space listed on Airbnb was initially booked primarily by a small niche segment of alternative travellers, its popularity increased quickly, leading to the widespread adoption of Airbnb's booking platform by mainstream tourists all over the world. At this point, concerns about competition emerged (Zervas et al., 2017). Initially, these concerns were limited to established tourism accommodation providers at the lower end of the quality spectrum. As Airbnb's popularity continued to increase, and demand for properties listed on Airbnb.com started to skyrocket, established tourism accommodation providers united and took collective action, objecting to what they perceived as unfair competition (Davidson & Infranca, 2018).

At the same time, the success of Airbnb attracted the attention of existing online travel agents, such as Booking.com, who saw an opportunity to expand their offerings. New start-up companies emerged, convinced they could reproduce Airbnb's success by launching their own peer-to-peer accommodation platforms catering to the general travel market, or to a niche within the market such as gay travellers. This chapter discusses both these dimensions of competition – Airbnb's competition with established, commercial tourism accommodation providers, and its competition with other peer-to-peer accommodation trading platform facilitators – and points to a blurring of competitive lines over time as Airbnb starts operating its own properties and established commercial tourism accommodation providers start using Airbnb as a distribution channel.

Competition between Airbnb and established tourism accommodation providers

Competition as perceived by established tourism accommodation providers

When Airbnb first started operating in San Francisco in 2008, the mainstream tourism accommodation sector was not overly concerned. Airbnb, after all, was catering to a niche market: people who were willing to sleep on an air mattress on the floor of someone's living room. This small niche segment valued the personal connection with the host and living in an authentic neighbourhood, whereas hotel guests preferred facilities such as gyms and swimming pools and liked to stay at locations close to attractions (Belarmino et al., 2017).

These distinct differences in clientele made it easy, initially, for both Airbnb and hotel executives to play down the potential threat Airbnb posed to established businesses (Trenholm, 2015; DePillis, 2016; Business Insider Intelligence, 2017; Trejos, 2018). This strategy was not successful in the long term (Griswold, 2016; Ting, 2017; Dogru et al., 2019). As demand for Airbnb continued to grow, and it captured a larger share of the mass tourism market, the competitive relationship with hotels – especially lower-quality hotels – became evident. Tourists turned to Airbnb as a substitute for lower priced hotels. Airbnb started to encroach on the territory of mid-range hotels (Guttentag & Smith, 2017; Zervas et al., 2017; Hajibaba & Dolnicar, 2018a; Dogru et al., 2019). Substitution for hotels occurred especially during weekends and holidays (Sainaghi & Baggio, 2020), although a linear relationship between the number of Airbnb and hotel bookings could not be detected (Heo et al., 2019). From a tourist's point of view, hotels and Airbnb were clearly perceived as competitive because Airbnb guests evaluated their Airbnb stay by comparing it to prior hotel experiences (Cheng & Jin, 2019).

The accommodation sector responded by publicly raising a range of concerns about Airbnb. The main argument was that regulations applied to the professional tourist accommodation sector did not extend to Airbnb's operations (Benner, 2017; von Briel & Dolnicar, 2021). Complying with these regulations was associated with increased operating costs. For example, hotels have to

regularly check all of their safety equipment (Staley, 2007; Guttentag, 2017; Dolnicar, 2019), and are required to ensure accessibility for tourists with special needs (Randle & Dolnicar, 2018; 2019; MacInnes et al., 2021). Initially, Airbnb hosts did not have to comply with any of these regulations, saving them money and potentially putting guest safety at risk. These savings enabled Airbnb hosts to sell short-term tourist accommodation at a lower price. Lower prices inevitably fuelled demand, leading to what hotels perceived as an unfair competitive position in the marketplace (Davidson & Infranca, 2018). Trade groups around the world took Airbnb to court, including the American Hotel and Lodging Association (Benner, 2017), the British Hospitality Association (Witts, 2016), the French Union for Hotel Professionals (Dicharry, 2019), and the Hotel Association of Canada (Press, 2018).

As discussed above, the focus of the established commercial accommodation sector appeared to be on fighting what it perceived as unfair competition, and demanding the modification of regulations. They did not focus much of their attention on understanding the key reasons that kept people from switching to Airbnb – their own unique selling propositions.

Competition as perceived by tourists

To gain insight into tourist perceptions of the competition between Airbnb and established accommodation providers, in 2017 we surveyed 668 adults who had been on holiday in the past 12 months. The sample contained 60% men; 59% living with a spouse/partner; 55% with children; and about a third employed full-time. Respondents indicated for each of 17 Airbnb-related concerns the extent to which they worry them. They had three response options for each concern: that it does not worry them at all, that it worries them but they would still book, or that it worries them so much that they would not book. Figure 3.1 shows the distribution of responses, which differ significantly across concerns (Friedman rank-sum test for repeated ordinal measures p-value=0).

The top concern in 2017 was property safety – 60% of respondents stated they would avoid using peer-to-peer accommodation for this reason. The perceived risk of doors and windows being unsafe would prevent 41% of respondents from booking on Airbnb. The following quote illustrates this concern: *"I would not want to be staying in someone's house if I know it is not safe. They could be a weird person. It could be a serial killer, could be a murderer."*

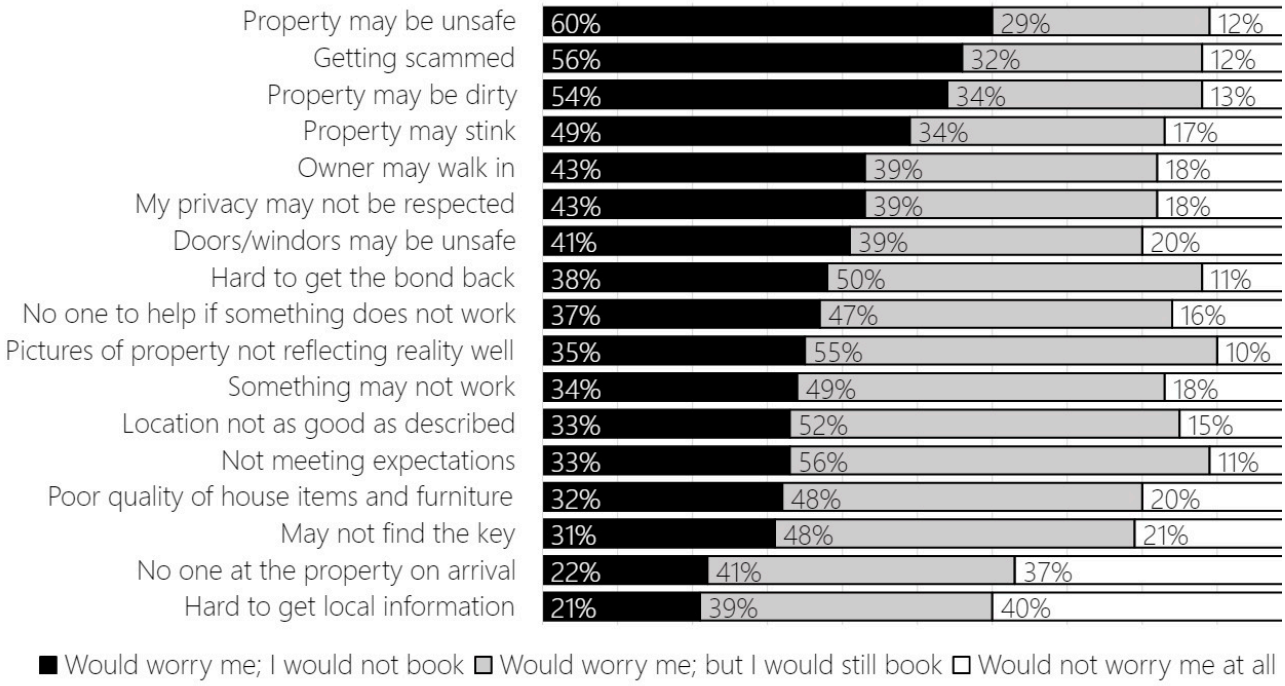

Figure 3.1: Tourist concerns relating to booking on peer-to-peer accommodation in 2017

The second biggest concern was getting scammed, preventing 56% of respondents from using peer-to-peer accommodation. People were scared, for example, that a listed property may not exist at all. This concern stems from peer-to-peer accommodation network facilitators not owning the space, and not taking responsibility for online information accuracy.

About half of the respondents stated they would not use peer-to-peer accommodation because of concerns relating to cleanliness and smell. Lack of ownership and lack of maintenance carried out by the network facilitator may also play a role, as might lack of control over space improvement, accuracy of information, the unstandardised nature of the space and untrained hosts. Privacy concerns – which can result from untrained hosts – prevented 43% of respondents from booking on peer-to-peer networks.

Other concerns were worrisome enough to prevent at least a quarter of respondents from booking: not finding the key; hard to get local information; hard to get the bond back; no one at the property upon arrival; and no help if something does not work. These concerns stem from lack of on-site management, and untrained hosts. The following quote illustrates this: *"I've had a few friends who […] were supposed to meet up with the host and get keys […] and the person was not there. They had really hard time contacting them."*

Finally, at least one third of tourists expressed concern that pictures on an online listing may not represent reality; that the location may not be as good as indicated; and that their expectations may not be met. More than a third of tourists worried that something may not work during their stay. About one third of respondents stated that they would not book on peer-to-peer networks because of concerns about poor quality furnishings.

Compared to established commercial accommodation providers, peer-to-peer networks are not involved in and have no control over the on-site management, quality, accuracy, maintenance, improvement and regulatory compliance of the spaces they sell, and do not offer service consistency or professionally trained hosts. These structural differences manifested very clearly in tourist concerns about booking through peer-to-peer networks in 2017 – a time, pre-COVID-19, when

Airbnb was already established as a trading platform for peer-to peer accommodation. Safety was the primary concern at that time, followed by service quality, privacy and consistency. Tourists worried about unpleasant surprises and hosts not being helpful or responsive. Established providers reduce risks through standardisation and safety regulations, whereas peer-to-peer networks emphasise uniqueness, personalisation and customisation.

These findings confirm conclusions drawn in other studies that poor service, misleading information, the inability to control the quality of the service provided by hosts, and a lack of a guarantee that certain quality standards will be met are the main reasons that people choose not to return to another Airbnb property after having experienced one or a few of them (Huang et al., 2020). The importance of service quality provided decreases when guests rent the entire space, rather than a room only (Han & Yang, 2020). Findings also confirm that trust and safety concerns are common reasons preventing people from booking peer-to-peer accommodation (Chasin et al., 2018).

The leading peer-to-peer accommodation network facilitators have a good understanding of guest concerns, and continuously improve their systems to counteract perceptions of risk. To alleviate safety concerns, for example, Airbnb has created several tools over the years. The Airbnb website offers safety tips such as looking at host profiles and reviews before booking. The introduction of the Superhost status enabled guests to identify the most outstanding hosts. Airbnb also started featuring properties of particularly high quality under their Plus and Luxe programs. Airbnb Plus promises "*a selection of only the highest quality homes with hosts known for great reviews and attention to detail […] verified through in-person quality inspection to ensure quality and design*" (Airbnb, 2020a). Airbnb Luxe offers "*extraordinary homes with five-star everything*" (Airbnb, 2020b). Airbnb also introduced new safety measures in 2020, including a guest guarantee, a neighbour hotline and 100% property verification (Airbnb, 2019). Yet, the very nature of a peer-to-peer network structure means that the network cannot ever know with certainty whether promises are kept.

The COVID-19 pandemic changed tourists' perspectives on the trustworthiness and safety of peer-to-peer accommodation. Tourists appear to be trusting peer-to-peer accommodation more than hotels, despite hotels having higher hygiene standards (Oliver, 2020). A possible explanation for this perception is that staying at a peer-to-peer traded space does not involve sharing space with many other tourists (Oliver, 2020). This may be the reason that Airbnb is recovering from COVID-19-induced hibernation faster than hotels (Press, 2020).

Competition between Airbnb and other peer-to-peer accommodation networks

Network facilitators around the world

Table 3.1 contains a comprehensive list of peer-to-peer accommodation platform facilitators, along with publicly available information such as the location of the head office, the year of establishment, and the number of countries covered by the network. Table 3.1 is based on the list developed by Hajibaba and Dolnicar (2018b), which integrated data from JustPark (2020) and Crunchbase (2020). We expanded the table by including new facilitators, and facilitators that have failed. Facilitators that failed include Roomorama and chillWRKR. When facilitators stop operating, they typically do not provide the reasons why.

Table 3.1 does not include facilitators in China (they are discussed separately in chapter 7: Xiang et al., 2021), or facilitators that have transformed their businesses from peer-to-peer accommodation trading to something else (Flatclub and Innclusive, for example, developed into providers of corporate rentals and services; Yudan, 2020).

Name	Headquarters	Started	Guest fee	Host Fee	Listings	Countries	Niche market
9flats	Singapore	2010	Commission	Commission	200,000	190	No
Accessible Accommodation	Australia	2017			122	3	Disability
Airbnb	San Francisco (US)	2008	Fee	Commission	7 million	195	No
AURA	Sydney (Australia)	2009	Free	Commission	13,000	1	No
Bancha	Rome (Italy)	2012	Fee		Closed down in 2015		
beWelcome	Renne (France)	2007	Free	Free	6,400	195	Cooperation (non-profit)
Booking.com	Amsterdam (Netherlands)	1996	Free	Commission	5 million	195	No
Bring Fido	Greenville (US)	2004	Free	Commission	77,676	100	Dog Friendly
Camplify	Newcastle (Australia)	2014	Fee	Commission	5,000	1	Campers
CasaVersa	Tel Aviv (Israel)	2012	Home exchange		Closed down in 2018		
chillWRKR	New York (US)		Fee		Closed down in 2016		
Couchsurfing	San Francisco (US)	2004	Fee	Fee	15.9 million	195	No
Disability Housing	Australia	2017			172	1	Disability
Disable Holidays	UK	2001				35	Disability
Fairbnb.coop.	Bologna (Italy)	2016		Commission	83	4	Cooperation
Ferienhaus-Privat	Germany	1998	Commission	Commission	984	45	No
Ferienhausmiete (Tourist Paradise)	Berlin (Germany)	2004		Fee	100,000	190	No
FlipKey (TripAdvisor)	Boston (US)	2007	Commission	Commission or fee	300,000	190	No
Gay Homestays	Manchester (UK)	2010	Fee	Commission	2,720	103	Gay
GoCambio	Youhal (Ireland)	2014	Free		Closed down in 2016		
Hanintel	Seoul (Korea)	2009	Free	Commission	400	30	No
Holiday Lettings (TripAdvisor)	Oxford (UK)	1999	Commission	Commission	400,000	150	No
HomeAway (Expedia Group)	Texas (US)	2005	Commission	Commission or fee	2.3 million	190	No
HomeExchange	Boston (US)	1992	Home exchange	Annual fee	400,000	187	No
Homestay	Dublin (Ireland)	2013	Free	Commission	55,000	160	No
Horizon	Seattle (US)	2014	Free (guests can make a donation)		Closed down in 2020		

HouseTrip (TripAdvisor)	Lausanne (Switzerland)	2009	Commission	Commission	300,000	160	No
Kozaza	Seoul (Korea)	2012	Fee	Commission	5,000	1	No
Krash	Boston (US)	2012	Fee		Closed down in 2016		
LoveHOmeSwap	London, England	2011	Home exchange	Annual fee	20,000	100+	No
Magpie App	San Francisco US)	2007	Home exchange		Closed down in 2017		
Matching Houses	Cornwall (UK)	2009	Home Exchange	Home Exchange	76	9	Disability
MatchPad	New York (US)	2014	Fee		Closed down in 2016		
Meshtrip	San Francisco US)	2014	Fee		Closed down in 2016		
misterb&b	San Francisco (US)	2013	Commission	Commission	310,000	135	Gay
MyTwinPlace	Barcelona (Spain)	2012	Home exchange		Closed down in 2017		
Niumba (Trip Advisor)	Madrid (Spain)	2005	Commission	Commission	100,000	71	No
Noirbnb	Miami (US)	2015	Fee	Commission			Persons of colour
Oasis (Accor)	Miami (US)	2009	Fee	Commission	1,500	13	Luxury
onefinestay (Accor)	London (UK)	2009	Fee	Commission	10,000	4	Luxury
Oyo Rooms	New Delhi (India)	2013	Fee		130,000	80	No
OYO Vacation home (@leisure)	Amsterdam (Netherlands)	2014			140,000	70	No
People Like us	Sydney (Australia)	2018	Free	Free	3,375		Cooperation
Perfect Experiences (Paris Perfect)	Paris (France)	1999			242	4	Luxury
Red Awning (Perfect Places)	Los Altos (US)	1996	Free	Commission	100,000	103	No
Rent Like A Champion	Chicago (US)	2005	Commission	Fee	3,000	1	Team and sporting events
Rentini	New York (US)	2007	Fee		Closed down in 2015		
Roomorama	New York (US)	2008	Fee		Closed down in 2017		
Sabbatical Homes	Manhattan Beach (US)	2000	Fee (free for academics)	Fee	4,425	56	Academics
SleepOut	Mauritius	2012	Fee	Commission	6,000	60	No
Sonder (formerly Flatbook)	San Francisco (US)	2012	Fee	Commission	5,000	7	No
Stay Square	Perth (Australia)		Fee		Closed down in 2015		
Swap and Surf	France		Home exchange		Closed down in 2015		

TalkTalkbnb	Lorient (France)	2016	Free		1,602	195	Language
Traum-Ferienwohnungen	Bremen (Germany)	2001	Fee	Commission	100,000	70	No
TripAdvisor Holiday rental		2009	Commission	Commission	842,000	195	No
Turstroots	United Kingdom	2015	Free	Free	10,000		Cooperation (non-profit)
Vacation Home Rentals (Trip Advisor)	Boston (US)	2004	Commission	Commission	100,000	190	No
VBRO (Home Away)	Austin (US)	1995	Fee	Commission	2 million	190	No
Warm Showers	Colorado, (US)	2010	Donations	Home Exchange	93,000	161	Cyclists
Wimbify	San Francisco (US)	2015	Trading in virtual credits		Closed down in 2018		
Wimdu	Berlin (Germany)	2011	Commission	Commission	350,000	150	No

Table 3.1: Facilitators of peer-to-peer accommodation platforms (in alphabetical order, blank cells indicate that data for the platform could not be identified)

Most facilitators charge commission, a fixed or one-off annual fee to hosts, or a combination of these fees. Even Couchsurfing – the pioneer of free space-sharing among ordinary people – converted to a paid service in May 2020 (Couchsurfing, 2020). Couchsurfing explains that a fee had to be introduced to ensure the viability of the online trading platform it provided. The platform had historically been funded by donations and advertising. COVID-19 led to a reduction in donations from 4% to 0% and a significant reduction in advertising revenue. This change introduced by Couchsurfing aligns its business model with facilitators such as Home Exchange, Flipkey and Love Home Swap. All of them charge a service fee, although guests do not pay hosts for access to space; they exchange space for space instead. After the announcement from Couchsurfing, other platforms with a non-profit or free model such as People Like Us revealed their intention to charge a small fee to their members (Seitam, 2020). Only a few continue to offer facilitation services on their online platforms for free, including be Welcome and Turstroots.

Of the 47 active facilitators of online short-term rental trading platforms, 20 target niche markets. Specialisation has emerged as one of the characteristics of successful facilitators (Kavadias et al., 2016). Specialised platform facilitators cater to the needs of very specific consumer segments who have either been ignored by bigger platform facilitators or have experienced discrimination or safety concerns when using mainstream peer-to-peer network platforms. Successful niche providers include Noirbnb (catering to people of colour), misterb&b and Gay Homestay (for gay users), Matching Houses, Disable Holidays and Accessible Accommodation (for people with disabilities), Rent Like a Champion (for university football players), and Warm Showers (for touring cyclists). These niche providers are surviving in the competitive peer-to-peer accommodation trading market despite their comparably small size.

One development that helps smaller facilitators survive and grow is the emergence of a new type of search engine. Tripping.com and Hometogo.com aggregate listings across all peer-to-peer accommodation network platforms. They are transformational in the peer-to-peer trading market because they enable guests to search for short-term rentals across all platforms, with the platform only becoming visible when the guest clicks on it. These new search engines reduce the pressure on

smaller facilitators to quickly and simultaneously grow supply and demand – a key success criterion for multi-sided platform businesses (Reinhold & Dolnicar, 2018; 2021). Being featured on these new search engines allows niche providers to continue offering a highly specialised service while still being discoverable by the mass market. With a similar strategy in mind, the platform Red Awning negotiated to be integrated in the hotel search engine Trivago (Stevens, 2019).

To assess the competitive landscape in 2021, we surveyed peer-to-peer accommodation users in January. We conducted two separate surveys, one with 57 Airbnb hosts and the other with 102 Airbnb guests residing in Australia, New Zealand, the US, the UK and Canada. Participants must have booked or listed accommodation on Airbnb in the last 24 months to meet the eligibility requirements of the survey.

We asked hosts to list –without any assistance – whether they were aware of any online peer-to-peer accommodation trading platforms other than Airbnb. Hosts were able to list up to five other platforms. Figure 3.2 contains the responses. Approximately one third of respondents were unable to list any other trading platform, another third listed VRBO, and 26% named Booking.com. Flipkey was listed by 21% of respondents, there is then a substantial drop to 12% for HomeToGo.

The unaided responses shown in Figure 3.2 also illustrate that – from a host's perspective – it is irrelevant whether a trading platform specialises in peer-to-peer accommodation or is a commercial online travel agency, especially given that the boundaries between the two have blurred over the years. For example, the website Hotel.com is now offering the option for private hosts to list their property on its platform.

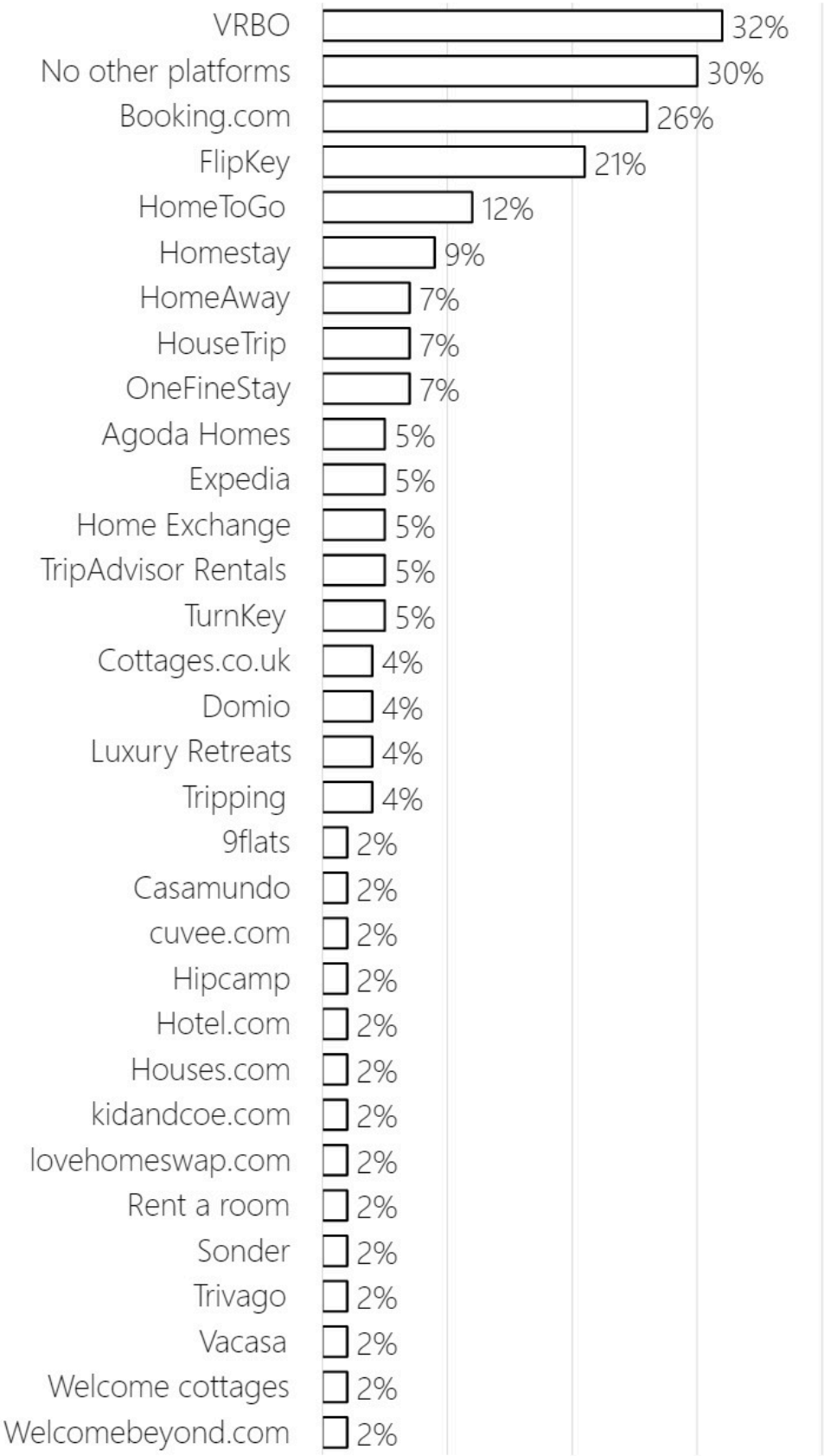

Figure 3.2: Unaided recall of online peer-to-peer accommodation trading platforms other than Airbnb (hosts)

We also asked hosts to name their favourite platform. Not surprisingly – given the requirement to be listed on Airbnb to be able to complete the survey – more than 85% of respondents indicated that their preferred platform was Airbnb.com. In second place was Booking.com (7%). Surprisingly, 4% of respondents mentioned Facebook, making it the third choice on the list. The social media platform allows the listing of short-term rentals on its Marketplace and despite not being a peer-to-peer accommodation platform, provides great visibility to listings due to the high number of members on its social media platform. This finding illustrates the importance hosts give to reaching high numbers of potential guests.

We also asked people who had booked accommodation on Airbnb which their favourite online trading platform was. Again, unsurprisingly, 80% name Airbnb.com, followed by Booking.com (5%), Expedia (2%) and Homeaway (2%). We also provided guests with a list of the ten biggest peer-to-peer accommodation platform facilitators and asked them which ones they were familiar with. Figure 3.3 contains the results.

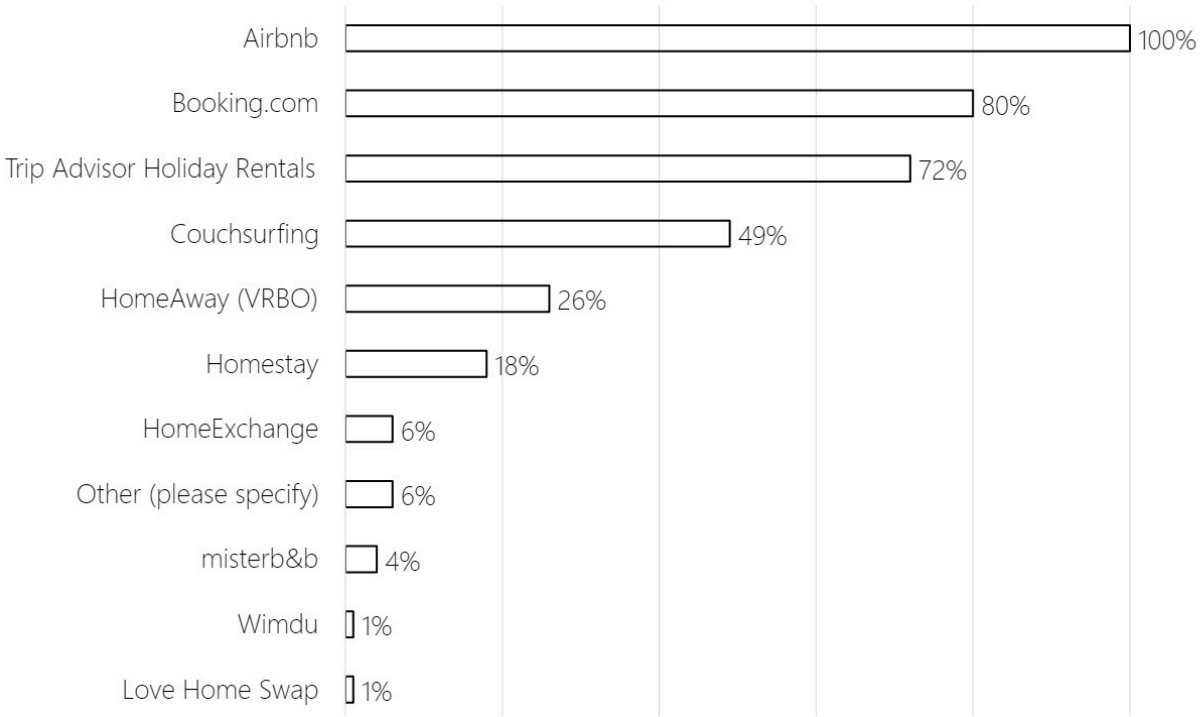

Figure 3.3: Aided recall of online peer-to-peer accommodation by Airbnb guests

Given that all respondents were Airbnb guests, all of them recognised Airbnb. A vast majority of guests also recognised Booking.com (80%) and Trip Advisor Holiday Rental (72%). Nearly half of all respondents identified Couchsurfing (49%). The remaining peer-to-peer accommodation providers were recognised by less than a third of the Airbnb guests we surveyed, including VRBO (26%), Homestay (18%) and niche providers such as misterb&B (4%),

Success factors of platform facilitators

The best predictor of success for a platform facilitator is its capacity to attract large numbers of hosts and guests (Reinhold & Dolnicar, 2018; Reinhold & Dolnicar, 2021; Dolnicar, 2019). Paid online peer-to-peer accommodation platform facilitators that become successful manage to increase their stock rapidly (Zervas et al., 2017), sometimes relying on acquisitions. Table 3.2 provides a summary of acquisitions in the peer-to-peer accommodation market.

Table 3.2: Acquisitions of peer-to-peer accommodation websites

Company	Acquisitions
9flats	iStopOver (2012)
Accor	onefinestay (2016). Oasis (2016) – 30% shares
Airbnb	Accoleo (2011), Crashpadder (2012). Luxuty Retreats (2017). Accomable (2017). Trooly (2017), Gaest (2019), Hotel Tonight (2019), Urbandoor (2019)
Booking.com	Buuteeq (2014). Hotel Ninjas (2014). Rocketmiles (2015). Evature (2017)
Home Away **Acquired by Expedia in 2015**	Cyber Rentals (2005), Great Rentals (2005), A1 Vacations (2005), TripHomes (2005), HomeAway.co.uk (2005), FeWodirekt.de (2005). Vbro (2006). Abritel (2007). Vacation Rentals (2007), Owners Direct (2007), Homelidays (2009), BedandBreakfast (2010). Alugue Temporada (2010). Instant Software (2010), Escapia (2010), RealHolidays (2011), Toprural (2012), Travelmob (2013), Stayz Australia (2013), Bookabach (2013). Glad to Have You (2014), Dwellable (2015). Pillow (2018). Apartment Jet (2018). CanadaStays (2019)
HomeExchange **Acquired by Tukkazzal in 2017**	Knok (2016), Trampolinn (2016). Night Swapping (2019)
Trip Advisor Holiday Rental	Flipkey (2008), Holiday Lettings (2010). Niumba (2013), Vacation Home Rentals (2014), House Trip (2016)
Red Awning	Perfect Places (2015)

The need for rapid growth of demand and supply on the trading platform leads to a small number of facilitators having a major competitive advantage. Couchsurfing, for example, has 12 million members all around the world. Airbnb, Booking.com, and HomeAway lead the paid peer-to-peer accommodation market with seven, five and two million listings, trading in 190, 227, and 160 countries respectively. From 2015 to 2018, Airbnb's revenue increased by 10% (Dogru et al., 2020). The tourist accommodation market share in the United States held by hotels was 94% in 2013. By 2018, hotel market share had dropped to 70%, with Airbnb increasing its share to 19% and HomeAway to 11% (Gessner, 2019).

Large platform facilitators have been proactive in the acquisition of smaller businesses. Airbnb's acquisition strategy is driven by three factors: bringing new technologies to Airbnb; entering a local market; and entering a niche market (Sonnemaker, 2020). About half of Airbnb's acquisitions were motivated by technological innovation. Trooly, for example, conducted complete background checks on users, including investigating their activities on the dark web. Other acquisitions enabled Airbnb to enter new markets. The purchase of Accoleo, for example, strengthened its position in Germany. The purchase of Accomable in 2017 allowed Airbnb to counteract accusations that it was failing to cater to guests with disabilities (Randle & Dolnicar, 2018).

Booking.com completed four acquisitions. It purchased Buuteeq and Hotel Ninjas in 2014, Rocketmiles in 2015 and Evature in 2017. Booking.com itself was bought by Priceline in 2012, expanding its existing portfolio of hotels on ActiveHotels.com. Instantly, the number of agreements with hotels jumped from 10,000 to 100,000 (O'Neil, 2020). Today, Booking.com includes: two online travel agencies named KAYAK and FareHarbour; an online travel agency specialising in North America (Priceline); meta search engines for hotels (HotelsCombined), flights (Cheapflights), and general travel (Momondo and Mundi); and an online travel agency specialising in the Asia-

Pacific region (Agoda); Rentalcars.com; a software company for restaurants (Venga Inc); and OpenTable, which facilitates restaurant bookings (Prieto, 2020).

HomeAway has been the most proactive in expanding its operations through acquisitions (22 since 2005). Expedia purchased HomeAway in 2015, at a time when Expedia's portfolio already included Hotels.com, Hotwire.com and Trivago. Expedia also purchased Travelocity in 2015. The group decided to retain the HomeAway brand name, and continued to add to it by purchasing Pillow, Apartment Jet and Canada Stay. TripAdvisor is a spin-off company of the Expedia Group holding. It acquired Vacation Home Rental, Holiday Lettings, Niumba, HouseTrip, and FlipKey. In March 2020, TripAdvisor put its collection of rental platforms up for sale (Schaal, 2020).

The evolution of HomeExchange is similar to that of the other big platform facilitators. The company only made two acquisitions before it was bought by Tukkazza! in 2017. With Tukkazza! having already purchased Guest to Guest, the three brands combined instantly created the biggest market for home exchange in the world with 400,000 homes.

Not all successful short-term rental platforms started as peer-to-peer accommodation facilitators. Booking.com was a traditional online distributor of hotels that benefitted, almost accidentally, from the Airbnb boom. By 2017, Booking.com held 65.5% of the market share of all European online travel agencies. By 2018, it held 41% of the world's market share (Prieto, 2020). Booking.com is the global leader in the online travel agency market. Its market capitalisation reached $88 million in 2019, when it was described as "*the most profitable travel deal of the century*" (O'Neil, 2020; Wintermaier, 2020). Similarly, HomeAway initially started with the trading of holiday rentals. Listings on these two platforms are not limited to peer-to-peer accommodation. Their origins gave them a competitive advantage because they listed a wide range of properties, and, as a consequence, attracted many tourists looking for accommodation to their online platform.

A transformed market

Changes to market entry conditions

Success among platform facilitators varies; only 43 have succeeded and 209 have failed (Cusumano et al., 2020). Poor pricing strategies, failing to attract hosts or guests, having to subsidise hosts or guests, and entering the market too late are common mistakes unsuccessful facilitators made (Cusumano et al., 2020). A lack of new members, insufficient market knowledge and trust and safety concerns also caused the failure of many start-ups (Chasin et al., 2018). These challenges make the market opaque to new players, which may account for the lack of new peer-to-peer accommodation platforms created recently – only two in 2017 and one in 2018. Between 2015 and 2018, 15 platform facilitators had to close down and many more have been acquired. The industry has entered a new stage of maturity and the current players are not start-ups anymore; they are big established multinational conglomerates.

The reaction of users to this transformation is not homogenous. Some guests and hosts prefer to book on smaller platforms, engaging exclusively in peer-to-peer trading among ordinary people. Cooperative peer-to-peer accommodation platforms cater to these consumers. Cooperatives are particularly successful in European cities, which have suffered negative externalities due to overtourism. Les Oiseaux de Passage, for instance, was founded in Marseille (France) in 2014. Fairbnb started in Bologna (Italy) in 2016. For users, the business model of cooperatives represents true trading among peers (Petruzzi, 2021).

In the decade following Airbnb's launch, the peer-to-peer accommodation sector experienced a complete transformation. Hotels appeared on peer-to-peer accommodation network platforms, and platform facilitators started acting like travel agents and hotels, blurring the lines of who is offering which service to tourists. In the past, peer-to-peer accommodation hosts were deliberately positioned as not being industry professionals (Dolnicar, 2019). Today's platforms display a more professionalised picture (Deboosere et al., 2019). In the most popular Airbnb cities, 15% of hosts owned 38% of listings and accounted for 45% of all bookings (Slee, 2014). Similarly, in New York City, 2% of hosts generated 24% of the total Airbnb revenue (Popper, 2015).

Not only did the nature of accommodation listings change, but Airbnb also started to trade experiences (Aversa et al., 2017; Gardiner & Dolnicar, 2018; 2021) and to actively pursue the business traveller market. Pre–COVID-19 business travellers stayed longer; 10.5 days compared to 6.8 for leisure tourists. Business travellers also booked earlier (Coop, 2016). In 2017, Airbnb invested heavily in launching its business stay operations. Investments included buildings in San Francisco; the website Urbandoor; the app Hotel Tonight; as well as the rental service Gaest (Burke, 2019). In 2019, Airbnb partnered with RXR Realty to convert ten floors of 75 Rockefeller Plaza in Manhattan into 200 apartment-style properties, including a private social club, business centre, meeting and events spaces, co–working areas and common areas. Offering similar amenities as hotels, these properties would be available exclusively on Airbnb, via both the regular platform and a new one named Airbnb for Work (Airoldi, 2020). Airbnb also invested $160 million into Lyric, a business travel start-up offering premium service apartments. Amenities include hotel-quality cleaning services and 24-hour online support (Abril, 2020).

In response, established hotel chains, such as Accor and Marriott, pushed the online distribution of their accommodation offerings, making them accessible to the prolific users of peer-to-peer accommodation. Accor started implementing this strategy with the acquisition of onefinestay (UK) and Oasis (Miami) as early as 2016. Marriott launched its Home Sharing pilot – now called Homes & Villas – in London in 2018, later expanding into Paris, Rome and Lisbon. Marriott partners with property managers, independent hotels and operators to offer 2,000 spaces in 100 destinations. Bookings are available on the Marriott and Homes & Villas websites, through an app, and through specialised travel agents. To differentiate themselves from Airbnb and to utilise their expertise, hotel chains focus on the luxury niche. The Vice President of Homes & Villas by Marriott International, Jennifer Hsieh, declared "*By working with a select group of professional management companies that understand and operate in this dynamic landscape, we are able to focus on what we do best – selecting a breadth of homes in inspiring destinations, setting standards for responsive service and designing a seamless booking experience that helps our guests navigate an increasingly complex and uncertain set of home rental choices*" (Dickey, 2019).

The effect of COVID-19

COVID-19 had terrible repercussions for the tourism industry because of lockdowns and extended travel bans all over the world. Airbnb estimated their loss at US $1 billion (Crane, 2020; Fleetwood, 2020). Other platforms have not declared their pandemic-induced financial losses. Some reported drops in bookings: Booking.com lost 84% of its bookings and Expedia 82% (The Economist, 2020). Surprisingly, despite these adverse circumstances, only one of the platform facilitators listed in Table 3.1 closed down. Horizon, a facilitator based in Seattle, worked with community organisations and its hosts and guests to fight homelessness. The company posted a message on its website in the first half of 2020 explaining that they had to close down due to lack of funding.

When borders reopened, the market was completely transformed (Dolnicar & Zare, 2020). Hosts shifted from the short-term to the long-term rental market. Guests wanted to travel as a family, by car, and to low density areas (Chang, 2020; Transparent, 2020). Airbnb's CEO announced a complete change of strategy for the company's future, pledging to support smaller (non-professional) hosts and consider Airbnb's impact on cities and communities (Crane, 2020). In contrast to its 2019 strategy, Airbnb's CEO also announced a complete withdrawal from the business travel market (Chang, 2020).

Conclusions

When Airbnb launched in 2008, it introduced a new model for the provision of short term accommodation. Peer-to-peer accommodation facilitators such as Airbnb did not own or have leases for the spaces they were trading, and ultimately had no control over whether the host would provide the space as it was listed and described on Airbnb.com. Tourists initially perceived the model as risky, but uptake increased because Airbnb listings tended to be more affordable than equivalent accommodation offerings from professional, licensed accommodation providers. Figure 3.4 illustrates how these two markets were initially positioned at opposite ends of the service spectrum.

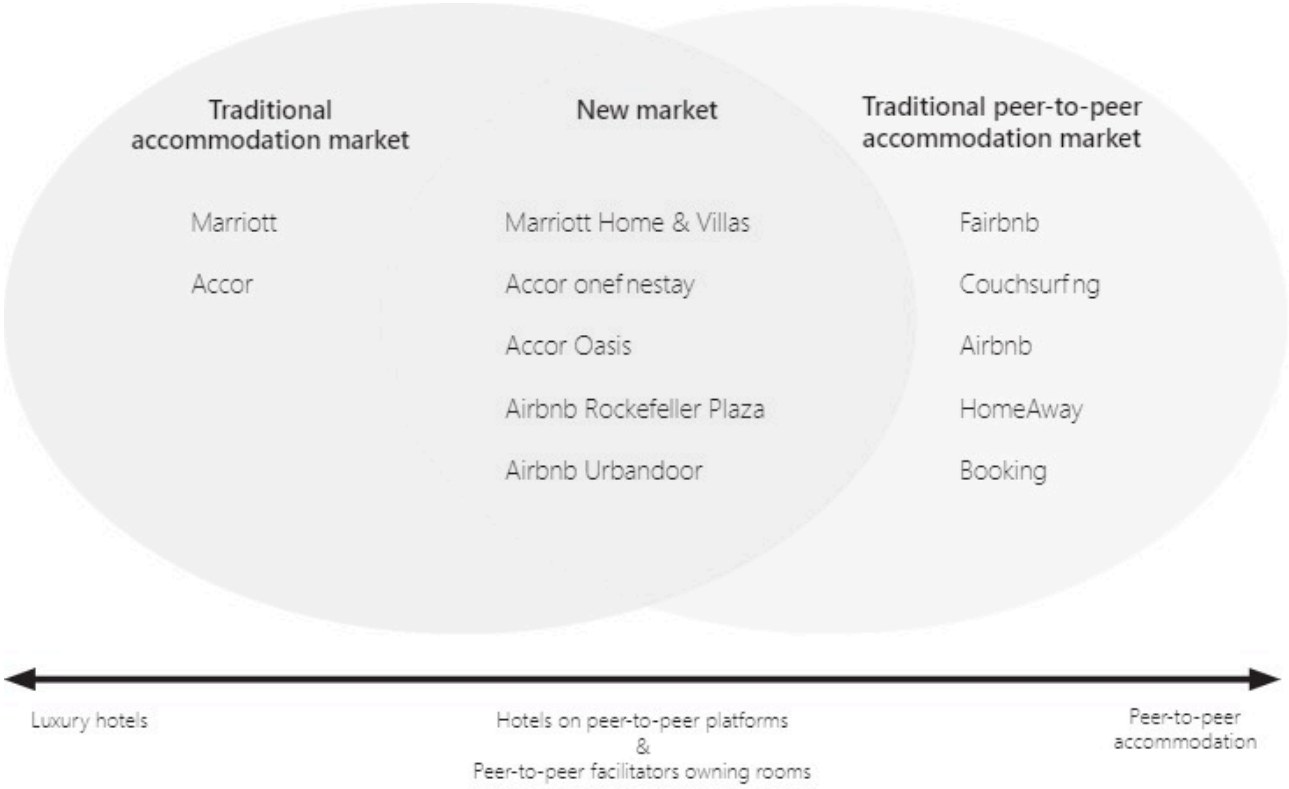

Figure 3.4: The competitive landscape of accommodation

Over the years, the lines between high-end hotel chains and peer-to-peer accommodation facilitators have blurred and a new market has emerged. Airbnb modified its business model by investing in real estate and offering hotel-like accommodation and services (e.g. Airbnb Rockefeller Plaza, Airbnb Urbandoor). Hotels – determined to fight for their market share under the changed market conditions – created accommodation offerings inspired by the peer-to-peer space trading model (e.g. Marriott Home & Villas, Accor onefinestay, Accor Oasis).

In the midst of those changes, COVID-19 disrupted the entire tourism industry and forced many

accommodation providers to rethink their business model. Airbnb CEO, Brian Chesky, reflected: "*We grew so fast, we made mistakes. We drifted. We really need to think through our impact on cities and communities*" (Crane, 2020). Chesky announced that the new Airbnb strategy will consist of stepping back from the new market and returning back to its origins. If this does indeed occur, the differences between hotels and peer-to-peer traded spaces may become clearer again as a consequence. Hotels are recovering from COVID-19 more slowly than Airbnb. They may, as a consequence of this experience, continue to pursue new avenues of accommodation provision that resemble the peer-to-peer format.

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4.

The evolution of Airbnb regulations

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Airbnb is a global phenomenon. Many tourism destinations, especially those with substantial and continuously growing demand, face regulatory challenges because online peer-to-peer accommodation trading platforms enable residents to make their spaces available for short-term rental. We discuss the challenges destinations and their residents face, and the regulatory responses developed to mitigate negative externalities while attempting to secure the economic benefits of Airbnb and similar platforms. Based on regulatory developments over time at some of the most affected destinations – Amsterdam, Barcelona, Berlin, Hobart, London, New York, Paris, Reykjavík, San Francisco and Tokyo – we make predictions on regulatory adjustments that may be necessary as a consequence of COVID-19.

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One or more interactive elements has been excluded from this version of the text. You can view them online here: https://uq.pressbooks.pub/airbnb-978-1-74272-321-1/?p=36#oembed-1

The need to regulate short-term accommodation

When it was small in scale, the trading of tourist accommodation among ordinary people created no difficulties for local residents, tourism destinations, or traditional tourist accommodation providers. In fact, the trading of space among ordinary people existed long before the emergence of online peer-to-peer accommodation platforms such as Airbnb. The Swiss and Dutch teachers' associations, for example, started their home-swapping program for members in 1950 (Gallagher, 2017). The City

Council of Varna in Bulgaria invited residents to open rooms in their homes to tourists in 1896 (Varna Municipality, 1896).

Airbnb's convenient online peer-to-peer accommodation trading platform suddenly enabled millions of people around the world to sell access to space to strangers. High demand for peer-to-peer accommodation, initially perceived by tourists as cheaper and more authentic than traditional tourist accommodation, led to substantial structural changes at destinations around the world, especially at popular tourist destinations. Landlords in the long-term rental market saw the opportunity to earn more money and transitioned to the short-term accommodation market. Residential areas with a traditionally low tourist presence experienced an influx of visitors, affecting the use of space in neighbourhoods originally designed for use by locals only. Established commercial accommodation providers became concerned about unfair competition reducing their market share (von Briel & Dolnicar, 2021).

These changes forced regulators to assess whether existing legislation and regulation offered residents and the local tourism industry adequate protection from negative externalities, while still allowing additional economic benefits to be harvested. Regulating peer-to-peer accommodation proved challenging as most platforms facilitating the trading of private space for short-term accommodation, such as Airbnb, are global organisations operating in local legislative frameworks (Brail, 2017). In many cities, the activities of peer-to-peer accommodation platforms facilitators were breaching existing regulations, in others, their activities were unregulated. Whichever the starting point, the number of listings increased dramatically at locations with high tourist demand, forcing regulators into action. Regulatory approaches varied substantially from location to location because each destination faced a unique tourism demand pattern and a different set of negative side effects. Regulators had to prioritise their goals, which typically included reducing transaction costs, increasing efficiency in the market, promoting equal distribution, and ensuring public safety, as well as health and consumer protection (Lobel, 2018).

The challenges Airbnb created at popular tourist destinations

The emergence of peer-to-peer accommodation networks had positive and negative effects on local communities, and local residents generally acknowledge this fact (Jordan & Moore, 2017). On the positive side, peer-to-peer accommodation networks offer people without permanent (or sufficient) employment the possibility to earn money or to supplement their income by renting out spare space. Beyond hosting itself, a large number of other micro-entrepreneurship opportunities have emerged (Sigala & Dolnicar 2018; Fairley et al., 2021a), including intermediaries between hosts and guests, and services assisting hosts such as cleaning, gardening, pool maintenance, and laundry. The ability to make spaces accessible quickly in a specific location has also proved invaluable in communities facing unexpected disasters, such as earthquakes. Peer-to-peer accommodation platform facilitators are able to offer critically important assistance by accommodating displaced residents and tourists (Hajibaba & Dolnicar, 2017).

Despite all these benefits, the exponential growth of short-term listings at popular tourist destinations created some significant challenges (Dredge & Gyimóthy, 2015; Dolnicar, 2019; Lee, 2016; Oskam & Boswijk, 2016; Hajibaba & Dolnicar, 2018).

Challenges for residents

Tourists using areas designed to be residential can significantly burden local infrastructure. Parking spaces, for example, are suddenly used by residents and tourists. The town planning process had

never accounted for this additional demand, causing shortages. The presence of tourists can also change how space is being used, completely transforming the character of the neighbourhood (Zale, 2018; Gurran et al., 2020) and negatively affecting the quality of life of residents. Other aspects causing frustration among residents include additional noise – such as the much-referenced sound of roller suitcases – and safety concerns due to the presence of non-locals with no place attachment or sense of obligation to behave appropriately. People living in apartment blocks experience anxiety because apartment keys for high-security residential buildings can change hands daily (Williams, 2016).

The lucrative business of – often unregulated and unlicensed – short-term accommodation (Lee, 2016; Gurran & Phibbs, 2017) can also affect local real estate markets. Houses and apartments rented out to long-term tenants are repurposed to become short term rentals (Ferreri & Sanyal, 2018; Zale, 2018) which reduces housing availability and affordability for locals (Gurran & Phibbs, 2017; Lambea Llop, 2017; Ferreri & Sanyal 2018; Zale, 2018; Gyodi, 2019), and creates gentrification (Wachsmuth & Weisler, 2018). In New York, for example, property value rose by 6-11% every time the number of Airbnb listings doubled (Sheppard & Udell, 2016), and rental prices increased, especially in wealthier areas (Wachsmuth & Weisler, 2018). Across the entire United States, an increase of Airbnb listings of 1% led to a price rise of 0.018% in rent and 0.026% in house sales (Barron et al., 2018).

Unhosted rentals – spaces available for short-term rental without the host being present – are common, particularly in popular tourist destinations where second homes and apartments are listed when unused (Adamiak, 2018). Unhosted rentals have the most detrimental effect in popular cities with a deficient housing stock. In London, for example, 52% of listings were unhosted in 2016, increasing to 56% in 2020. In 2016, nearly 42% of hosts listed multiple properties. This proportion increased to 49% in 2020 (Ferreri & Sanyal, 2018; Inside Airbnb, 2020). Because landlords believe they can earn more money with unhosted rentals on the short-term rental market than the long-term rental market, long-term tenants can find themselves evicted to make space for tourists (Said, 2014; Comiteau, 2016).

Challenges for destinations

The availability of peer-to-peer accommodation leads to critical structural changes at tourist destinations because Airbnb changes how tourists are distributed within the destination. Tourists use residential areas with inadequate infrastructure for both residents and tourists, putting pressure on regulators in urban (Nieuwland & van Melik, 2018; Sequera & Nofre, 2018) and rural areas (Gurran et al., 2020) to restrict tourist presence or enable town planners to redesign spaces (Palombo, 2015; Guttentag, 2017).

These regulators lacked funding for such responses (Gurran & Phibbs, 2017) because, initially, peer-to-peer accommodation hosts did not pay the same taxes and fees as professional, licensed tourist accommodation providers (Kaplan & Nadler 2015).

Challenges for guests

Given the absence of safety regulations for peer-to-peer accommodation listings, privately traded spaces can increase risks for guests. Commercial, licensed tourist accommodation providers operate in compliance with legal requirements, including building modifications to comply with more stringent health and safety codes and standards (Gurran, 2018; Gurran et al., 2018). When peer-to-peer accommodation initially became accessible to the masses, such regulations did not apply to

Airbnb hosts. Many argued that staying at spaces listed on peer-to-peer accommodation network platforms, therefore, was not safe for tourists (Guttentag, 2015; Heo, 2016; Guttentag, 2017).

Another challenge for guests is accessibility for those with special needs. Policymakers in many countries require commercial, licensed tourist accommodation providers to have a minimum number of accessible rooms. These rooms can accommodate people with special needs, providing, for example, wheelchair access or brail labelling. No such requirements exist for listings on peer-to-peer accommodation network platforms, although some platform facilitators, such as Airbnb, have made attempts to provide more information about the accessibility of properties, allowing people with impairments to better assess the suitability of a space for their needs (Randle & Dolnicar 2018; 2019; 2021).

Challenges for traditional, licensed short-term accommodation providers

When regulations for hosts of peer-to-peer accommodation and commercial, licensed tourism accommodation providers are not the same (Koh & King, 2017; Hajibaba & Dolnicar, 2018) licensed providers feel severely disadvantaged. Complying with regulations translates to additional business expenses. Licensed premises have to pay tourist taxes, set up accessible rooms, and pay electricians to install and regularly check smoke detectors and carbon monoxide detectors (Staley, 2007; Guttentag, 2017; Dolnicar, 2019). As peer-to-peer accommodation hosts do not need to pay these expenses, they are able to keep their prices low, giving them a competitive advantage over commercial, licensed providers (Davidson & Infranca 2018).

Professional accommodation providers also have to comply with employment standards and regulations. Airbnb does not employ its service providers, relying instead on a network of micro-entrepreneurs without employment contracts (Sigala & Dolnicar 2018). The high demand for Airbnb-listed properties has impacted employment arrangements in the hospitality sector (Acevedo, 2016; Forgacs & Dolnicar, 2018; Fang et al., 2016) and reduced daily wages (Suciu, 2016).

Regulatory responses

Regulatory responses are local in nature; they need to account for the specific circumstances and challenges at a given destination. The best way to illustrate a range of regulatory responses, therefore, is to briefly describe developments in a few locations around the world. We focus on cities located in different continents that have been significantly affected by the rise in popularity of Airbnb and similar peer-to-peer accommodation platform facilitators: Amsterdam, Barcelona, Berlin, Hobart, London, New York, Paris, Reykjavík, San Francisco and Tokyo. These destinations are not a representative subset of destinations around the world. Rather, they are destinations that are very popular among tourists. It is for this reason that they are most affected by the rising popularity of peer-to-peer accommodation, and have been forced to put in place regulations to minimise negative externalities, while attempting to still harvest the economic benefits for residents offered by short-term accommodation.

Amsterdam (The Netherlands)

When Airbnb started operating in Amsterdam in 2008, peer-to-peer accommodation was unregulated. The lack of regulation did not deter hosts. In 2013, a judge ruled that a homeowner who was renting their property on the short-term rental market did so illegally because they were using a residential property as a business. This legal precedent forced regulators to develop a clear position on peer-to-peer accommodation, leading to the introduction of a regulatory framework in

2014 containing a new accommodation category referred to as *private rental*. The new framework limited the number of guests to four at a time and limited unhosted renting to a maximum of 60 days per annum. It did not impose a time limit on hosted rentals and spaces covering less than 40% of the host's primary residence (MOU, 2014). The City of Amsterdam chose to adopt a collaborative approach with Airbnb, a strategy that remains in place today. Collaboration is part of the legislation via a memorandum of understanding (MOU, 2014). Memoranda are renegotiated annually, with all peer-to-peer platform facilitators contributing to solve newly emerging challenges.

Collaboration was taken to the next level with Airbnb collecting a 5% tourist tax on behalf of the government (Airbnb, 2015). But when platform facilitators refused to share their data, the City of Amsterdam – independently of Airbnb – introduced a mandatory registration system linking hosts to their national identification number (City of Amsterdam, 2017). A 2016 memorandum introduced a tool to tackle illegal hotels (MOU, 2016), and platform facilitators limited short-term rental activity to 60 days per property for hosts without a business licence. Airbnb also started promoting its new neighbour tool which residents in Amsterdam could use to share specific concerns about a listing, including noise complaints. This was in response to Amsterdam residents starting to experience negative externalities, such as changes to their neighbourhood, and rising housing prices. In 2017, it was estimated that 6,000 active listings on Airbnb in Amsterdam were illegal (Van Heerde, 2017), leading to a drive to end non-compliant short-term letting.

The agreement negotiated for 2017 and 2018 included new tools to block illegal hosts on trading platforms, and a 24/7 hotline for residents to report delinquent guests or hosts to the City of Amsterdam directly. The City of Amsterdam and Airbnb jointly campaigned to promote local rules, responsible home sharing and how to be a good guest in Amsterdam. From 2018, Amsterdam increased the tourist tax for peer-to-peer accommodation to 6%, and capped the number of licences for hosts registered as bed and breakfasts (professional hosted rentals, with no limit on annual days of operation) to 5% per neighbourhood and 25% per building. In 2019, unhosted renting activity was limited to a maximum of 30 days, and the tourist tax increased to 7%. Hosts had to notify the City of Amsterdam every time they rented out their home.

2020 heralded a new era for peer-to-peer accommodation in Amsterdam. Before the COVID-19 pandemic, the city council raised the tourist tax to 10% (City of Amsterdam, 2020a), and attempted to legally ban short-term rental activity in three districts: Haarlemmerstraat, Kinkerstraat and Red Light. To achieve the ban, the council had to prove that peer-to-peer accommodation was endangering residents. In April 2020 – despite the reduced number of tourists due to COVID-19 – the court ruled in favour of the City of Amsterdam, banning Airbnb from the city centre from 1 July. For all other districts, a licensing system will be introduced (DutchNews, 2020). In response to the COVID-19-induced drop in demand, Amsterdam temporarily abandoned the system of limited permits for bed and breakfasts (City of Amsterdam, 2020b).

Amsterdam is an interesting case because of its proactive approach to regulating peer-to-peer accommodation on a continuous basis, and its strategy of working collaboratively with platform facilitators, users and residents. The annual review system ensures that regulation stays up to date and responds to emerging challenges and opportunities.

Barcelona (Spain)

In 2012, when peer-to-peer accommodation trading commenced in Barcelona, short-term letting was unregulated. Barcelona reacted promptly by introducing a small nightly tourist tax (Catalonia News, 2012) and a free registration system. All hosts were added to the Tourism Registry of Catalonia, enabling local councils to monitor the number of listings (Portal Juridic de Catalunya,

2012). The registration process was the same for all accommodation providers: hotels, bed and breakfasts, and peer-to-peer accommodation hosts. The quick regulatory response is attributed to the level of collaboration and communication between the Tourism Department of Barcelona and Barcelona City Council. The latter immediately developed a plan to manage tourism for the next three years (INSETUR, 2014). Like Amsterdam, Barcelona put in place regulations quickly, but with the intention to review and adapt them on an ongoing basis. Barcelona's tourism plan is a key regulatory tool, instrumental in managing tourism in the city and informed by research from the Higher Institute for Tourism Research at the University of Girona. The aim of the regular tourism planning process is to encourage ongoing debate with all stakeholders in view of achieving the common goal of consolidating Barcelona as a key tourist destination in a sustainable and responsible manner.

Over time, Barcelona started to experience a large increase in listings, causing negative externalities to local residents. In response, in 2015, Barcelona City Council froze the number of tourism licences allocated to short-term rentals (Espiga, 2014), imposed a €60,000 fine on peer-to-peer accommodation network platform facilitators listing unregistered properties (Lomas, 2016), and created the City and Tourism Council. Experts, citizens, municipal groups, and relevant representatives from Barcelona City Council collaborated on future tourism proposals (Barcelona, 2016). In 2016, the city's tourism plan granted 9,606 tourism accommodation licences in Barcelona, covering both peer-to-peer accommodation and traditional tourist accommodation. With 15,881 spaces listed that year, 6,275 were illegal (Lomas, 2016). Improved compliance, therefore, was the focus of the 2017 tourism plan. Teams of inspectors started policing the legality of peer-to-peer accommodation listings. Airbnb, in collaboration with Barcelona City Council, deactivated 1,300 illegal listings (Airbnb Citizen, 2017), and limited hosting to one property per host in the central Barcelona area. Barcelona extended the licence freeze indefinitely, and increased the maximum fine for illegal listings to €600,000 (Lomas, 2016).

In 2018, Airbnb agreed to share listing details with city authorities, enabling the identification of illegal listings (O'Sullivan, 2018). The city published good practice guidelines for users of peer-to-peer accommodation in 2019, but kept the number of licences frozen. In the same year, Barcelona City Council's 2020 Strategic Tourism Plan included action points to achieve urban balance, improve environmental sustainability, maximise benefits for the destination and involve the entire community. The plan set out to eradicate illegal accommodation (Barcelona Tourism Plan, 2020), and launched the Tourism Data System operated by the Tourism and Recreation Laboratory at the University of Rovira i Virgili. The Tourism Data System records the number of tourists staying in peer-to-peer accommodation. It shows that more beds are provided by peer-to-peer accommodation trading platforms than by hotels, and that the number of beds on peer-to-peer accommodation platforms is increasing rapidly (Barcelona Tourism Plan, 2020). COVID-19 will lead to adaptations of the tourism plan. Already, Barcelona City Council has announced a desire to leverage the pandemic to limit short-term rentals in view of increasing the availability of long-term rentals for residents (Burgen et al., 2020).

Berlin (Germany)

Although Airbnb started operating in Berlin in 2011, the city did not introduce laws regulating peer-to-peer accommodation until 2014. The 2014 law banned unhosted short-term rentals, while permitting hosted short-term rentals if the rental surface area covers less than 50% of the floor space. The law is called *Zweckentfremdungsverbot* which translates as the prohibition of using space in unintended ways. Property owners can apply for a permit from their local council to engage in unhosted rental activity, but these requests can be refused (ZwVbG, 2013; ZwVbVO, 2014). Airbnb

updated its terms of service on their website immediately, however, the law was introduced with a two-year transition period.

In 2016, Berlin State started proactively enforcing the law by introducing a compulsory annual registration system and a €100,000 fine for non-compliance. The law defined the limits of short-term rentals, but also of unoccupied residential properties and their demolition. The aim of the regulation was to prevent rising property prices and a growing housing shortage in Berlin, and immediately led to the removal of 40% of Berlin's Airbnb listings (O'Sullivan, 2016).

To spot illegal listings, Berlin relies heavily on residents notifying authorities of non-compliant activity. An attempt to force peer-to-peer accommodation platform facilitators into sharing data with governments failed when a court ruled in Airbnb's favour in 2018. In the same year, Berlin State updated the Zweckentfremdungsverbot act to explicitly address short-term accommodation trading via peer-to-peer accommodation platforms.

According to the updated act, hosts wanting to list more than 50% of their space or their secondary residence on peer-to-peer accommodation platforms require the permission of the Urban Development and Housing department. This process is free of charge and gives permission for up to 90 days, but is very difficult to obtain because it involves a change of use. The penalty for breaking the rule is €500,000. From 2018 onwards, hosts must publicly display the registration number on the online listing (ZwVbG, 2013), enabling inspectors to check compliance.

Hobart (Australia)

In 2012 when peer-to-peer accommodation trading started in Tasmania, Hobart had regulation for traditional tourist accommodation providers and peer-to-peer hosts, making most private short-term rentals illegal by default. Four years later, the Tasmanian government proposed a 42 day annual cap on unlicensed short-term rentals. Exceeding this limit required compliance with additional planning regulations (Smiley, 2016). Public hearings took place in Hobart, Launceston, and Burnie. Tasmanian Airbnb hosts objected to the 42-day limit (Crawley, 2017), which was ultimately abandoned.

The revised regulatory framework came into effect in July 2017. Under this framework, hosts can list a maximum of four rooms located at their main residence for as many days as they want without a permit (Grimmer et al., 2019). In all other cases, hosts must register, pay a $250 registration fee (Aird & Burgess, 2017) and declare that the space they are listing complies with minimum safety requirements. If the space listed is an investment property larger than 300m^2, the property may require a change of use (from residential to visitor accommodation) with the planning office (Tasmanian Government, 2017). If a change is necessary the space must comply with planning directives, including compatibility with the character and use of the area (Planning Directive, 2018).

In 2019, the state of Tasmania introduced an even more drastic change, commencing a data sharing partnership with platform facilitators such as Airbnb. The Short Stay Accommodation Act legislates that hosts must provide data to platform facilitators. They, in turn, must pass it on to the state government (SSA, 2019). This means that in contrast to the other cities studied (that have their own registration systems), the data from Tasmania depends entirely on collaboration with platform facilitators. This is particularly unusual considering that Airbnb was suspected of providing incomplete or modified data to the cities of New York (Fermino, 2015) and London (Ferreri & Sanyal 2018).

London (UK)

When Airbnb started in London, the existing planning laws from 1973 prohibited residential short-term rental. Users acted illegally for five years before regulators changed the law. The British government showed the first signs of opening up to the idea of peer-to-peer accommodation in 2013, when they organised a Round Table of the Sharing Economy with platform facilitators including Airbnb (Ferreri & Sanyal 2018). In 2014, Debbie Wosskow, CEO of the online home-sharing platform Love Home Swap, was commissioned to make recommendations on how the UK could become the global centre of the sharing economy (Wosskow, 2014). A few months later, the first draft of the Deregulation Act was introduced.

The 2015 Deregulation Act legalised short-term rental (Deregulation Act, 2015). Hosts renting out spaces for less than 90 days per year did not require planning permission for unhosted spaces. Peer-to-peer accommodation was also included in the Rent-a-Room scheme created by the national government in 1992 as an incentive for people to rent out their spare rooms. Under this scheme, the first £4,250 earned per year (UK Government, 2018; Memorandum, 2015) is tax free, although the payment of council tax is still required. A year later, the national government raised the Rent-a-Room tax free threshold to £7,500 (Memorandum, 2015; UK Government, 2016). In a collaborative effort, Airbnb established an annual booking limit of 90 days for unhosted listings on its platform in 2017 (Airbnb, 2020). In London, regulation is strict and has not seen much modification over the years.

New York (USA)

When Airbnb started operating in New York in 2008, short-term rental was unregulated. The New York City Multiple Dwelling Law enacted in 2010 by the state of New York (NYC, 2010) changed this status, restricting certain types of housing to permanent residence use only. The law mentions an exception for house guests staying for fewer than thirty days, but this wording is ambiguous, creating a loophole for short-term renting.

In response, the New York City Environmental Control Board proposed an interpretation of the law, saying that hosted listings do not violate the occupancy law. New York State Senator Liz Krueger – the legislation's primary sponsor – communicated that the law was created to stop landlords from evicting tenants and converting properties to short-term rentals (Krueger, 2014). Yet, many interpreted the New York City Multiple Dwelling Law as a complete prohibition of peer-to-peer accommodation trading because, under the law, landlords, developers, and residential communities in apartment complexes could prohibit peer-to-peer accommodation activities in their dwellings.

The Multiple Dwelling Law was amended in 2011, and unhosted rentals were prohibited entirely. To list unhosted spaces, hosts required a transient rental permit, involving an inspection by city officials to ensure compliance with strict safety standards encompassing electrical, accessibility, lift, and fire safety measures (Ragalie & Gallagher, 2014). The law also prohibited the advertising of illegal listings, facilitated the identification of fraudsters, raised fines, and limited hosted peer-to-peer accommodation to two paying guests at any given time per property (Lazarow, 2015).

Taxation has been at the forefront of regulatory concerns in New York City (Interian, 2016). In 2013, New York City started charging a 5.8% hotel occupancy tax, generating 1% of the city's tax revenue. New York City's Department of Finance decided that peer-to-peer accommodation hosts would not be required to pay the hotel occupancy tax (Kaplan & Nadler, 2015). Brian Chesky, one of the co-founders of Airbnb, expressed his desire to pay occupancy tax in an open letter to Mayor Bill de Blasio (Chesky, 2014; Tiku, 2014), but the law remained unchanged and only unhosted rentals are required to pay occupancy tax (NYC, 2020).

By 2014, despite the strict regulation in place, New York State Attorney General Eric Schneiderman suspected that many listings were non-compliant. By going through the courts, Schneiderman obtained data from Airbnb and other parties (Interian, 2016), identifying offences in safety, tax and property law, and a substantial number of illegal listings. Between 2010 and 2014, 72% of Airbnb listings were illegal (Dzieza, 2015). The extent of this illegal activity fuelled objections from the established tourism accommodation sector as well as from residents who were experiencing negative externalities (Dzieza, 2015). Airbnb reverted to lobbying to avoid prosecution (von Briel & Dolnicar, 2021), reaching an agreement with New York State Attorney General Eric Schneiderman. Hosts, rather than Airbnb, would be prosecuted directly for illegal listings. In exchange, Airbnb agreed to provide anonymised host data to the attorney general (Streitfeld, 2014).

The discovery of a large number of illegal listings also led to the refinement of regulations. State Governor Andrew Cuomo increased the fines for illegal short-term rentals to US $1,000 for a first offence, US $5,000 for a second offence, and US $7,500 for a third (Kokalitcheva, 2016). Initially, the fines had a major impact on Airbnb's listings, dropping from 20,000 to 300 (Gebicki, 2017). Over time, however, the number of listings increased again.

In July 2018, the State of New York attempted to amend the Multiple Dwelling Law again with a bill to regulate short-term rentals (The New York State Senate, 2018). The bill states that short-term online accommodation platform facilitators must provide monthly transaction data. Airbnb, Expedia and HomeAway united to successfully fight the bill, which was blocked by a federal judge just before coming into effect (Weiser & Goodman, 2019). Despite this victory, Airbnb immediately commenced settlement negotiations with the New York City, agreeing to share the anonymised data of illegal hosts (von Briel & Dolnicar, 2021), and more specific data upon request (Airbnb and NYC Agreement, 2019). Despite Airbnb's collaborative attitude, the government suspected that data provided by Airbnb in the early years was incomplete, and called for more control (Fermino, 2015). Today, post-COVID-19, there are over 50,000 Airbnb listings in New York City, illustrating how the market has adapted to severe restrictions.

Paris (France)

Paris immediately became a successful market for Airbnb when it started operating there in 2012. Negative externalities soon emerged, however, French regulators adopted a wait-and-see approach.

In 2014, Paris was the number one Airbnb destination in Europe, and second in the world. The French government introduced national regulation (ALUR Law, 2014), which could be considered relatively moderate (O'Driscoll, 2015). For a short-term rental to be legal, the new regulation prescribed that it must be the host's primary residence (where they reside for at least eight months of the year), it cannot be rented out for more than 120 days annually, and must be furnished. Those wanting to rent out their primary residence for longer, or rent out a secondary residence, must register a commercial property.

In 2015, peer-to-peer accommodation platform providers and the city of Paris started to collaborate. Airbnb collected and remitted a nightly tourist tax for the French government; the same tax paid by hotels (de Cardona & Putois, 2015). To increase compliance, the French government amended the law, forcing hosts – from January 2017 onwards – to register their listings with their local city hall and obtain a certification number (ALUR Law, 2016). Hosts who convert residential properties into commercial properties must purchase commercial properties of the same floor area and convert them into residential properties. Airbnb demonstrated its collaboration with the French government by listing only registered properties.

A law introduced in 2018 allows municipalities to set annual caps in view of local requirements, imposes heavy fines on noncompliant hosts, forces hosts to disclose their records to the council upon request, and makes permission of building co-owners compulsory before listing a property (ELAN Law, 2018).

As of 2020, online platform providers must provide yearly rental data to the French tax authorities, including the host's name, date of birth, and address, any sales made via the platform (for experiences or accommodation), and the payment method used. The French government aims to have these new systems fully functional by the 2024 Paris Olympics, when demand for temporary housing will skyrocket.

Reykjavík (Iceland)

In response to the dramatic increase in tourist numbers (Statistic Iceland, 2020), the Icelandic government introduced strict regulation for short-term rentals in 2007, long before Airbnb entered the market in 2012.

In 2015, the annual number of international tourists visiting Iceland reached one million (Icelandic Tourism Board, 2016), and the number of properties listed on Airbnb was estimated to have increased by 124% in a year (Davies, 2016). This additional accommodation capacity was very welcome at the time, as both Reykjavik and Iceland wanted to benefit from the increased tourist demand (Adamiak, 2018; Cvelbar & Dolnicar, 2018). Despite the strict short-term rental regulations introduced in 2007, approximately 10% of tourists visiting Iceland in 2016 stayed in private accommodation (Icelandic Tourism Board, 2017), and residents started experiencing a shortage of long-term rental properties and an increase in real estate prices (Davies, 2016; Elíasson & Ragnarsson, 2018).

The Icelandic Government responded by putting new regulations in place in 2017. Under a new law, hosts cannot rent out spaces for longer than 90 days or earn more than two million Icelandic króna a year in combined gross rental income (Iceland Government, 2016). The national government also introduced a compulsory annual registration fee of 8,000 Icelandic króna (Iceland Government, 2016). Each registered host is issued with a unique number to display on their Airbnb profile, and must declare each guest staying at a property to the district commissioner. Any rental activity exceeding the 90 day limit, involving the hosting of more than ten people at the same time, or involving more than five rooms, is only legal if the host registered a business (Comiteau, 2016) at a cost of between 32,000 and 263,000 Icelandic króna (depending on whether alcohol and food were provided).

Despite the new law, up to 70% of Airbnb listings were non-compliant (Icelandmag, 2017). Homestay Patrol was established to check compliance, and the law was amended requiring all short-term rentals to be operated as a business. The registration fee was raised to 9,060 Icelandic króna. These regulations remain in place. Iceland does not collaborate with Airbnb on tax collection or the capping of listings to a maximum number of days (Homestay Patrol, personal communication).

San Francisco (USA)

When Airbnb launched in San Francisco in 2008, short-term rental was forbidden by law. However, Airbnb offered job opportunities in the middle of a financial crisis, which attracted supporters among members, the local San Francisco workforce and politicians, including Mayor Ed Lee. Airbnb launched several lobbying campaigns to unite supporters (von Briel & Dolnicar, 2021). Housing activists, led by the City Attorney of San Francisco Dennis Herrera, argued that short-term

rentals removed housing stock from a rental market that was already struggling. No regulation was introduced for many years.

In 2014, politicians opposed to Airbnb created draft legislation (referred to as Proposition F) to protect tenants facing eviction because of peer-to-peer accommodation. A legal battle erupted and both parties used the municipal elections to present their positions. The candidate in support of Airbnb, Ed Lee, won the 2015 elections and became mayor. Lee immediately introduced a new short-term rental law that legalised Airbnb (Hamilton & Romney, 2015). The law required hosts to register as a business and pay a registration fee, to complete a biannual registration with the Office of Short-Term Rentals at a cost of US $250, and to pay 14% Transient Occupancy Tax (Airbnb, 2017; San Francisco Business Portal, 2017). With respect to safety, hosts must inform guests – using a sign at the premises –where fire exits, fire alarms, gas shut-off valves, and fire extinguishers are located. The new law did not impose a time limit on hosted rentals, but limited unhosted rentals to 90 days (Airbnb, 2017; San Francisco Business Portal, 2017). Hosting activity was only legal if it occurred at the host's primary residence; the place they live in for a minimum of 275 days every year.

Many hosts initially ignored the new law, refusing to register their short-term rental activities. An attempt to impose a fine of $1,000 per day on peer-to-peer accommodation platform facilitators for illegal listings was challenged in court by Airbnb and Homeaway. Their case was rejected (Levine & Somerville, 2016). In 2016, a new regulation was introduced, requiring hosts to submit quarterly activity reports to the Office of Short-Term Rentals of San Francisco.

After a year of legal battle, in 2017, Airbnb and regulators reached a collaboration agreement. The city abandoned the fine for illegal listings, and Airbnb committed to listing only registered properties (Farivar, 2017). Airbnb created and launched a Pass-Through Registration system that allows hosts to apply for a Short-Term Residential Rental Certificate and Business Registration Certificate via its platform. Airbnb also became the only Qualified Website Company for short-term rentals in San Francisco, automatically collecting occupancy taxes and remitting them to the city. Hosts using other platform providers (e.g. HomeAway, VRBO) are individually responsible for calculating, collecting, and remitting these taxes to the city for each booking, and have to apply for the short-term rental and business certificates. The level of collaboration between the city of San Francisco and Airbnb is unequalled in the world, but the legal battle with opponents of Airbnb continues.

Despite previous efforts to eradicate illegal short-term rentals, the City Attorney of San Francisco issued fines of US $5.5 million to hosts of illegal Airbnb listings, fuelling criticism against peer-to-peer accommodation platform facilitators. In 2019, a modified Proposition F was approved, limiting the size of financial contribution a company can make to a political campaign, and the level of ownership a politician can have in a company (San Francisco Department of Elections, 2019). This regulation was targeted at San Francisco politicians supporting Airbnb. The Office of Short-Term Rentals raised the biannual registration fee to $450 to finance their activities and the required adaptations to local neighbourhoods (to enable them to better cater to peer-to-peer-hosted tourists). The City of San Francisco announced new legislation, introducing a requirement for planning approval of new buildings intended for intermediate stays (Waxmann, 2019). The legislation targeted a new range of hospitality professionals using peer-to-peer accommodation for corporate travellers. These listings are rented out for longer than 30 days, yet effectively operate as hotels and remove housing stock from the residential market. This regulation was deemed necessary because Airbnb and a new start-up – Sonders – had invested in companies and buildings in San Francisco to pursue the business traveller market (von Briel and Dolnicar, 2021; Burke, 2019). Once more, regulators had taken years to react and struggled to catch up with market changes.

In 2020, COVID-19 changed Airbnb's business traveller strategy. The new legislation – combined

with the pandemic – is likely to lead to investment properties being transitioned (back to) the long-term rental market.

Tokyo (Japan)

Japan has a tradition – called *Minshuku* – of guests staying at an owner's home, sharing meals, facilities and lifestyle together. Minshuku has been regulated in Japan since the Second World War under the Hotels and Inns Act (Umeda, 2017). All short-term rentals in Japan were subject to this law before Airbnb started operating (Nippon, 2016). Consequently, when Airbnb entered the Tokyo market in 2012, its activities were illegal. This regulatory status quo lasted for five years.

In 2016, Airbnb launched a lobbying campaign in Tokyo (von Briel & Dolnicar, 2021). The parliament legalised Airbnb in 2017, and introduced the Home-Sharing Business Act in 2018 (Umeda, 2017). Short-term rentals became legal for up to 180 nights per year. The system is called *Minpaku* (private lodging) and is regulated by local councils (Minpaku, 2020). The extensive registration system includes mental health and fire safety checks. All transactions must be recorded and shared online with the local council. In Tokyo, each council rules separately and differently. Some have banned short-term rentals completely, while others, such as Chuo ward, allow rentals exclusively in school holidays to protect children from strangers (Japan Property Central, 2018). In 2018, Airbnb stopped advertising listings that were not displaying a Minpaku registration number, causing an 80% drop in Tokyo's Airbnb listings (Johnston, 2018).

In preparation for the Olympic Games (initially scheduled for 2020), Tokyo developed a tourism plan which included sustainable hosting solutions. Airbnb partnered with the International Olympic Committee, guaranteeing accommodation for visitors, families of athletes, and officials during the Games (Asher Hamilton, 2019; Fairley et al., 2021b). This agreement avoided the need to construct new accommodation to meet demand during the event. The city of Tokyo is another example of how a market can adapt and flourish despite tough regulations.

Changes in global regulatory responses over time

Many studies have described the regulatory responses to Airbnb at specific locations at a single point in time (e.g. Lee, 2016; Wegmann & Jiao, 2017; Hajibaba & Dolnicar, 2018; Crommelin et al., 2018; Nieuwland & van Melik, 2018). The evolution of regulatory responses remains under-investigated, despite modifications over time being informative for destinations that are in the process of developing regulations. The longitudinal perspective provides insights into successful and unsuccessful attempts to achieve set goals, using specific measures.

One such analysis monitors regulatory action for 11 cities: Amsterdam, Barcelona, Berlin, Hobart, London, New York, Paris, Reykjavík, San Francisco, Tokyo and Vienna (von Briel & Dolnicar, 2020). Technical innovations such as Airbnb can potentially entice four types of disruptions on regulations: *End-runs*, when an existing law equivocally covers the innovation; *exemptions* when the innovation has no negative impact and regulators simply ignore it; *gaps* when no regulation covers the innovation; and *solutions*, when the innovation is solving a regulatory issue (Biber et. al, 2017). The cities under investigation suffered negative consequences from Airbnb. As a consequence, they found themselves either in an *end-run* or *gap* situation. Regardless of the starting point, all cities converged to a similar solution, as illustrated in Figure 4.1.

Figure 4.1 adapts the point system introduced by von Briel and Dolnicar (2020) for toughness of regulation. We changed the point system to -10 for a *gap* situation, 0 for a *moderate*

regulation, 10 for *end-run*, and graded each city each year. We calculated the mean of all *end-run* cities each year and the mean of all *gap* cities each year and illustrated the result on a line chart. The two dominant trajectories are illustrated in Figure 4.1. The figure illustrates how, over time, all *end-run* cities became more lenient, while all *gap* cities start unregulated and introduce more regulation over time. By 2020, all of the cities studied find themselves in a position of moderately strict regulation.

Figure 4.1: Prototypical trajectories of short-term letting regulations over time

Host perception of regulations

To measure how hosts perceive regulations which affect their peer-to-peer accommodation trading activity, we surveyed 57 hosts in January 2021. To be eligible to participate in the survey study, respondents had to have listed accommodation on an online peer-to-peer accommodation platform in the last 24 months. We asked respondents if they had proactively sought out information regarding local regulations for short-term accommodation before listing their space on an online platform. In our study, 86% of respondents stated that they did check local regulations. This appears to contradict the high numbers of illegal listings reported in popular tourist destinations. A potential explanation could be that only a small number of hosts are listing illegally but that these hosts list multiple properties. Another interpretation is that hosts are aware of the regulations under which they operate, yet some choose not to comply with them.

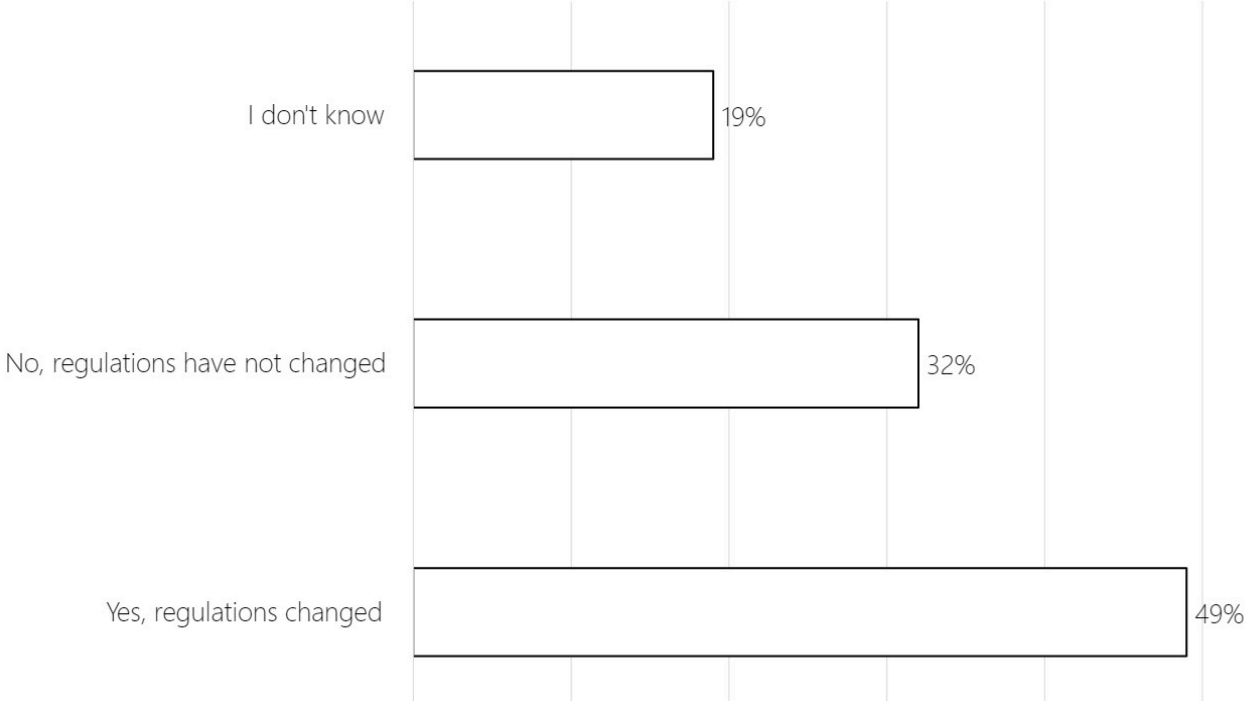

Figure 4.2: Changes in Airbnb regulations due to COVID-19

Figure 4.2 shows regulatory changes in response to COVID-19 as perceived by the hosts surveyed in January 2021. Most hosts (49%) reported that the regulations that guide their Airbnb hosting activities have changed. Of those, 75% reported that they have been impacted by stricter regulations; 25% reported that they have not. One third of hosts reported that regulations remained unchanged during COVID-19 compared to before COVID-19, and 19% of hosts confessed that they do not know whether or not regulations have changed.

Post-COVID-19 predictions

COVID-19 interrupted the increase in the trading of short-term rentals between ordinary people using online platforms such as Airbnb.com. With borders closed, major restrictions on travel and the requirement to socially distance, hundreds of thousands of Airbnb-listed spaces suddenly stood idle. Some of Airbnb's biggest markets – Europe and the United States – were at the COVID-19 epicentre in March 2020 (Adhanom Ghebreyesus, 2020; Rettner, 2020). By August 2020, Airbnb founder Brian Chesky announced that the company had already lost US $1 billion due to lost bookings (Crane, 2020). This financial loss increased further when Airbnb agreed to compensate hosts for COVID-19-related cancellations (Fleetwood, 2020). Chesky voluntarily took a pay cut of US $250,000, and 25% of Airbnb staff had to be laid off.

As soon as lockdowns were lifted, Chesky reports, booking numbers on Airbnb.com increased to numbers higher than those seen in similar periods in 2019. This increase did not occur across all location types. Rather, demand in city locations dropped, while low-population density regional areas – considered by travellers as safer during the pandemic – became extremely popular (Transparent, 2020). Interestingly, according to a report from AirDNA, bookings for home rentals have recovered faster than those for hotels (Press, 2020).

In response to the challenges experienced in 2020, Chesky rethought Airbnb's future strategy, concluding that it would focus on independent hosts (as opposed to large operators) and put more emphasis on developing listings in less populated areas (Crane, 2020). Both of these initiatives

limit the negative externalities that popular city destinations tend to experience, and maximise the economic benefits from Airbnb for regional communities in desperate need of employment opportunities. Post-COVID-19, Airbnb may well find itself moving back to its roots; the trading of space in people's primary residences (Dolnicar & Zare, 2020).

Chesky's change of strategy may also reflect the increasing inclination of popular city destinations to tighten short-term letting regulations – a major risk to the company's growth (Vinogradov et al., 2020). The deputy mayors of Barcelona and Paris – Janet Sanz and Ian Brossa – applauded this change and expressed their desire to boost the long-term housing market with empty short-term rental properties (Burgen et al., 2020). This is in line with a broader trend of policy makers leveraging COVID-19 to reclaim their cities and fight the gentrification caused by the large-scale trading of peer-to-peer accommodation (Bevins, 2020; DutchNews, 2020).

COVID-19 may well lead investors – who were attracted to the short-term rental market by the prospect of a higher return on investment – back to the long-term rental market to minimise the risk of significantly reduced returns (as predicted by Dolnicar & Zare, 2020). Chesky's comments reflect these predictions; he expects that (1) the travel market will never go back to what it was; (2) the business travel market will shrink in size dramatically because people have realised they can achieve the same results without travelling; and (3) people will want to travel locally, by car, to nature, with people they care about (Chang, 2020). It will be interesting to see if the new focus on regional locations increases economic benefits, or shifts some of the challenges residents of cities have experienced to regional areas. This may depend on whether the regional locations are, in their own right, popular tourist destinations, or regional areas suffering from a lack of employment and business opportunities.

As for Airbnb, its revenue is increasing again as travel restrictions are relaxed. The company has regained its confidence and, in August 2020, announced that it would file to go public (Griffith, 2020). Regardless of regulations and potential new regulatory challenges, Airbnb sees a bright future ahead.

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5.

Hosting and co-hosting on Airbnb – before, during and after COVID-19

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COVID-19 has significantly disrupted the business operations of Airbnb. Ironically, Airbnb has created general awareness among both academics and the general population for the term *disruptive innovation* because the introduction of peer-to-peer traded accommodation has been one of the most disruptive developments experienced by the tourism industry in general – and the accommodation sector in particular – over the past decades. Yet, the disruptive impacts of COVID-19 on peer-to-peer accommodation trading were unevenly distributed across the key stakeholders. Tourists using Airbnb were affected by not being able to travel and by having to chase refunds. Airbnb was severely affected but survived; the same cannot be said for hosts. Hosts, arguably, have suffered most as a consequence of COVID-19. This chapter explores the host perspective, highlighting how some hosts and co-hosts lost their businesses over COVID-19, whereas others thrived by leveraging the new opportunities brought about by the pandemic.

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Hosting on Airbnb before COVID-19

When Airbnb was first founded, it was perceived as an alternative avenue of securing accommodation when travelling. The initial assessment by the licensed commercial tourism accommodation sector was that Airbnb would not stand in direct competition with it (von Briel & Dolnicar, 2021). The pioneers among the hosts were *befrienders* who enjoyed getting to meet travellers during their journeys, and *ethicists* who were true believers in putting their underutilised spaces to good use (Hardy & Dolnicar, 2018a; Karlsson & Dolnicar, 2016). As word spread about the benefits of peer-to-peer accommodation, it developed from a fringe phenomenon to a mainstream tourist accommodation option. As such, it attracted more and more *capitalist* hosts (Hardy & Dolnicar, 2018a; Karlsson & Dolnicar, 2016) – people who entered the short-term rental market for the sole purpose of maximising their return on investment. This shift caused dismay among the pioneers of hosting who felt that the original ethos of Airbnb had disappeared (Hardy & Dolnicar, 2018b) and that Airbnb.com had become just another commercial distribution channel for tourist accommodation.

Befriender, ethicist and *capitalist* hosts experienced hosting differently because of the substantial differences in their personal business models. Many *befrienders* and *ethicists* were renting out spare rooms – spaces that were part of their primary residence and were sitting idle. Listing those spaces on Airbnb came at minimal additional cost to them – they had to wash towels and bedlinen and used a marginal additional amount of electricity and water. If nobody booked those spaces, *befrienders* and *ethicist* hosts had no additional expenses at all. As a consequence, they had the freedom to list and delist spaces at their leisure, independent of whether their spare spaces were required for a different purpose or not (Dolnicar, 2018). From Airbnb's perspective, these were probably the most attractive hosts in terms of being most resilient to any external circumstances, as COVID-19 would later show.

Capitalists were in a different position altogether. They were pro-actively leveraging the entrepreneurial opportunities offered by Airbnb (Sigala & Dolnicar, 2018). Some entered long-term rental agreements with owners to use the property for their short-term rental businesses. Others purchased properties under the assumption that the income from short-term rentals would repay their mortgage.

Over the years, Airbnb moved away from its roots. The proportion of *capitalist* hosts continuously increased. For example, the proportion of hosts listing more than one property was 42% in 2016, growing to 49% in 2020 (Ferreri & Sanyal, 2018; Inside Airbnb, 2020). With the increase of *capitalist* hosts, another entrepreneurial opportunity developed: offering full-service hosting to those *capitalist* hosts, an opportunity Airbnb encouraged via its co-hosting scheme.

To better understand how Airbnb hosts view their roles as accommodation providers, we conducted a small self-report survey in January 2021, comprising 40 Airbnb hosts from Canada, the US, the UK, New Zealand and Australia. We asked respondents to reflect on their time as an Airbnb host, and whether they felt that providing accommodation on Airbnb was more personal than providing accommodation any other way (43%) or just like providing accommodation any other way (58%).

Despite this shift towards seeing Airbnb as similar to any other provision of accommodation, when asked if hosts felt like they were sharing with the guest, 68% responded 'yes'. Those who felt they were sharing with their guests reported sentiments such as "*Yes you are sharing your own personal space and belongings, way of life, local community etc.*" and "*…I feel this way because I feel like I am sharing a certain aspect of my life with the guest by sharing my space with him or her*". Of those who did not feel they were sharing with the guest, respondents reported feelings such as "*No it*

is purely a business transaction for me. I feel no personal attachment" and *"I don't feel I'm sharing with them because they are my clients"*.

In response to being asked if hosts felt they were collaborating with guests, 45% responded 'yes'. For those who felt they were collaborating, explanations such as "*I feel as if I am collaborating with the guest because we actually have to come to an agreement and then I have to make sure the guest has a great stay"* and "*It is indeed very necessary to have a nice collaboration with your guests. It provides us a sense of achievement"* were given. Those who did not feel they were collaborating largely reported perceiving hosting purely as a business transaction; "*No, as above it is purely a financial decision"* and "*No, mostly I have never interacted with the guests face to face and hence I do not feel as if I am collaborating with the guest"*.

Lastly, hosts were asked whether they felt they were selling a service to their guests, to which 83% responded 'yes'. These hosts reported feelings such as "*I have to compete with other hosts on Airbnb, so I would have to "sell" my service to them in a way that makes them prefer me"* and "*Yes, because they are using my property in exchange for money"*. Of the few who did not feel they were selling a service, these hosts reported feelings such as "*No because I feel that I am lending my place mainly…"* Ultimately, these stark contrasts in host sentiments about their role as accommodation providers illustrate the clear distinctions between different types of hosts.

While hosts showed variation in their opinions of their role as accommodation providers, there was a strong theme to responses regarding motivation for hosting on Airbnb. Hosts were asked to allocate 100 points across the following three categories to indicate which benefit or mix of benefits best describe their motivations for hosting: the ability to make money, to meet travellers and socialise, and to share their unused space. Money was largely seen as the most important benefit, with 11% giving this factor alone the full 100 points. Meeting travellers and socialising, and sharing unused space were evidently unimportant to many, with 26% and 25% of respondents allocating these categories 0 points respectively.

One key distinction between Airbnb and traditional accommodation providers is the ability of hosts to review the details of individual booking requests from guests, and to decline requests if desired. Of the Airbnb hosts surveyed, only 12% reported the ability to decline a request as 'not important'. The remaining 56% regarded it as 'important' and 12% as 'very important'. Almost half of the hosts (46%) reported declining a booking request at some point. Reasons given for declining a booking request were varied (see Figure 5.1). Ultimately, the reasons given illustrate the contrast between traditional accommodation provision and Airbnb hosts. Reasons such as 'the guests did not seem to have the same ethics as me' and 'I was uncomfortable with the booking' would not be appropriate reasons for hotels to decline a guest booking.

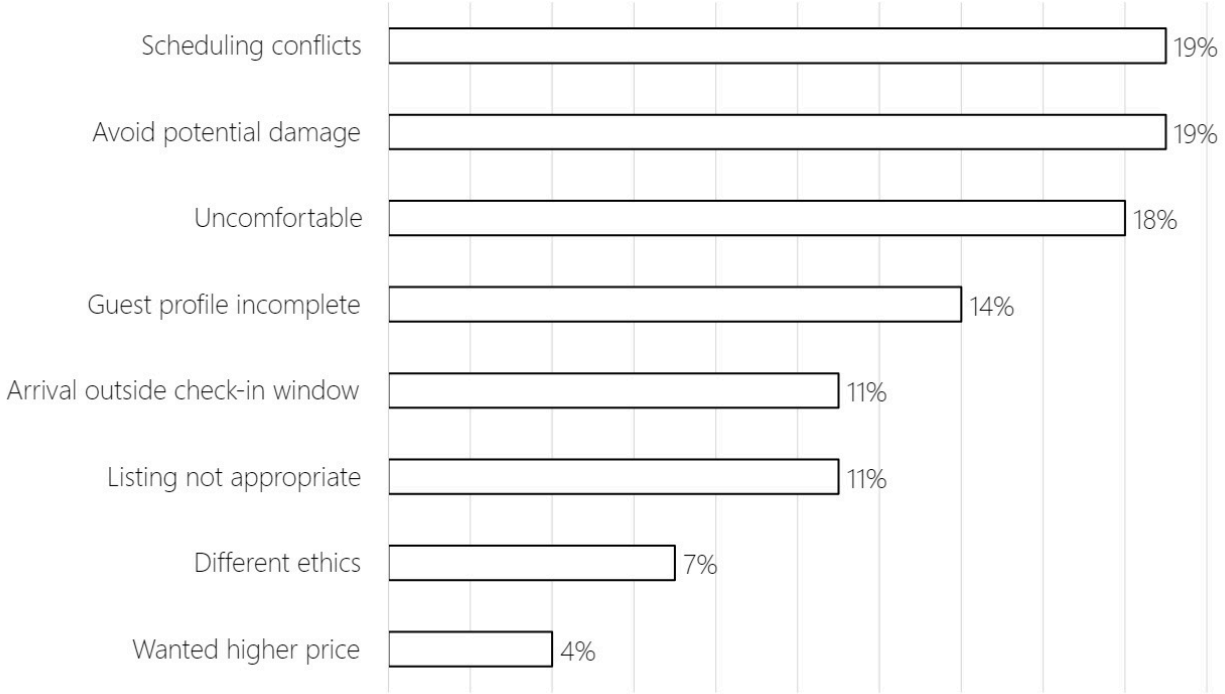

Figure 5.1: Host reasons for declining guest booking requests

To gain further insight into the different values of hosts and how these relate to their perception of guest bookings, hosts were asked to rank features of guest booking requests in order of importance (pre-COVID-19). There was a broad spread of rankings in the responses, further confirming the variability of Airbnb hosts and their values. The features 'review scores given from other hosts' and 'number of people' in the booking were largely rated as the most important, each ranked first in importance by 30% of respondents. 'Number of prior reviews by hosts' was thought to be moderately important, ranked second by 23% of respondents and fourth by 23% of respondents. 'Content of reviews from other hosts' was largely rated third (32%), while 'language spoken' and 'country of origin' were thought to be least important, with 39% ranking 'language spoken' sixth and 40% 'ranking country of origin' seventh.

Despite variability in the hosts' views of their role, their ability to decline booking requests, and the importance of different features of booking requests, when asked about their feelings for Airbnb, hosts were overwhelmingly positive; 77% reported that they loved Airbnb, 13% indicated they were neutral and 0% reported that they hated Airbnb.

Co-hosting on Airbnb before COVID-19

Peer-to-peer accommodation networks have created a wide variety of entrepreneurship opportunities (Sigala & Dolnicar, 2018). Initial analyses of these entrepreneurship opportunities focused on the hosts themselves, as well as on providers of essential services to hosts. At the very minimum, essential services include cleaning and laundry management, but may also include garden and pool maintenance. As peer-to-peer accommodation networks grew, and renting holiday accommodation from a private person – as opposed to a professional, licensed, commercial provider – became normal among tourists, an increasing number of *capitalist* hosts entered the market. Such hosts had no interest in managing the daily operations of their short-term rental business. They focused on renting or purchasing suitable properties and maximising their return on investment, and sought to outsource all hosting-related activities in their entirety (Fogacs & Dolnicar, 2018). Outsourcing represented a more efficient way for *capitalist* hosts to run their businesses. Outsourcing also

promised increased guest satisfaction and better reviews at a time when tourists no longer viewed Airbnb-listed accommodation options as a niche offering for alternative travellers; they had raised their expectations and were starting to benchmark Airbnb-booked properties directly against hotel rooms (Mohlmann, 2015). Demand grew for full-service co-hosting providers (Sigala & Dolnicar, 2018); people or businesses who would effectively take on the entire hosting role. In response to this market need, a substantial number of full-service co-hosting services were established. In some instances by individual micro-entrepreneurs, in others by start-up companies or existing businesses already catering to tourism accommodation providers.

Entrepreneurship scholars have long sought to identify the complex factors that influence new business venture creation (Phan, 2004). Research has tended to follow three main themes: the outcomes of entrepreneurship, the drivers and causes of entrepreneurship, and the management of new entrepreneurial ventures (Stevenson & Jarillo, 1991). While Sigala (2018) identified entrepreneurs within the Airbnb ecosystem and analysed the services they offer, we know little about how, where, when, and why these new ventures emerge. To gain insights into these aspects, we conducted a detailed interview with a full-service provider micro-entrepreneur who built a co-hosting business. We report insights in the following sections.

Emergence of the new venture

Entrepreneurs exploit opportunities and assets in their environments to create sustainable advantage (Perks & Struwig, 2005). To compete effectively, micro-entrepreneurs need to consider the financial, strategic, structural, and organisational conditions that affect their businesses – aspects directly influenced by access to information and industry-specific knowledge. Peer-to-peer accommodation networks have characteristics that can be advantageous for micro-entrepreneurs, such as low barriers to entry (Forgacs & Dolnicar 2018). In addition, they may provide opportunities for low-skilled workers, hospitality graduates, or individuals whose life circumstances are not conducive to structured employment, as in the case of the micro-entrepreneur we interviewed, whose co-hosting business idea emerged when his health forced him to take time off from regular employment:

> *"I took a year off work… for health reasons and… [my neighbour] was really into Airbnb. She said, "Hey, you'd be really good at this"…. I never thought upfront, "Hey, this is what I want to do as a business." It just happened… and then it has evolved."*

His background in hospitality was an asset:

> *"I've got a 10-year background in high-end hospitality… organising people and getting projects, communication and emails. So that background fits into doing this [business] because it's really about hospitality, making sure everything is perfect."*

The co-hosting business grew through referrals as well as through a feature on the Airbnb website that helped match hosts and co-hosts (Janna, 2017). This feature is no longer available, possibly because of Airbnb's ambitions to expand its services in this area. Airbnb acquired Luckey Homes in 2018 (Stevens, 2018), an established full-service co-hosting service provider (Airbnb, 2020a). The entrepreneur we interviewed leveraged knowledge of Airbnb's co-host community to grow his business, with advertising channels evolving with the growth:

> *"I advertised myself as a co-host so people could go onto Airbnb [website] and would come up with a theme saying, "No time to host your property or you're running short on time, search for a co-host." Then I would search in a… 10 km radius around where I live, and if*

> *they fell into the same bucket, then I would get their request looking for a co-host… I've now launched my website, Facebook, Google advertising."*

For micro-entrepreneurs in peer-to-peer networks, building an image of trust and developing a reputation are essential. Our entrepreneur stated:

> *"Reviews are important; it's what people look at. They look at the photos, they look at the location, the price. Photos are number one, and then reviews."*

Given the importance of reviews, business processes are set up to generate more reviews. Trust reduces risk and is central to entrepreneurship (Welter, 2012). Establishing trust through the Airbnb review platform is therefore key to growing the business:

> *"I do one-night minimum stays, not two-night minimum stays because I want turnover. I want reviews… I'm directing people to look at my Airbnb profile and read the reviews. I don't want to have it all come from my mouth. I want [people to know] what my guests are saying."*

Full-service co-hosts manage the whole enterprise. In this model, Airbnb hosts outsource services to an external agency that retains a percentage of the rental income. The micro-entrepreneur develops contracts and payment schedules, prepares the space for rental (e.g. buys furniture and bedlinen, provides advice on how to position and manage a property, markets the property), performs property maintenance, and troubleshoots for guests. Skills and capabilities identified as necessary for business growth include self-development skills, networking skills, relationship marketing, time management, negotiation, and general business skills (e.g. technology, record keeping) (Perks & Struwig, 2005).

Airbnb saw the benefits of encouraging co-hosting some time ago. In 2016, Airbnb introduced its co-hosting function on Airbnb.com, enabling someone other than the owner or long-term tenant of the listed property to take over all hosting work on their behalf (Kokalitcheva, 2016). Co-hosting had the potential to boost the further growth of Airbnb, as it facilitated the entrance of *capitalist* hosts with neither the time nor interest in personally engaging in hosting. Airbnb defines co-hosting as follows: "*Co-hosts help listing owners take care of their home and guests. A co-host is someone the listing owner already knows. They are usually a family member, neighbour, trusted friend, or someone the host has hired to help with the listing. Hosts and co-hosts agree on who's responsible for what, how much of the reservation income will go to the co-host, and how the co-host will be reimbursed for expenses"* (Airbnb, 2020b).

Both hosts and co-hosts offer employment to other service providers, most commonly cleaners, who are engaged on a casual basis. In contrast to managers in many traditional organisations, managers in the gig economy oversee individuals who are not technically on staff (Forgacs & Dolnicar, 2018):

> *"When I need cleaners there's no shortage. I'll put an ad on Facebook… It doesn't matter if they've had a huge amount of cleaning experience… They have to have a car, and a [work permit]. I don't pay them holiday pay or sick leave… they invoice me every week for the jobs that they've done. So they're independent contractors essentially that work for me directly."*

Communication with guests is a major part of the co-hosting role. Communication in peer-to-peer accommodation is not limited to the booking process. Rather it can start with a booking enquiry and continue until well after the time of the short-term rental taking place, especially in case of a complaint. Typically, however, communication before check-in is the most labour intensive for the co-hosts, as the following description by the entrepreneur we interviewed illustrates:

> *"Messaging… goes on between myself and the guest from the initial booking to three days*

> *before they arrive. They get the check-in instructions, I do a welcome pack… [including] everything from local cafes, bars, restaurants, walking maps, and [transportation cards]. [Upon checkout, guests] get a message saying, "Thanks for staying. Please leave me a review"."*

Technology enables flexibility for both host and guest, as well as coordination with other service providers. Parts of the experience are digitised – communicating with hosts and guests, providing information on the accommodation procedures, and managing ancillary services. Digitisation serves as a trading platform for both peer-to-peer networks and service providers (Wong, 2012). Our entrepreneur used his localised knowledge to offer personalisation to the local community with geographic granularity and customisation for both hosts and guests. New technological platforms allow entrepreneurs to provide efficient service to clientele while having more time to focus on acquiring new business and other essential management activities:

> *"I was doing the messaging myself. Then I started using an automated service that sends customised templated messages to guests… The automation part has been a life changer... For me it's about getting out there and meeting new clients and keeping the same level of standard."*

Competition is a central force in strategic positioning (Hussain & Yaqub, 2010). The services provided by micro-entrepreneurs and the way they manage properties differ from competitors such as hotels and other property management companies:

> *"I don't want it to be a hotel… So I specifically change my linen so that it's not white. I put in colour by doing covers and matching pillow slips to make my brand different than a hotel."*

Other Airbnb full-service co-hosting services use hotel-quality linen as a point of distinction, but this practice incurs higher costs for cleaning which get passed along to the guest. Another distinct difference between typical commercial co-hosting services and the micro-entrepreneur we interviewed is that he does not force hosts to enter a long-term contract. This offers another key point of distinction, potentially giving micro-entrepreneurs a competitive advantage:

> *"There's no commitment [in my contract], which is another thing the other management companies want, 12 months contracts."*

To make sure the business stays favourably differentiated from competitors, micro-entrepreneur co-hosts have to maintain knowledge of the landscape and new entrants to the market:

> *"Any new players that I see come on the scene… I get their full prices so that I can compare, to keep in touch with what others are doing. I know that my service is way above what others provide and I provide it at a more affordable cost."*

Micro-entrepreneur co-hosts also consider how they can replicate their models and grow their businesses:

> *"Now I've expanded [to] website, Facebook, promotions, advertising… I want to build it slowly so that it continues to maintain the same standard, and then just replicate that formula that I started with."* As the business grows, the entrepreneur must delegate responsibility to others, and this relinquishing of control can be stressful: *"Managing stuff, relying on others to do exactly what the formula is… can be stressful."*

The main challenges micro-entrepreneur co-hosts report are environmental uncertainty and access to

financial capital to scale their businesses (Hussain & Yaqub, 2010). The co-host micro-entrepreneur we interviewed is trying to build his systems to ensure the business can be easily scaled.

Interestingly – while Forgacs and Dolnicar (2018) suggest that entrepreneurial ventures provide flexibility and freedom – our example suggests otherwise. Our co-hosting micro-entrepreneur compared his job to conventional property management:

> *"This is not a job, this is a life. It's constant, it doesn't turn off. Taking time off is next to impossible. I work 100% of the time. Even if I go away it's constant messaging. Property managers work 9:00 to 5:00. They turn off. They'll manage the next day or whenever they get around to it. I don't turn off. What I do is really hospitality. There's no way that anyone can step away from managing Airbnb unless they give it to someone else."*

However, he saw this life as a short-term sacrifice for a long-term goal:

> *"I don't want to ever go back to sitting in a 9:00 to 5:00 office job."*

Hosting and co-hosting on Airbnb during COVID-19

COVID-19 caused unprecedented disruption to the global tourism industry. Airbnb was significantly affected. From January to September 2020, Airbnb made USD $2.5 billion in revenue, resulting in a loss of USD $696.9 million. Revenue dropped by 32% compared to the first nine months of 2019 (Sonnemaker & Rapier, 2020). As a result, Airbnb had to let go of a quarter of its workforce and raise emergency funding of around USD $2 billion. Revenue has increased slightly in the third quarter, but – given the second and third waves of the COVID-19 pandemic experienced in many countries around the world – Airbnb predicts even more substantial losses for the end of 2020 compared to the last few months of 2019 (Sonnemaker & Rapier, 2020).

Interestingly, most reporting in relation to Airbnb in the context of COVID-19 focuses on the demand side; the drop in bookings. Airbnb hosts – the supply side – are rarely discussed. Yet, Airbnb cannot operate its business without them. In the early days of the pandemic, Airbnb hosts and co-hosts – spoiled by high returns and the prospect of the ever-increasing growth of the Airbnb market – watched in disbelief as their bookings were cancelled, one after the other. One host reports:

> *"It's meant that hundreds of bookings were being cancelled. I haven't even calculated the number of them at the moment, but for example we had a full week of arrivals this week, and now tomorrow there's no one coming."* (cited in: Ham, 2020)

Quickly, hosts and co-hosts developed creative ways to continue operating, including setting up their properties to cater to the self-isolation market (Ham, 2020). As the pandemic continued, it became clear to many hosts and co-hosts – especially *capitalist* hosts who viewed their properties as an investment – that they were unable to continue paying all their expenses without earning any income. In 2020, IPX 1031 surveyed US-based Airbnb hosts (results reported in Lane, 2020), concluding that: hosts expected a 44% drop in revenue between June and August 2020, despite having dropped their prices, on average, by up to $90 a night. Of the surveyed hosts, 47% had safety concerns about renting out their properties, and 45% stated that they would not be able to pay expenses if COVID-19 restrictions last until the end of 2020. At the time of the survey, 16% of the surveyed hosts reported having arranged for a delay in mortgage payments with their bank or having missed a payment. As a result of the devastating impact COVID-19 has had on hosting activities, 41% of the surveyed hosts had to take up another job, and 47% modified their offering to cater to the changed market demand for accommodation. One third of the US-based Airbnb hosts surveyed in the IPX

1031 study participated in Airbnb's space donation initiative (Hajibaba & Dolnicar, 2018; Zare & Dolnicar, 2021) by making space available to medical staff for free or at a reduced price (IPX 1031, cited in Lane, 2020).

The financial pressure for many Airbnb hosts and co-hosts was so great that they chose to (temporarily) exit the short-term rental market or move from the short-term to the long-term rental market (Lane, 2020; Dolnicar & Zare, 2020; Knezevic Cvelbar, Vavpotic & Dolnicar, 2021).

We surveyed Airbnb hosts in Canada, the UK, the US, New Zealand and Australia in January 2021, at a time when vaccines were being rolled out globally but most nations around the world were struggling to contain second and third waves of the pandemic, aggravated by faster-spreading mutations of the virus.

At the time of this survey, 35% of hosts reported they were experiencing trouble paying their bills, including mortgage repayments. Due to COVID-19, 51% of hosts indicated they were reducing their number of listings, with 9% increasing listings and 40% making no change to their number of listings. In terms of bookings, a vast majority (88%) of hosts reported that their bookings had decreased due to COVID-19, while a minority of 5% found their bookings had increased, 2% did not notice a change and 7% found it was different for different properties. For spaces no longer listed, 59% of hosts reported no longer renting these spaces out until the situation is stable again, while 21% report moving to the long-term rental market temporarily, 14% moving to the rental market indefinitely and 7% even selling their properties.

When considering the impact of COVID-19, hosts were asked to what degree they noticed a change to their cleaning protocols and time/money spent managing and cleaning the property (see Figure 5.2). Hosts widely reported changes to their cleaning protocols, which in turn likely led to the stark increase in time/money spent cleaning. Over half of the hosts surveyed reported spending more time/money on managing their properties.

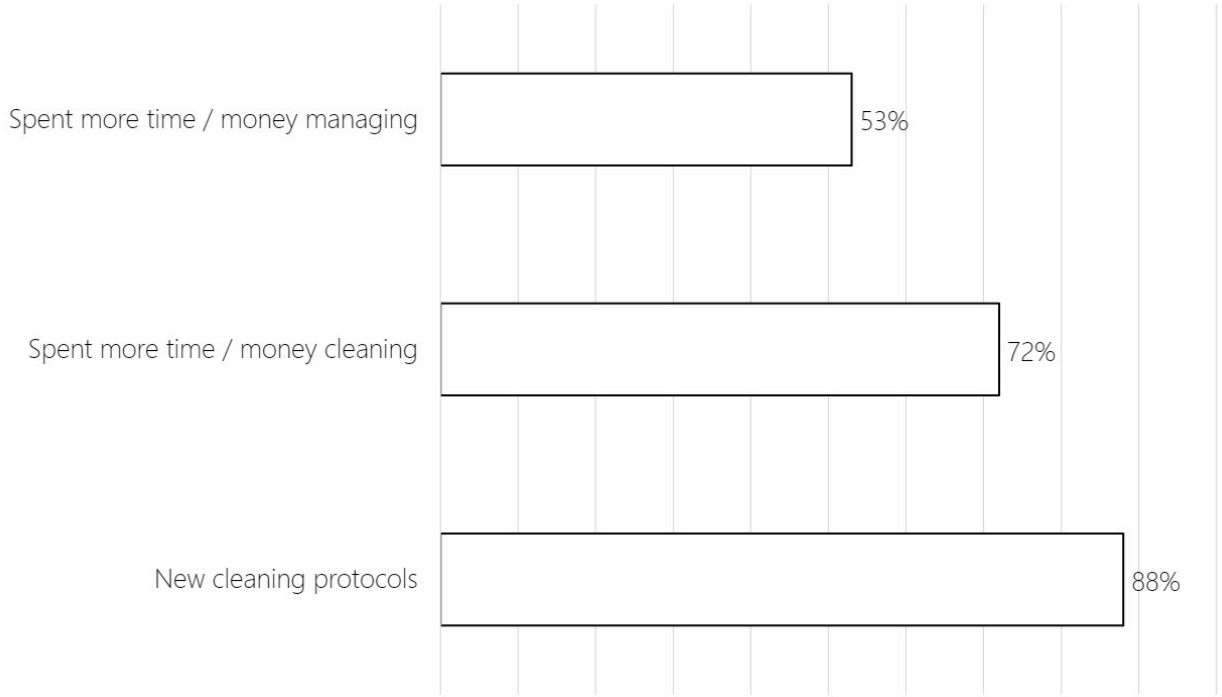

Figure 5.2: Changes to hosting due to COVID-19

Hosts were asked their opinion on the recent platform changes to Airbnb (see Figure 5.3).

Overwhelmingly, hosts seemed to tolerate changes to cleaning, guest photos and the introduced booking buffer. However, given the financial pressure COVID-19 has placed on their income through Airbnb, hosts reported feeling that the full refund policy associated with COVID-19 was a negative change.

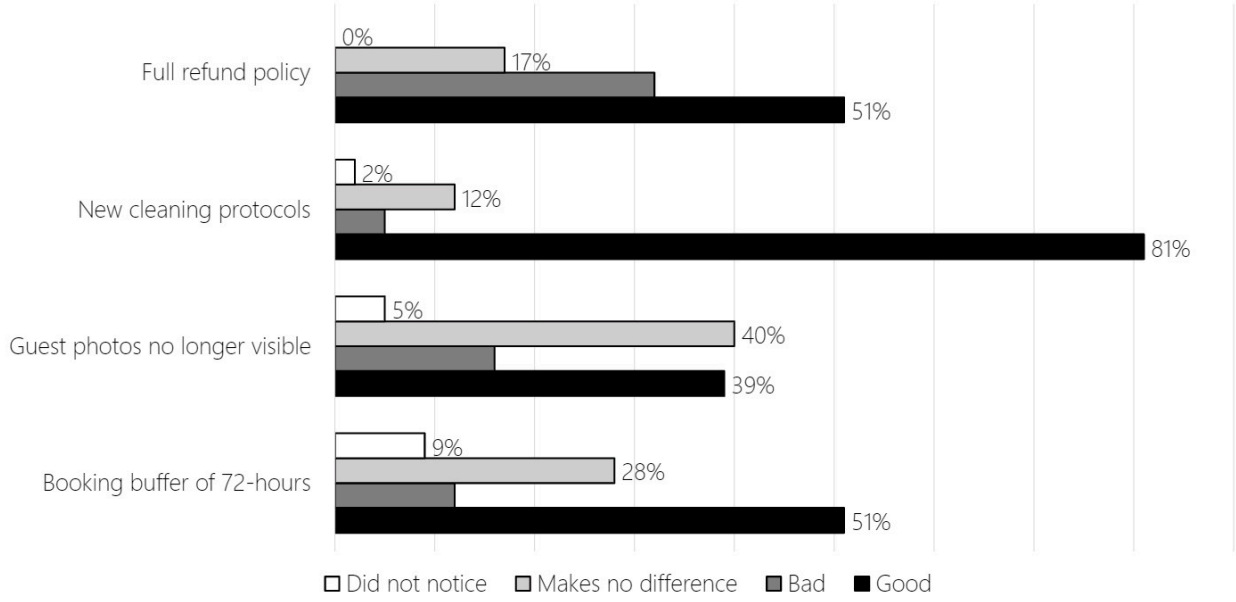

Figure 5.3. Hosts' impressions of Airbnb platform changes due to COVID-19

Hosts were asked if they had declined more booking requests since the onset of COVID-19, to which 42% responded that they had. Following this, hosts were asked if their reasons for declining bookings had changed since COVID-19, to which 18% also responded 'yes'. Hosts were asked to re-rank the importance of features when assessing booking requests. The main finding of this was that country of origin, which pre-COVID-19 was ranked as least important by 40% of people, now became the number one most important feature to 40% of hosts.

Ultimately, despite the ingenuity and resilience of many hosts, COVID-19 has had a huge impact on their ability to keep their properties and finances afloat. While the hosting experience has evolved to include the provision of accommodation to medical professionals and people in self-isolation, the overwhelming financial pressure associated with the pandemic has left many hosts struggling to pay their bills and therefore leaving peer-to-peer accommodation either temporarily or indefinitely.

Hosting and co-hosting on Airbnb after COVID-19

Interestingly, despite the effects of COVID-19-related restrictions on the trading of space, hosts generally remain positive about the future, expecting business to return quickly once COVID-19 is under control (Knezevic Cvelbar, Vavpotic & Dolnicar, 2021). In the middle of 2020, more than a third of the surveyed US-based hosts (37%) were expecting bookings to return in the US fall (Lane, 2020). Some hosts are even optimistic for a better future as a result of COVID-19. Hosts have expressed hopes of a return to a more 'hyperlocal' mode of travel, with an increase in bookings for rural hosts as guests seek out less populated areas to travel (Halpern, 2020). However, while some hosts may remain optimistic, a recent content analysis revealed widespread anxiety among peer-to-peer accommodation hosts – including Airbnb hosts specifically – related to the effects of COVID-19 and the unpredictable nature of the future (Hossain, 2021).

To gain insights into how Airbnb hosts assess the future of Airbnb after COVID-19, we included

a number of questions in our 2021 host survey which asked explicitly about host predictions for Airbnb. Specifically, we asked hosts whether they expect their income from peer-to-peer accommodation hosting to recover. Most hosts (74%) expect their income to recover; 16% do not. We asked those who expect their income to recover to estimate the timeframe in which they expect this to happen. Figure 5.3 shows the results: one third of the hosts participating in our survey study expect their income to bounce back within a few months, 45% expect it to take one year and 22% believe that recovery will take longer, expecting their income to return to pre-COVID-19 level in a few years.

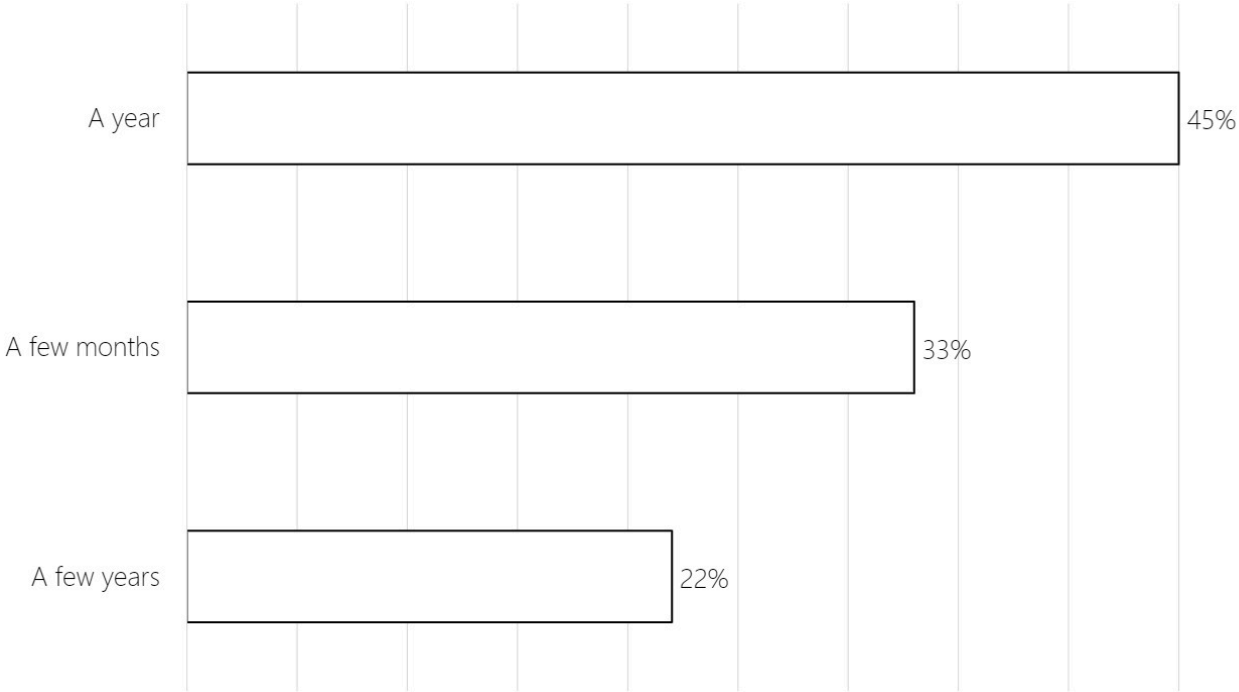

Figure 5.4: Airbnb hosts' predictions of when their income will recover from COVID-19

Co-hosts share a similar view. One co-hosting business offered the following assessment of the situation:

> *"It's been an undeniably rocky road but, 2021 has brought hope that the worldwide vaccination rollout will reopen air corridors and with better testing + hygiene protocols, travel will recommence. Travel, of course, won't be the same as it once was, but maybe that won't be a bad thing. Cities will be quieter, tourist overcrowding in places such as Bali or Venice will be less desirable, and the skies are cleaner… It's too early for long-term predictions, but when the first travellers return to the skies, they will find measures that have become commonplace adapted to flying: mandatory masks, reduced personal contact, enhanced sanitisation, temperature checks, and social distancing."*

Ultimately, it appears that – while the pandemic has been incredibly taxing on hosts, both financially and in causing anxiety for the future – hosts remain largely optimistic about their future with Airbnb.

Conclusions

Airbnb's beginning is one grounded in ingenuity, triggering a disruption of what came to be considered 'the new normal' in accommodation provision. Before the pandemic, hosts continued this theme of creativity, with *capitalist* hosts entering the market and the inception of entrepreneurial

pursuits such as co-hosting. However, Airbnb experienced its own disruption with the emergence of COVID-19, its own 'normal' being thrown out the window. Airbnb hosts and co-hosts, with arguably the most to lose, faced severe challenges. Many hosts and co-hosts stayed true to the beginnings of Airbnb and found new ways to provide peer-to-peer accommodation during the pandemic. Despite these efforts, some hosts have reported significant financial pressure and anxiety about what the future holds for them in a post-COVID-19 world. Overall, however, while the future of Airbnb hosts remains uncertain, hosts and co-hosts generally report optimism for the eventual recovery of their finances, the majority predicting recovery as soon as within a year.

The co-host entrepreneur we interviewed before COVID-19 gave reason for optimism:

> *"My company was strengthened by the disruption of Covid-19. Following mass cancellations in March 2020, we experienced mass bookings for guests for all types of reasons (a common one, was they were stuck & needed long term, immediate accommodation with all utilities included). The result was longer term stays with our average length of stay doubling, from 3 nights to 6. As occupancy was high, demand was also high… so prices were pushed up to 200% of previous year/s. During the longer stays, it gave us time to regroup, re-examine processes, procedures & make positive changes. We are now a bigger, stronger company with streamlined processes to enable us to continue to expand, from a position of strength."*

When asked what the future held for them, they replied:

> *"COVID made our company stronger. We experienced steady growth of new properties throughout 2020. 2021 will continue to see further growth, higher occupancy, longer length of stay + higher prices than ever before. Once international travel begins to reopen, I envisage that Australia's tourism market will go through an unprecedented boom!"*

Acknowledgements

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6.

Resident satisfaction with the growth of Airbnb in Ljubljana – before, during and after COVID-19

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Ljubljana is an interesting case for investigating the evaluation of the impacts of Airbnb on an increasingly popular city tourist destination. Ljubljana is unique in that it does not have a strong history of the economy relying on tourism income. Consequently, as interest among tourists to visit Ljubljana grew, the city faced serious accommodation shortages. Peer-to-peer accommodation, at that time, represented a quick solution, allowing the tourism industry to grow and increase its contribution to GDP. The peer-to-peer accommodation boom came quickly, faster than the government was able to put in place regulation to safeguard from negative externalities (such as those that have affected other cities around the world). As a result, locals experienced higher rental and property prices. They had increasing difficulty finding long-term rentals, especially in the city centre, which had transformed into a tourist zone. COVID-19 disrupted this development, forcing property owners back into the safety of the long-term rental market, and giving the government a unique opportunity to develop and introduce regulation to protect the residents of Ljubljana from the negative externalities accompanying peer-to-peer accommodation for when leisure tourism resumes post-pandemic.

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One or more interactive elements has been excluded from this version of the text. You can view them online here: https://uq.pressbooks.pub/airbnb-978-1-74272-321-1/?p=41#oembed-1

Tourism development in Ljubljana

Ljubljana is the capital of Slovenia, a small country located in eastern Central Europe bordering Austria, Hungary, Croatia and Italy. Ljubljana has experienced a significant transformation as a city and tourism destination over the past decade; it developed from being a relatively small, unknown city to an award-winning European city destination, and experienced substantial growth in tourism demand. Ljubljana has always been committed to developing in an environmentally sustainable way (European Commission, 2016). As a possible consequence of this long-term strategy, it was awarded the Green EU Capital Award in 2016 (European Commission, 2016). In the last few years, Ljubljana has been named as one of the top ten most sustainable destinations in the world (Green Destinations, 2020) and has received many awards for tourism development, including: winner of the Sustainable Tourism Award in the European Capital of Smart Tourism 2019 competition (European Capital of Smart Tourism Initiative, 2020); winner of the European Union Cultural Heritage award in 2018 (Europa Nostra, 2018); and winner of the Best of Cities sustainable tourism award at ITB Berlin 2019 (Green Destinations, 2020).

Tourism demand grew significantly in Ljubljana between 2014 and 2018, with an average annual increase of 17% in overnight stays and 13% in arrivals (Statistical Office of the Republic of Slovenia, 2019a). This substantial increase in demand is mostly the result of improved destination management, targeted promotion in international markets, and an overall increase in international tourism demand. In 2014, tourist arrivals to Ljubljana reached 621,994 with 1.17 million overnight stays. In 2018, 1.02 million arrivals led to 2.18 million overnight stays (Statistical Office of the Republic of Slovenia, 2019a, see Figure 6.1) In only four years, the number of tourists in Ljubljana almost doubled.

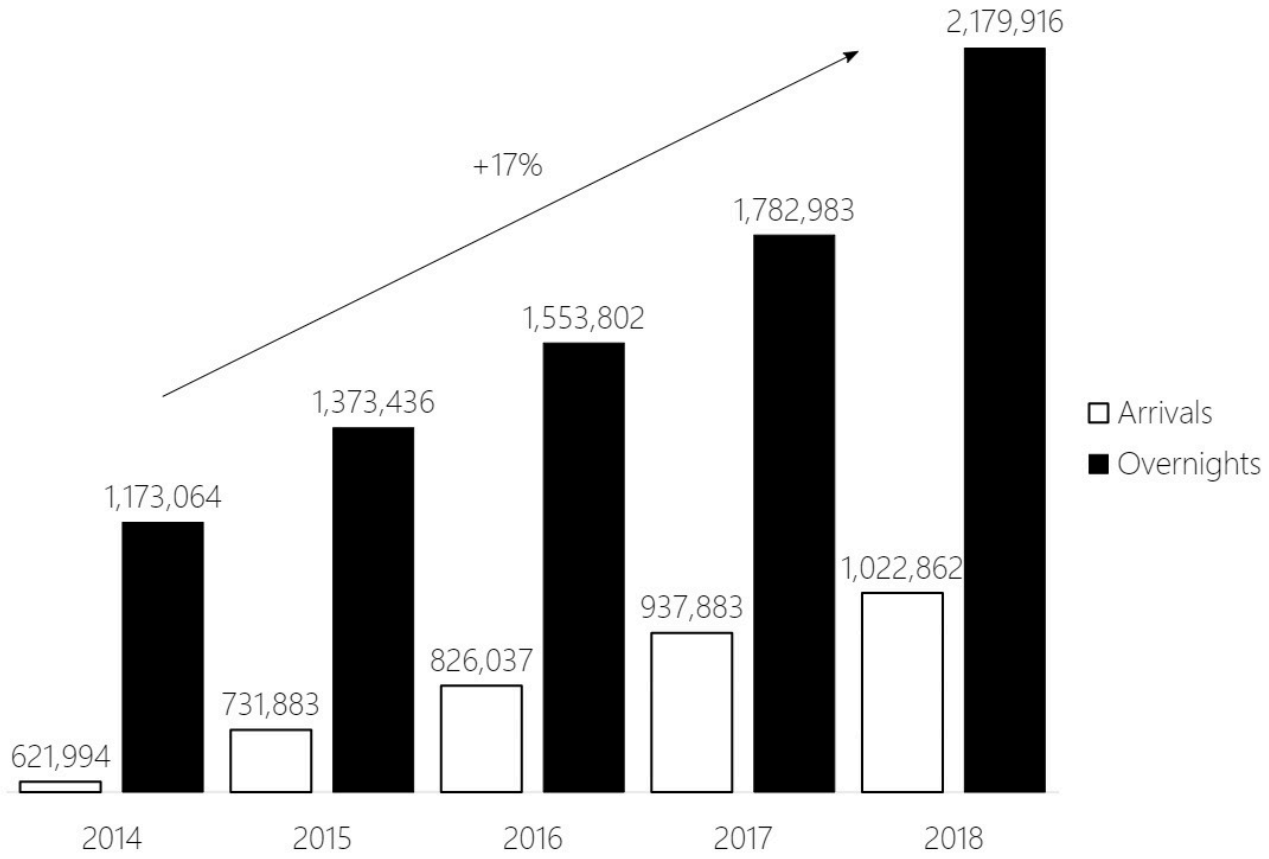

Figure 6.1: Number of arrivals and overnight stays in Ljubljana (Source: Statistical Office of the Republic of Slovenia, 2019a)

Traditionally, Ljubljana was a business travel destination, but over the past few years its market share in the leisure market has been increasing, mostly as a consequence of promotional activities positioning Ljubljana as an innovative, lively, vivid, and year-round sustainable destination. Foreign visitors represented some 95% of total overnight stays between 2014 and 2018 (Statistical Office of the Republic of Slovenia, 2019a), with key international source countries being Italy, Germany, the United States, the United Kingdom and Asian countries. Those markets combined account for 36.7% of all overnight stays in Ljubljana (Statistical Office of the Republic of Slovenia, 2019a).

COVID-19 forced tourism in Ljubljana into total hibernation, similar to many other city destinations around the globe. The number of foreign tourists dropped dramatically, and the market structure changed overnight. Current forecasts predict that the number of tourists and overnight stays will drop by 60-70% in 2020 compared to 2019 (Tourism Board Ljubljana, 2020). Any remaining tourism demand after the implementation of travel restrictions was domestic or regional. This created a unique situation never experienced before in Ljubljana's history, shifting the public debate from how to deal with too many tourists, to how to ensure the tourism industry survives. This chapter investigates residents' attitudes towards tourism development – in particular the development of peer-to-peer accommodation in Ljubljana with a focus on Airbnb – in the context of the evolution from a pre-pandemic context when demand outstripped accommodation supply, to 2020, a year that has been characterised by empty beds.

The accommodation market in Ljubljana

Historically, the tourism accommodation market in Ljubljana was dominated by hotels, with a market share of 59% of available beds in 2013 (Statistical Office of the Republic of Slovenia, 2014). By 2018 this share had dropped to 54% because the number of private accommodation providers had increased substantially – from 35% in 2013 to 41% in 2017 (Statistical Office of the Republic of Slovenia, 2018). In 2019, Ljubljana had 37 hotels supplying a total of 5,576 beds in 2,774 rooms. Most hotels fall in the four-star category (61%), followed by three-star hotels (30%). Only one hotel in Ljubljana is rated as five-star. Most of the hotels in Ljubljana are not part of a hotel chain; rather, they represent independent, non-branded hotels.

The extensive growth in private accommodation started in 2013, fuelled by local residents seeking to benefit from the opportunity to invest in real estate and repay their mortgages by renting their properties out to tourists on the short-term accommodation market. From 2013 to 2019, locals were able to run such micro-entrepreneurial endeavours very successfully, earning an average of EUR 7,400 in 2019 (AirDNA, 2019), almost double what they could have earned on the long-term rental market. Official statistics failed to capture the additional supply of beds because many locals chose not to declare their short-term rental activities. Figure 6.2 illustrates the high discrepancy between the number of beds in private accommodation reported by the official statistics provided by the Statistical Office of Republic of Slovenia and the number of beds listed on Airbnb according to AirDNA. In 2018, some 2,038 beds on Airbnb were not registered (AirDNA, 2019; Statistical Office of the Republic of Slovenia, 2019b). There is an even higher discrepancy if we compare data from AirDNA and the Financial Office of the Republic of Slovenia (AirDNA, 2019; Financial Office of the Republic of Slovenia, 2019): approximately 80% of the properties rented on Airbnb are not registered and do not pay taxes from their commercial activities.

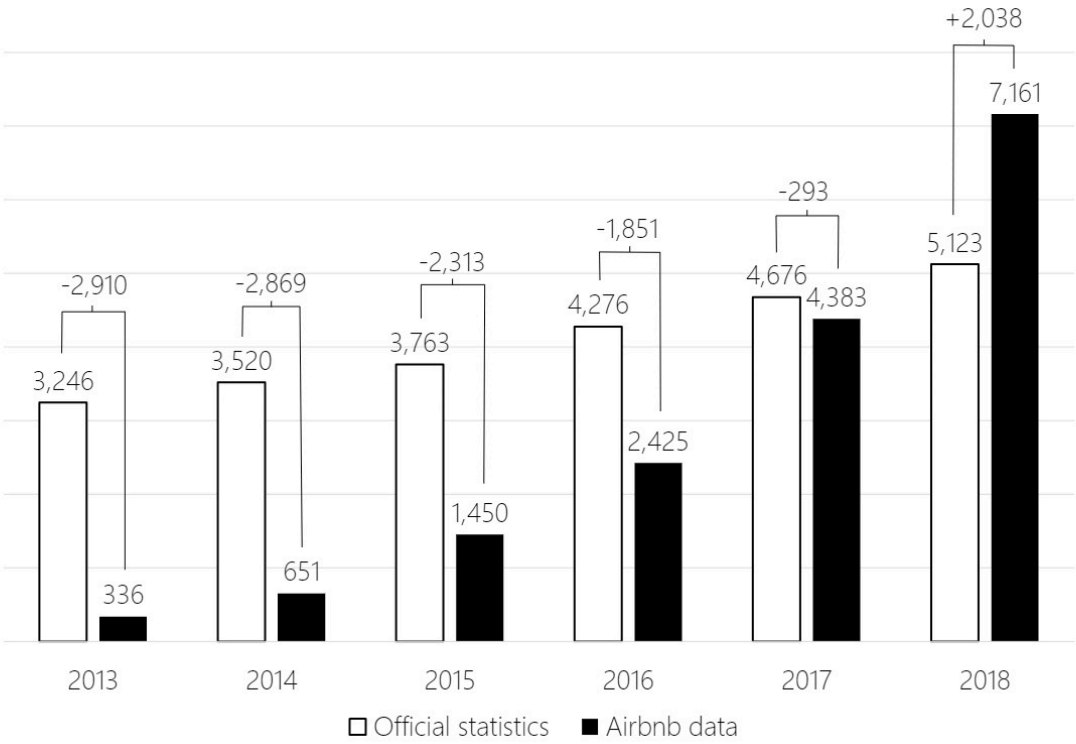

Figure 6.2: The number of beds in private accommodation: Official statistics versus Airbnb data in the period 2013 – 2018 (sources: Statistical Office of the Republic of Slovenia, 2019b; AirDNA, 2019)

It appears that there were not many private accommodation properties listed on Airbnb in 2013.

Yet, a private accommodation market existed in 2013. The official statistics recorded 3,246 beds in private accommodation in Ljubljana (Statistical Office of the Republic of Slovenia, 2014). AirDNA data suggests that the biggest jump in beds and rooms listed on Airbnb occurred after 2016: the number of beds and rooms offered in Ljubljana on the Airbnb online platform almost tripled between 2016 and 2018 (AirDNA, 2019). Based on AirDNA statistics, the compound annual growth rate of the number of beds between 2013 and 2018 was 84% per annum. This is an unsustainable growth rate over a five-year period, as it burdens the social environment as well as environmental and economic sustainability.

Unsurprisingly, therefore, local media interest increased sharply in 2016 as the public took notice of the rapid expansion of the private tourism accommodation network across the city. A closer inspection of 34 publications in local media outlets suggests that, until 2019, the focus of reporting was the positive developments of tourism in Ljubljana. In 2019, the number of negative media reports relating to tourism development increased substantially (9 out of 33 publications). Public sentiment had shifted. The most discussed aspects include over-crowding in Ljubljana's city centre, real estate price increases, a shortage of long-term accommodation, price increases in restaurants and bars, and a shortage of parking spaces. Many of these concerns directly relate to the growth in Airbnb listings. The benefits of the increase in tourist accommodation were not as widely discussed. Those benefitting from additional income from hosting were satisfied, while other residents were upset about the negative consequences of the rise of Airbnb in their city.

Figure 6.3 illustrates this using parking spaces as an example. As shown, most Airbnb listings in Ljubljana in 2019 were apartments (most of them one or two-bedroom apartments). Two thirds of those apartments included a dedicated parking spot assigned to the apartment.

Ljubljana residents cited the lack of parking and the high price of parking as negative outcomes of tourism. Looking at the data from Airbnb, most apartments listed offered parking. A more detailed inspection reveals that accommodation offerings in Ljubljana listed on Airbnb frequently recommended that tourists use the public parking near the property, placing substantial pressure on public infrastructure and leaving locals without parking spaces in front of their residences. The sudden competition for parking spaces – along with noise complaints and people feeling unsafe in apartment blocks where the neighbours were changing on a regular basis and had no attachment to the building or even the city – caused significant dissatisfaction among residents.

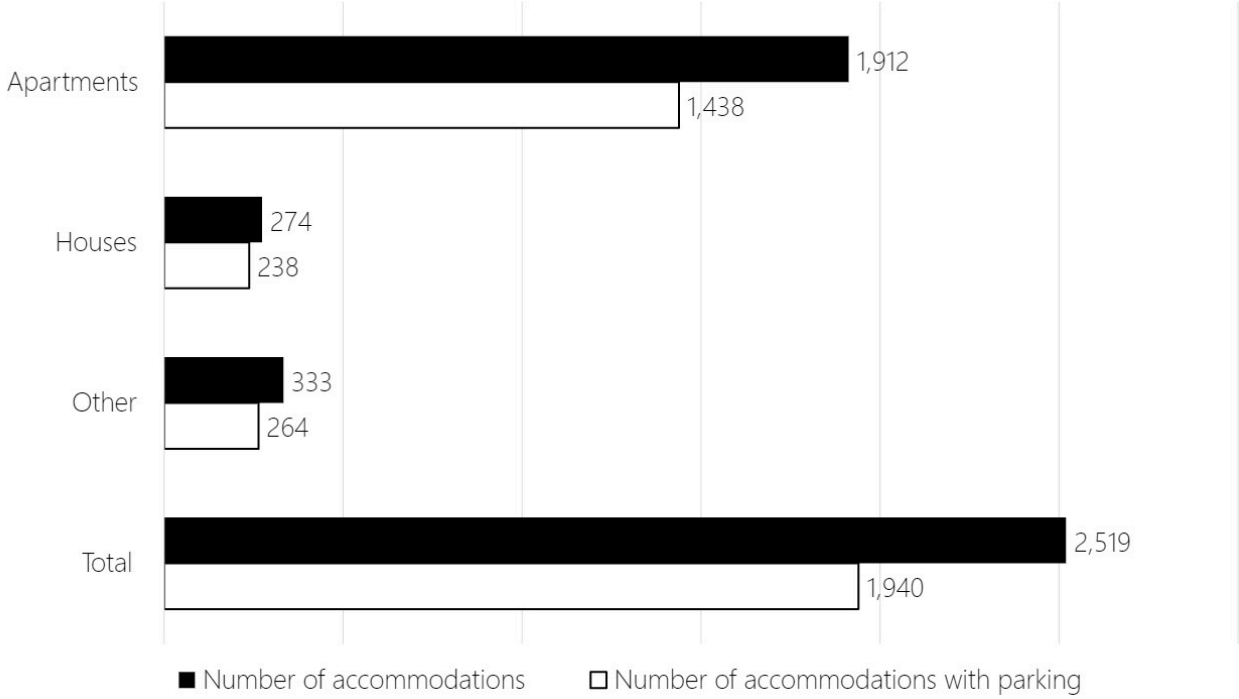

Figure 6.3: Types of properties listed on Airbnb in Ljubljana in 2019 (source: AirDNA, 2019)

In 2017, the local government became concerned about the expansion of peer-to-peer accommodation in Ljubljana. Short-term and long-term renting activity was regulated at the national level, enabling property owners to rent out their properties unnoticed and without official registration. This is in contrast to most other countries around the world that have faced challenges as a consequence of short-term accommodation being provided to tourists by ordinary residents (von Briel & Dolnicar, 2020). The second problem was taxation. A further problem was rigid real estate legislation that does not allow the inspection of private property without a court order. An association of hotel owners in Ljubljana openly communicated their dissatisfaction, arguing unfair competition. Private property owners were paying substantially lower taxes than hotels (or paying no taxes at all), enabling these short-term accommodation providers to charge lower prices, thus giving them a competitive advantage. The second concern raised by the association of hotel owners was the low quality service provision of private hosts, reflecting poorly on the destination as a whole.

Meanwhile, the structure of peer-to-peer accommodation in Ljubljana was changing – it was developing to become more professional. In 2019, hosts listing more than six properties (offering between 12 and 15 beds in total – a number comparable to a small hotel) represented 36% of Airbnb listings (AirDNA, 2019). Short-term rental micro-entrepreneurship had developed from residents making spare rooms in their houses available for tourists (the *Befrienders* and *Ethicists* among hosts, Hardy & Dolnicar, 2018; Fairley et al., 2021) to a business opportunity for *Capitalist* hosts driven entirely by Airbnb's revenue-generating potential.

Figure 6.4 illustrates the geographical distribution of properties listed on Airbnb in Ljubljana from 2011 to 2019. The area within the purple boundary line is the city of Ljubljana, with the downtown area located at its centre. Only a few properties were listed on Airbnb in 2011, with a slight increase in 2014. In 2017, supply skyrocketed, spreading in distribution across the entire city area. 2019 was characterised by a very high concentration of listings in the city centre. This was perceived as unsustainable tourism development and local authorities communicated clearly that restrictions would be imposed.

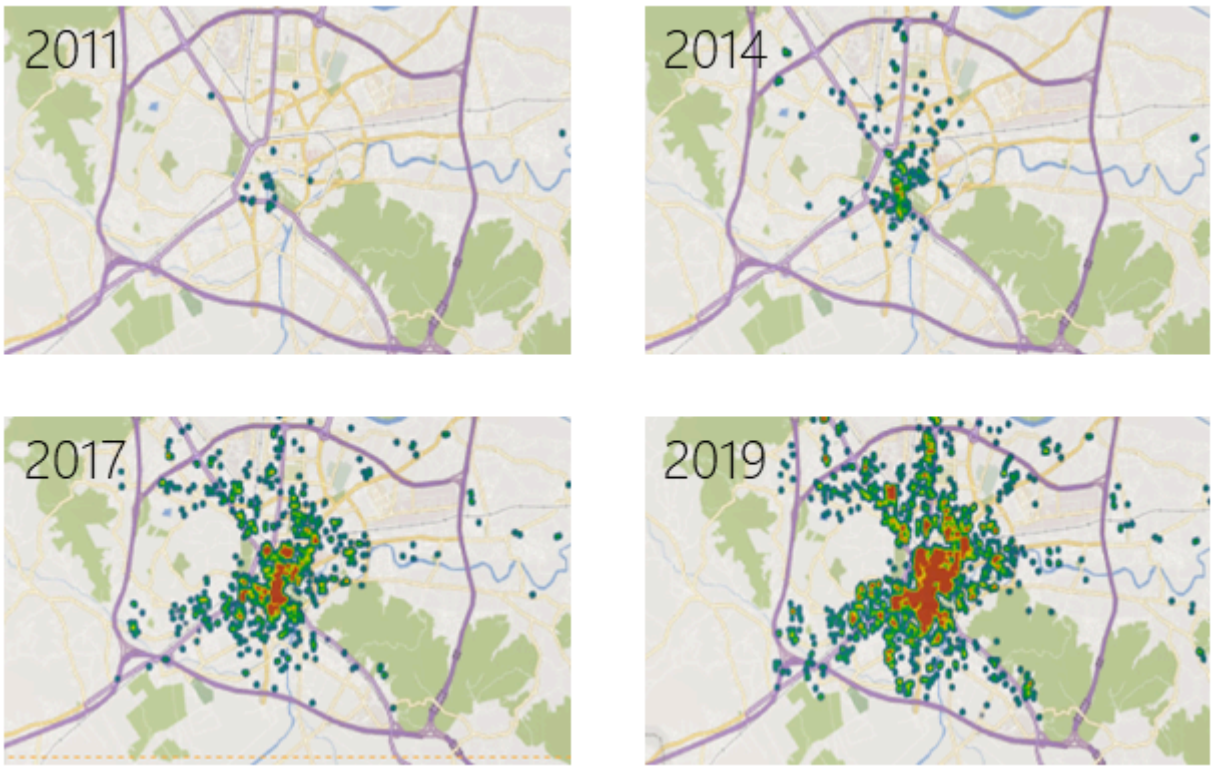

Figure 6.4: Geolocation of Airbnb listings in Ljubljana from 2011 to 2019 (Source: AirDNA, 2019)

In 2020, shortly before the COVID-19 pandemic, Slovenia was in the process of passing a national law on the regulation of short-term rentals for tourists. The envisaged regulation was strict, and controversial given the proposed requirement for hosts to have the approval of their neighbours before being permitted to offer their property on the short-term rental market (Ministry of Economic Development and Technology, 2019). This requirement would have been among the most restrictive in the world (Hajibaba & Dolnicar, 2019; von Briel & Dolnicar, 2020) surpassed only by the total bans temporarily imposed by some cities. While increased short-term tourist rental activity did negatively affect residents – especially those living in apartment complexes where properties were rented to tourists – introducing legislation that was too restrictive would have also had disadvantages. In a highly restrictive environment, propriety owners may try to avoid registering their properties, instead continuing to rent them out without registration. Monitoring unregistered owners is challenging because inspectors cannot enter a property without the consent of the owner or a court order. These complications open a loophole for delinquent property owners to continue their unregistered business without needing to worry about being penalised.Figure 6.4: Geolocation of Airbnb listings in Ljubljana from 2011 to 2019 (Source: AirDNA, 2019)

Under the proposed regulatory framework (Ministry of Economic Development and Technology, 2020), a maximum number of days per year for renting out properties was put forward – a very common regulatory measure around the world (von Briel & Dolnicar, 2021) In addition, the displaying of registration numbers on the online platform on which the accommodation is listed, such as Airbnb.com, was proposed as a requirement. This is only possible in collaboration with the facilitators of trading platforms and has proven difficult to implement in some cities. In Milan (Italy), for example, property owners are obliged to disclose their registration number on their listing. A

random check of 50 listings suggests that many hosts ignore this requirement; more than half of the 50 listings on Airbnb.com did not display a registration number.

While the government was working on legislation, and the Slovenian public was debating the issue of ordinary residents rather than licensed commercial providers letting short-term accommodation to tourists, real estate development projects emerged in Ljubljana. According to an interview with a director of the Tourism Board Ljubljana, entire apartment complexes were built for real estate investors planning to rent out the properties on the short-term market to tourists.

Resident satisfaction before COVID-19

Due to the substantial tourism growth Ljubljana had experienced, Tourism Ljubljana – the city's destination marketing organisation – was concerned about resident satisfaction with tourism development. From 2016 onward, Tourism Ljubljana regularly measured resident satisfaction with tourism development (Tourism Board Ljubljana, 2016; 2017; 2018). Figure 6.5 shows responses for 2016, 2017 and 2018. The underlying survey study was conducted over these three years only. Overall resident satisfaction with tourism development slightly dropped over the timeframe of the study. Residents expressed dissatisfaction with their involvement in tourism development, and failed to see how the community as a whole or they specifically could benefit from extensive tourism development.

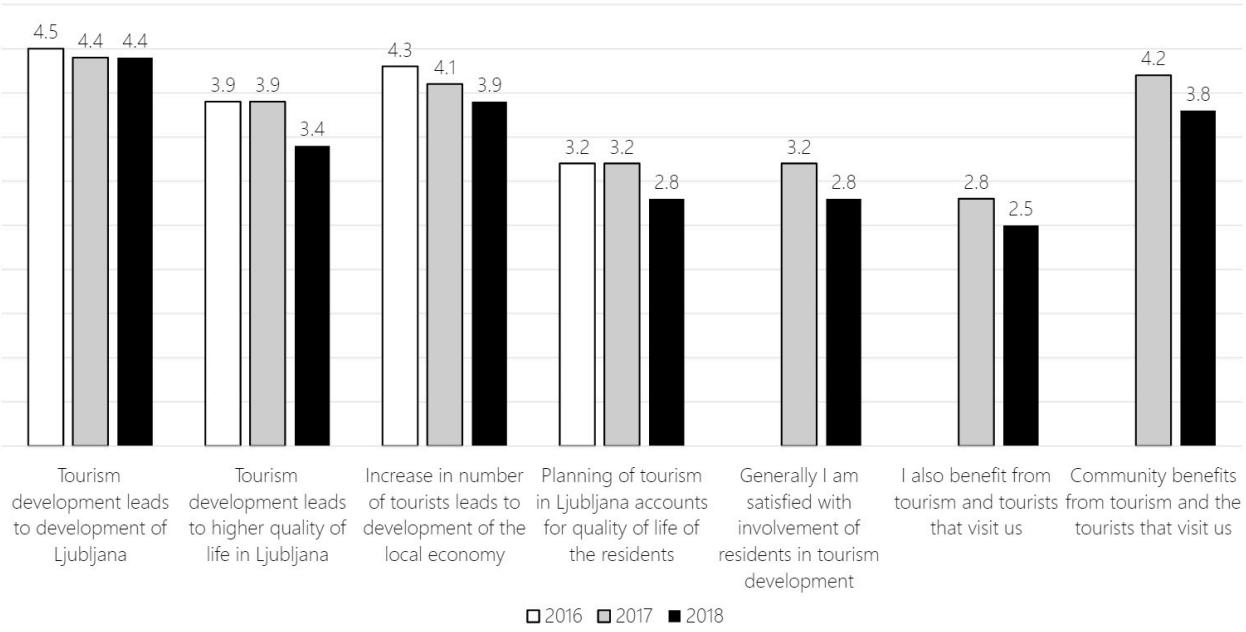

Figure 6.5: Resident satisfaction with tourism development (source: Tourism Board Ljubljana, 2016; 2017; 2018)

Ljubljana residents were also asked about their perception of the negative impacts tourism development has had on their lives. The main impact residents raised is that life in Ljubljana has become more expensive because of increased tourism activity. Although no explicit question was asked about peer-to-peer accommodation and its impacts on the local community, locals reported rising real estate prices and prices in bars and restaurants as drivers of dissatisfaction (Figure 6.6).

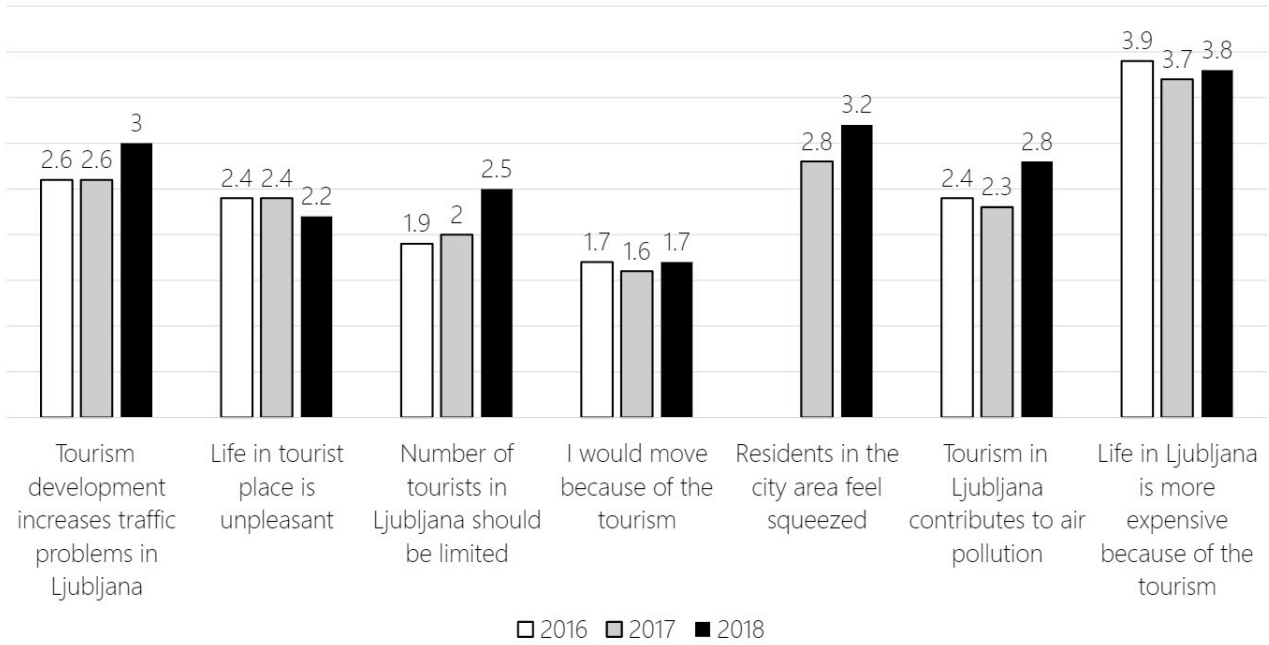

Figure 6.6: Perceptions of negative impacts of tourism by residents (Scale: 1 – do not agree at all; 5 – totally agree. Source: Tourism Board Ljubljana, 2016, 2017, 2018)

Tourism development and the fast growth of tourist numbers were putting pressure on the local environment. The number of tourists in Ljubljana almost doubled over a five-year period. Existing accommodation capacity was insufficient to cater to this growing demand. Therefore, new approaches to accommodation provision started to evolve, including an increased uptake of peer-to-peer accommodation. Peer-to-peer accommodation offered a quick solution to accommodation shortages (Knezevic Cvelbar & Dolnicar, 2018), but created new challenges for the city. Renting out a spare bed became a lucrative business. Many locals saw an opportunity to earn additional income without much work and without the need for major investment. Government regulation was not keeping up with market development, consequently, income from short-term bed renting was effectively tax free. Interest in the market quickly increased, and many residential areas in the city centre developed into short-term rental hotspots. Soon, the increase in short-term rentals started putting pressure on the long-term rental market, a development experienced by many other popular city tourist destinations around the world (Dolnicar, 2019). Locals were struggling to find long-term rentals to live in as property owners moved from the less lucrative long-term to the more lucrative short-term rental market. Unsurprisingly, this development had a negative impact on resident satisfaction with tourism development, and decreased resident enthusiasm for further tourism growth.

Peer-to-peer accommodation was not the only reason for increased resident dissatisfaction with tourism development. However, it did represent a major trigger. Young families found themselves unable to purchase a house or apartment because of price increases. Students were unable to find long-term rental apartments and could not afford more expensive short-term rental offerings. City centre areas transformed from residential into tourist areas.

The transformation of the city centre did not benefit residents, who found themselves pushed out of the heart of their hometown. This transformation did not benefit tourists either. Tourists enjoy interacting with locals and experiencing a sense of authenticity. With many locals no longer living in the city centre, tourists dominated the streets of Ljubljana, reducing the quality of their vacation experience. Overall, pre-COVID-19, Slovenian regulators reacted too slowly to the challenges posed by peer-to-peer accommodation. The consequences of this regulatory delay were exacerbated

by the high demand for peer-to-peer accommodation due, in part, to the limited availability of accommodation in licensed tourist accommodation. Global online peer-to-peer accommodation trading platforms emerge as the primary beneficiaries.

Resident satisfaction during and after COVID-19

COVID-19 severely disrupted the tourism industry in Ljubljana and its development patterns. While the pandemic devastated many local communities who lost key sources of income, employees who lost their jobs, and local authorities who lost an important part of their service export and tax incomes, many have seen COVID-19 as an opportunity to rethink and rebuild tourism. Over the past three decades, tourism development has been fuelled by economic growth, ignoring the limits of the natural and local environment. Growth was desirable and no limits imposed on it. Mass tourism defined tourism in the 20th and 21st centuries.

Ljubljana represents an excellent example of high tourism growth. The number of beds located in Ljubljana and promoted on Airbnb.com grew 84% annually over the five-year period from 2013 to 2018 (AirDNA, 2019). The COVID-19 pandemic suddenly stopped any tourism activity. In the first nine months of 2020, the number of international tourism arrivals in Slovenia was 70% lower than in the same period in 2019 (Slovenian Tourism Board, 2020). Interest in short-term rentals for tourism purposes dropped dramatically.

To determine the stance of property owners who were lucratively generating revenue on the short-term rental market in the three years before COVID-19 hit, we contacted three large real estate agencies in Slovenia and interviewed their owners. Their evaluations of market developments were identical: they reported observing a mass exodus from the short-term rental market into the long-term rental market, as predicted by Dolnicar and Zare (2020). A smaller fraction of owners decided to sell their properties and invest the money elsewhere. Most property owners believe that tourism will bounce back to its pre-COVID-19 development patterns once the pandemic is under control. They also overwhelmingly believe that there will be good opportunities for short-term rentals post-COVID-19 because – in their assessment – tourists will avoid crowds and feel safer in short-term rentals than in established commercial accommodation (which attracts large numbers of tourists to a very limited space). There is some empirical evidence from the summer season of 2020 for this assessment. Owners also believe that leisure travel will resume quicker than business travel after the pandemic, giving short-term rentals a competitive advantage. In general, at least in Ljubljana, property owners are not nervous. They anticipate that the tourism industry will recover, and they plan to return to the short-term rental market. In the meantime, the less lucrative long-term rental market will help them to survive.

Conclusions and implications

In relation to peer-to-peer accommodation and its effects on the local tourism industry and residents, Ljubljana is a particularly interesting case. Historically not a prime tourism destination, Slovenia struggled with increasing tourism arrivals because it lacked sufficient suitable tourist accommodation. At this point, peer-to-peer accommodation was a welcome solution (Knezevic Cvelbar & Dolnicar, 2018); it enabled a rapid increase in accommodation capacity without major infrastructure investment.

Over time, however, Ljubjana started experiencing the same challenges as many other popular city tourist destinations (von Briel & Dolnicar, 2020) as local property owners realised the great revenue potential of the short-term rental market. They pulled out of the long-term rental market – which

catered to locals – and started offering their spaces to tourists instead. As the government had not put in place any regulations, locals were effectively pushed out of the city centre and experienced increasing difficulties in finding long-term rental accommodation. Rental prices increased along with property sale prices. Pre-COVID-19, the Slovenian government was in the process of putting regulation in place. COVID-19 disrupted this process as well as tourism activity more generally.

During COVID-19, most property owners reacted to the pandemic by pulling their listings off peer-to-peer accommodation online trading platforms and placing them back on the long-term rental market to secure income during the hibernation of the tourism industry (Dolnicar & Zare, 2020). Some owners chose to sell their properties. In general, however, property owners are optimistic about the future. They believe that tourism will resume post-pandemic, and that short-term rentals in private homes will the preferred option of tourists who will try to avoid accommodation options that are too crowded due to the risk of infection.

Interestingly, the Slovenian government has not leveraged the COVID-19-induced break yet. COVID-19 effectively put a stop to short-term renting in Ljubljana, giving the government time to refine and introduce its short-term rental regulation proposal. It appears that it has not taken this opportunity. Instead, regulators were preoccupied with the management of COVID-19 and its immediate implications for the tourism industry. The risk, post-pandemic, is that history will repeat itself. Property owners may again pull their spaces off the long-term rental market to increase revenues in the more lucrative short-term rental market. Given the ongoing lack of a regulatory framework, it is likely that the residents of Ljubljana will once again experience the negative externalities caused by a flourishing peer-to-peer accommodation sector in their city.

Acknowledgements

This chapter is based on Kneževič Cvelbar, L.K. and Dolnicar, S. (2018) Chapter 9 – Filling Infrastructure Gaps, in S. Dolnicar (Ed.), *Peer-to-Peer Accommodation Networks: Pushing the boundaries*, Oxford: Goodfellow Publishers, 98–108.

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7.

Airbnb in China – before, during and after COVID-19

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Unlike most other countries around the world, China has not embraced Airbnb. The main reasons for this unique reaction include the resistance of Chinese tourists to using trading platforms that operate in languages other than Chinese, and the perception that Chinese peer-to-peer accommodation trading platforms cater better to Chinese tourists. When it first entered the Chinese market in 2015, Airbnb struggled. After a change in strategy, Airbnb survived competition from local platform providers and demonstrated strong growth in the first and last quarters of 2019 (Sohu News, 2019, Xiong et al., 2020). COVID-19 significantly disrupted the business of Airbnb China and local Chinese peer-to-peer accommodation platforms. The key challenges for Airbnb China during COVID-19 were: a shortage of cashflow, loss of listings, a low occupancy rate, booking cancellation refunds, uncertain loyalty of hosts and guests, and a crisis of confidence among hosts in the future of Airbnb China.

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One or more interactive elements has been excluded from this version of the text. You can view them online here: https://uq.pressbooks.pub/airbnb-978-1-74272-321-1/?p=46#oembed-1

Airbnb in China before COVID-19

China represents a unique market for tourist accommodation in general, and for peer-to-peer traded accommodation in particular. Chinese residents have a strong sense that one's home is not intended

for sharing beyond family and friends (Xiang & Dolnicar, 2018). Chinese tourists prefer using China-specific online trading platforms operated by Chinese people, prefer to search for accommodation in the Chinese language, and trust their own social network verification processes (such as Ctrip.com) more than those of foreign companies. Not surprisingly, therefore, Chinese tourists – especially young tourists (Xiang & Dolnicar, 2018) – have not fully embraced Airbnb as an accommodation option when travelling domestically or internationally.

Airbnb initially launched its operations in China shortly after the company was founded in 2008 (Douban Group, 2009). The Chinese population learned about this new platform in 2009, primarily via a social media platform popular with young people in China called Douban Forum. The potential economic benefits from peer-to-peer accommodation platforms such as Airbnb – additional income tax, new employment opportunities, and contribution to GDP (Cai & Li, 2016) – ensured the support of the Chinese government (Analysis, 2016). Soon, policies and regulatory frameworks were put in place to facilitate the peer-to-peer trading of space among ordinary people (Iresearch, 2017), referred to as *minsu*. This term originates from Taiwan and refers to a "*civil house rented for short-term accommodation*".

Rather than embracing Airbnb as the global market leader, the Chinese tourism industry reacted by implementing its own versions of online peer-to-peer accommodation trading platforms (Cai & Li, 2016). Airizu, for example, was set up in June 2011 and operated by Chinese entrepreneurs with the financial support of Rocket Internet Ltd., a German venture capital firm. This initial attempt at copying the Airbnb model failed in 2013 because the Chinese market was not yet familiar with the concept of peer-to-peer accommodation. Renting one's home for money felt strange and foreign to Chinese people. Buying and selling real estate was perceived as more lucrative than engaging in the short-term rental market (Lei, 2013). Consequently, Airizu was unable to attract the number of listings and guests required to make a multi-sided platform business successful (Reinhold & Dolnicar, 2018).

The Airizu failure drew the attention of online travel agents to the potential of peer-to-peer accommodation trading. They entered the market and competed directly with peer-to-peer accommodation platform facilitators (Lei, 2013). In addition, Chinese entrepreneurs – familiar with the Chinese market – set up their own online peer-to-peer accommodation trading platforms, initially without depending on international venture capital. The top ten providers in China before COVID-19 were: Airbnb, Tujia, Xiaozhu, Mayi, Muniao, Youtianxia, Meituan, Onehome, Zizaike, and Locals (CNPP, 2020).

Arguably the most successful Chinese platform provider is Tujia. Tujia was founded in 2011 and then it absorbed Mayi (Sina.com, 2016). In 2016, it purchased the short-term rental divisions of major Chinese online travel agents (Ctrip & Qunaer), leading to a powerful strategic alliance (Ifeng.com, 2016; Iresearch, 2017). In 2019, Tujia was home to over 1,400,000 listings and employed 4,000 people at 1,347 destinations globally. Of all listings, 1,200,000 were in China and 200,000 were based outside China. In comparison, Airbnb – at the same time – had over 6,000,000 listings globally, but only 150,000 in China (Qianzhan, 2019; Fastdata, 2019). To gain market share in China, Airbnb put in place several targeted initiatives (Xiang & Dolnicar, 2018), including the launch of a Chinese language site in 2014, a China-based Airbnb company, a partnership with Alipay targeting young travellers (Guan & Wang, 2017), and travel stories on the Airbnb webpage to facilitate the sharing of information among travellers. Airbnb also introduced a Chinese name, Ai-bi-ying (爱彼迎), which means 'Love (enables us) to welcome you' (Xiang & Dolnicar, 2018), or – as Airbnb translates it – 'Let love embrace each other' (Airbnb, 2017). By the end of 2019, just before COVID-19 forced the global tourism industry into hibernation, Airbnb had succeeded in increasing its Chinese domestic market share to more than 50% (Xiong et al., 2020).

In 2019, despite having substantially fewer listings in China than other platform facilitators (150,000 compared to: Tujia 1,200,000, Meituan 700,000, Mayi 350,000, and Xiaozhu 340,000; Fastdata, 2020), Airbnb topped the list of online short-term rental platform providers in China in terms of overall brand quality and reputation (Sohu News, 2019). Airbnb's Chinese market report for the first quarter of 2019 showed a three-fold increase of its business in China. Between January and February 2019, the number of active monthly Airbnb users of its iOS and Android apps in mainland China ranked first among all such platforms in the country (Sohu News, 2019). One of the reasons for this success is that Airbnb focused strongly on marketing efforts in second and third tier cities in China.

Another key opportunity for Airbnb in relation to China was outbound Chinese travellers. In 2013, 109 million Chinese tourists spent more than $100 billion on international travel. The number of Chinese people travelling outside of China had been showing continuous growth until COVID-19: 107 million in 2014, 117 million in 2015, 122 million in 2016, and 310 million in 2019 (China Tourism Academy, 2017; 2020). Airbnb bookings increased by 700% from 2012 to 2013 alone while Ctrip.com bookings increased even more (Qiu et al., 2016).

Airbnb in China during COVID-19

The unprecedented global travel restrictions and stay-at-home orders caused by COVID-19 resulted in a super-shock to peer-to-peer accommodation network facilitators (Dolnicar & Zare, 2020). Travel restrictions due to COVID-19 caused a drastic drop in Airbnb China's revenue. In Wuhan, travel restrictions were in place as early as 23 January. Other provinces followed shortly thereafter, causing mobility within China to be effectively frozen. The transportation and accommodation sectors were most severely affected (Zhu & Kang, 2020). As a result, during the seven-day Chinese New Year holiday, more than 22% of *minsu* businesses lost RMB￥200,000-500,000. Another 8.7% lost more than RMB￥500,000 (Zhu & Kang, 2020). Airbnb was not spared. Airbnb's revenue in Beijing dropped by 43% in March 2020 compared to March 2019 (Statista, 2020), and its occupancy rate was lower than 10%.

Hosts experienced cash-flow shortages because of the suspension of new bookings and the booking cancellation compensation policy announced by Airbnb in early February 2020. These measures complied with local regulations intended to curb the COVID-19 outbreak, and were subsequently extended in May 2020 (Fortune, 2020; The Business Times, 2020). As early as 21 January – in response to the sudden outbreak of the coronavirus pandemic – Airbnb China officially launched a special protection policy for booking cancellations to help those planning to travel to Wuhan (Travel Weekly China, 2020). Airbnb also refunded the service fee for those bookings.

To better understand the reactions of hosts, we conducted online and telephone structured interviews with 11 Chinese Airbnb hosts (between 20 July and 2 August 2020) and two unstructured face-to-face interviews with two medium-sized rural *minsu* owners on 19 November 2020. Details of study participants are included in the appendix. We asked the following questions: How many years have you listed your property on Airbnb? Has your perception of and preference for Airbnb changed over the years or not, and if so, in which way and why? Do you list your property on other peer-to-peer platforms such as Tujia or Xiaozhu? What advantages/disadvantages does Airbnb have over those competitors? How has COVID-19 affected your business on Airbnb over the past 6 months? How did Airbnb support you to survive? Do you have confidence in your future short-term rental business with Airbnb in the long run? How would you like to see Airbnb improve its operations?

The analysis of responses led to the following key findings:

Loss of bookings: All study participants confirmed that they experienced a dramatic loss of bookings following the official COVID-19 warning and announcements of travel restrictions. Interviewee #10 reported losing all bookings between 23 January and the middle of March. Interviewee #2 reported that her friends who also operate short-term rentals and list them on Airbnb suffered similar losses as she did, noting that revised refund policies caused a lot of confusion and communication difficulties during that period, which ruined her business performance during the 2020 Chinese New Year holiday.

Loyalty to the platform: Despite COVID-19-related challenges, none of the 11 interviewees expressed an intention to stop making their spaces available for short-term rental on Airbnb China. Interviewees #3, #4, #6, and #7 indicated that their attitude had changed towards Airbnb China; they initially felt suspicious, but over years of doing business with Airbnb they now fully trust it. Four study participants have been working with Airbnb for between two and five years – a relatively long period of time. Interviewee #1 expressed disappointment in the efficiency of Airbnb China's customer service. 5 of the 11 study participants indicated that Airbnb is the only platform they currently use. The remaining interviewees also used other Chinese apps to list their properties.

Platform reaction and support during the COVID-19: 7 of the 11 participants reported having received support from Airbnb. Four benefitted from preferential policies offered by Airbnb China, such as discounted commission. The hotline for cancellation and refund enquiries was also mentioned by two participants, but they noted perceiving the hotline as inefficient and ineffective.

Confidence in the future business with Airbnb: All study participants expressed positivity about future business with Airbnb as an international booking platform. They all expressed confidence in and expectations for the forthcoming revival of the business once COVID-19 is completely under control around the world.

Suggestions for improvement: "*Improving the quality of staff service of the platform will help the host to hold the guest a lot easier*" said Interviewee #1. Two study participants hoped for discounted commission and more platform promotions. One participant suggested that the platform should organise more activities and training for hosts. Three interviewees suggested making the booking app more user-friendly.

Overall, the key challenges for Airbnb China during the COVID-19 were shortage of cashflow, loss of listings, a low occupancy rate, booking cancellation refunds, host and guest loyalty, and maintaining confidence from both the hosts and the guests in the future of Airbnb China.

Airbnb in China after COVID-19

The substantial losses suffered by both the Airbnb platform and its hosts in China during the period of COVID-19 travel restrictions have put Airbnb under tremendous pressure to find an effective solution to secure its business in China after the pandemic. Dolnicar and Zare (2020) hypothesise that the proportion of hosts renting out space on Airbnb primarily for the reason of earning money will decline as a consequence of the business uncertainties caused by COVID-19, while the proportion of hosts making space available to travellers for other, more idealistic reasons, will increase again. This appears to describe the situation in China as well. Although no statistics have been officially released, several media articles noted that listing rates on platforms such as Airbnb, Xiaozhu, and Meituan *minsu* were all plummeting. People abandoning their peer-to-peer space trading operations were mainly people who rented other people's properties to run online short-term accommodation businesses; they suffered the worst losses (Shen, 2020; Xu, 2020; ThePaper.cn, 2020).

The 11 Airbnb hosts we interviewed did not depend solely on Airbnb income, which explains why they were still listing spaces on Airbnb and were accessible to conduct interviews. Even among these hosts, their standard procedures changed because of COVID-19. Interviewee #10, for example, stopped hiring a cleaner to save costs, and cleaned the space herself instead. She explained: "*Although I know this pandemic will go away, I have to prepare to get over the hard times*."

On the platform side, Airbnb China saw a three-fold business increase in the first half of 2019 (year-on-year basis) and ambitious objectives for the first quarter of 2020 (Peng, 2019). COVID-19 shifted Airbnb's original development plan in China from expansion to survival. At the time of writing, Airbnb China had taken the following steps:

Kept losses to a minimum and protected brand credibility and sustainability: Airbnb cut its staff by 25% globally, affecting 85 staff at Airbnb China (CTNEWS, 2020). Airbnb also stopped all recruitment activities, halved CEO salaries, and ceased all marketing activities (Eastday.com, 2020a).

To comply with Chinese regulations regarding travel restrictions, Airbnb China announced a check-in suspension and developed a cancellation policy intended to protect the guests who booked and prepaid accommodation on Airbnb's platform in China, the Chinese hosts listing their properties on the platform, and the platform facilitator itself.

When asked whether they encountered complaints from guests regarding cancellations or whether they made complaints to the Airbnb platform, two of the study participants (Interviewees #10 and #11) replied that with the guidelines provided by the platform they did not have a problem with cancellations. However, they noticed that there were some complaints posted online reflecting conflicts among guests, hosts, and the platform (BlackCat Complaints, 2020).

Secured sufficient cash-flow to maintain healthy operation of the platform: Budget-cutting measures were not enough to ensure sufficient cash-flow. Airbnb required cash to run its day-to-day operations, to take care of the host community, and to protect its brand reputation. Airbnb raised USD $1 billion in a new round of funding led by Silver Lake and Sixth Street Partners (Bosa & Batchelor, 2020), increasing confidence from its stakeholders and providing a lifeline for it to survive the turbulence of COVID-19, without losing too many of its listings.

Retained hosts and their listings: The most impressive initiative Airbnb China took to protect their host community was to dedicate RMB 70 million to supporting Chinese hosts. Airbnb China also formulated the Ten Commitments in February 2020 during the initial coronavirus outbreak in Wuhan (Chen, 2020; Airbnb, 2020; Eastday.com, 2020b).

Airbnb China's Ten Commitments to support its host community

1. Refund Hubei hosts' service fees
2. Provide resource support and financial compensation
3. Give priority to helping "heart-warming hosts"
4. Empower landlords for long-term growth
5. Strengthen various types of host training

6. Reward the host community
7. Extend the time for free cancellation
8. Fully match employee donations
9. Care for front-line pandemic professionals
10. Strengthen the development of Chinese communities

Table 7.1: Airbnb China's Ten Commitments to support its host community (source: Airbnb, 2020)

These measures demonstrate that Airbnb is acutely aware of the importance of retaining hosts and their listings. The Ten Commitments aim to protect and retain Chinese Airbnb hosts. They are summarised in Table 1 and shown in full detail in the appendix. As well as helping the host community, the Ten Commitments serve as a strategy to project a positive image of Airbnb in the Chinese market. Findings from the interview data show that Airbnb China's efforts to retain hosts and listings have been effective: all 11 interviewees gave positive answers when asked about their overall perception of the future of Airbnb in China, eight talked positively about their hosting experience with the platform, and all expressed confidence in the future of Airbnb in China.

Airbnb in China after COVID-19

Based on the investigation of Airbnb China before and during the COVID-19 pandemic, we offer a few observations which have implications for the post-pandemic period:

Focus on younger travellers: Airbnb may want to consider redirecting its efforts toward the younger generation of travellers, especially those born in the 1980s and 1990s. Fastdata (2020) notes that the millennial and post-95 generations will be major forces influencing the Chinese travel market over the coming decade. Understanding their consumption behaviours and travel and accommodation needs – and catering to these needs – will strengthen Airbnb China's competitive position. Peer-to-peer accommodation (online short-term rentals, or *minsu*) is popular in this market segment, which enjoys independent travel and experiences with special value and meaning. The post-95 generation make up 20.7% of the *minsu* market, compared to 16.7% among post-90s and 12.3% among the post-80s. Fastdata (2020) predicts: "*Win the post-95 users, and you will win the future market*".

Focus on the countryside: To increase post-pandemic supply, Airbnb may need to direct its efforts towards expanding its business from the cities into the countryside in China and integrating its products with rural tourism. Tujia launched its countryside *minsu* initiative as early as 2016 (Jiemian.com, 2016). Its countryside accommodation business grew by 300% in 2018 and another 200% in 2019, generating a revenue of RMB 500 million in 2018 and RMB 550 million in 2019 for *minsu* hosts (Tujia, 2019). In 2019, Tujia had 70,000 countryside *minsu* listings (rural lodgings), many catering to high-end customers with high turnout. The COVID-19 pandemic further fuelled market demand for accessible natural or rural destinations for weekends or short holidays, making rural accommodation the number one post-pandemic growth opportunity. Airbnb had already reached out to rural areas before the pandemic. By November 2018, 22% of all Airbnb China listings were in the countryside, with a 257% increase in listings and a 203% increase in hosts (Tang,

2018). However, considering the full picture of Airbnb's listings in China compared to those of local Chinese platforms such as Tujia and Xiaozhu, Airbnb China still has a long way to go.

Enrich the host experience: Host community development has always been one of Airbnb China's strengths and has helped to develop host loyalty. Our study participants described host community activities organised by the Airbnb platform as attractive and of benefit to them, and requested even more community activities in the future, such as online training, creative programs, and offline meetings and events (Interviewees #1, #3, #4, #8, #10, and #11). These requests offer an excellent opportunity for Airbnb China to further strengthen its links with hosts and, in doing so, increase the likelihood of them continuing to list their spaces on Airbnb in future.

Enrich the guest experience: Tujia and Xiaozhu introduced pick-up and drop-off services for guests at airports and train stations. Tujia also collaborated with Jingdong Express to provide an express luggage service for its guests (Sohu News, 2018, 2020). These services add substantial value to bookings for guests who are not travelling by car. During and after COVID-19 this value has further increased as these pickup services imply reduced human contact compared to taking public transport. Similar value-adding services could be introduced and maintained by Airbnb in the post-pandemic era, offering a competitive advantage, strengthening brand image, and encouraging market demand for Airbnb in China. Another alternative could be coupons or subsidies given to hosts by Airbnb to encourage them to provide pick-up and drop-off services for guests. This approach would allow Airbnb to maintain its asset-light strategy (not requiring any investment on its part) while encouraging increased host-guest interaction and enhancing host loyalty to the platform facilitator.

Collaborate: After its initial public offering and with sufficient available capital, Airbnb may wish to consider mergers and acquisitions. According to the latest unstructured interviews with two successful *minsu* owners in Shandong, the localisation of Airbnb in China could be facilitated by teaming up with or acquiring local players with growth potential. Although neither of the two interviewees are currently Airbnb hosts, both have previous negative hosting experiences with Airbnb China. According to them, Airbnb is favoured by hosts in first tier cities in China such as Beijing, Shanghai, Guangzhou, and Shenzhen. In second tier cities such as Qingdao and Jinan in Shandong, or even in rural areas, local platforms are much more successful in attracting domestic tourists. Airbnb could reach properties and domestic tourists by merging with and acquiring local peer-to-peer accommodation businesses, instead of competing against them. It should be noted, however, that there is a strong trend of monopolisation through mergers and acquisitions currently emerging in China, which is driven by domestic and international venture capitalists in the Chinese *minsu* (short-term rental) business. It is likely that this process will result in most *minsu* resources and businesses being acquired and controlled by a small number of large companies (similar to the process that led to the strong market position of Didi Taxi in China). Determining how to integrate local resources and strengths to gain competitiveness without straying from its original ethos – peer-to-peer accommodation offered by community members to community members – is perhaps one of the key future challenges for Airbnb in China.

Conclusions

The Chinese tourist market is unique. Airbnb learned this lesson quickly. Although Airbnb entered the Chinese market shortly after starting its operations as a peer-to-peer accommodation platform facilitator, it was not as successful there as it was in other markets around the world. The main reason for this is that local Chinese platform facilitators were quick in realising the potential of Airbnb's business model and in successfully copying it. Chinese platform facilitators – in those early years –

catered better to the needs of the Chinese tourists, giving them a competitive advantage over Airbnb (which was not as intimately familiar within this unique marketplace).

Over the years, Airbnb China learned to operate successfully in the Chinese marketplace and, before the COVID-19 pandemic hit, ranked first for perceived brand quality and reputation in China in 2019 (Sohu News, 2019). It also increased its Chinese domestic market share to more than 50% (Xiong et al., 2020).

COVID-19 significantly disrupted the business of Airbnb China and curtailed its ambitious development objectives. Key challenges for Airbnb China during COVID-19 include: a shortage of cashflow, loss of listings, a low occupancy rate, booking cancellation refunds, host and guest loyalty, and maintaining confidence from hosts in the future of Airbnb China.

For the post-pandemic era, Airbnb has a number of strategic options for rebuilding and growing its business, including: focusing on younger, educated Chinese tourists (the post-80s and post-90s generations); growing supply in the Chinese countryside and integrating their accommodation offerings with rural tourism products; further developing its host community to secure its loyalty into the future; introducing value-added services to match – or even surpass – those of its local Chinese competitors; and considering mergers and acquisitions with local peer-to-peer accommodation providers to facilitate its localisation efforts and its expansion into second and third-tier cities and rural areas.

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Appendix

Demographic characteristics of interviewees

	Location	Gender	Age	Education	Occupation before COVID-19	Occupation after COVID–19	Annual income before COVID–19 RMB	Annual income after COVID–19 RMB	Years as an Airbnb host
1	Guangdong	M	B19-35	C Senior High	B Part-time job plus Airbnb host	B Part-time job plus Airbnb host	G 150,000+	G 150,000+	5
2	Zhejiang	M	B19-35	C Senior High	C Full-time job plus Airbnb host	C Full-time job plus Airbnb host	G 150,000+	G 150,000+	2
3	Hainan	M	B19-35	D Bachelor	D Full-time Airbnb host	C Full-time job plus Airbnb host	D 60,001 -100,000	D 60,001 -100,000	4
4	Guangdong	F	B19-35	D Bachelor	C Full-time job plus Airbnb host	C Full-time job plus Airbnb host	E 100,001 -150,000	D 60,001 -100,000	5
5	Hebei	M	B19-35	D Bachelor	D Full-time Airbnb host	D Full-time Airbnb host	G 150,000+	E 100,001 -150,000	3
6	Yunnan	M	B19-35	D Bachelor	B Part-time job plus Airbnb host	B Part-time job plus Airbnb host	C 40,001 -60,000	C 40,001 -60,000	2
7	Jiangsu	M	B19-35	D Bachelor	C Full-time job plus Airbnb host	C Full-time job plus Airbnb host	E 100,001 -150,000	E 100,001 -150,000	4
8	Guangdong	M	B19-35	D Bachelor	C Full-time job plus Airbnb host	C Full-time job plus Airbnb host	E 100,001 -150,000	D 60001 -100,000	0.75
9	Fujian	F	C 36-55	B Junior High	C Full-time job plus Airbnb host	C Full-time job plus Airbnb host	C 40,001 -60,000	B 20,001 -40,000	2
10	Shandong	F	B19-35	D Bachelor	B Part-time job plus Airbnb host	B Part-time job plus Airbnb host	D 60,001 -100,000	C 40,001 -60,000	2
11	Shandong	M	B19-35	D Bachelor	C Full-time job plus Airbnb host	C Full-time job plus Airbnb host	E 100,001 -150,000	D 60001 -100,000	2

Airbnb China’s Ten Commitments to support its host community

Airbnb China's Ten Commitments to support its host community

1. Refund Hubei hosts' service fees:	Promises to refund the host service fee for all Hubei listings. This policy applies to bookings made before 5 February 2020 for the check-in period 5 February 2020 – 1 May 2020.
2. Provide resource support and financial compensation:	Promises to launch the "Green Channel" program, which streamlines the cancellation process for hosts and guests. This program applies to bookings made before 28 January 2020 for stays between 2 – 29 February 2020. Promises to provide hosts with more resource support and certain financial compensation for booking cancellations within the defined period.
3. Give priority to helping "heart-warming hosts":	Promises to give priority to tilting the flow of weekly and monthly rent orders to hosts identified as "heart-warming hosts" to reward their contribution to the host community. More incentives will follow for the "heart-warming hosts".
4. Empower landlords for long-term growth:	Promises to launch a landlord growth plan, including: giving high-quality hosts access to "high-quality listing" and "plus listing" badges, encouraging and helping hosts to upgrade their properties and to optimise their service capacity.
5. Strengthen various types of host training:	Promises to expand the number and content of China's host training programs to cover hosts in both urban and rural areas, to increase knowledge of safety, hygiene and operations, and to improve the host's ability to deal with major public safety emergencies.
6. Reward the host community:	Promises to put the host community at the core of its business development plan, and raise the global profile of the Chinese host community and its successes against the pandemic, through programs such as annual host awards, "host of the month" awards, community activities, and Chinese landlord incentive programs, story-sharing of Chinese host fighting against coronavirus pandemic, etc.
7. Extend the time for free cancellation:	Promises to extend the "Special Circumstances Policy" until 29 February 2020 (until 1 April 2020 in Hubei Province). The booking date must be before 28 January 2020 (bookings from mainland China) or 1 February 2020 (bookings from outside China). Airbnb will continue to evaluate and adjust this policy in light of the pandemic situation.
8. Fully match employee donations:	Promises to fully match donations made by the company's global employees to the non-profit Give2Asia, for the purchase of masks, protection suits, and eye protectors for medical staff.
9. Care for front-line pandemic professionals:	Promises that front-line medical workers and other professional staff who cannot complete their itineraries due to the pandemic may cancel their Airbnb bookings free of charge upon verification of relevant certification materials. Airbnb promises to provide targeted travel funds for outstanding front-line medical workers to thank them for their great contributions in the fight against the pandemic.
10. Strengthen the development of Chinese communities:	Promises to increase marketing activities that are strategic to the Chinese market in the post-pandemic era, encourage more people to sign up as hosts and guests, and achieve the healthy development and sustainability of host community growth.

8.

Airbnb's offerings beyond space – before, during and after COVID-19

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One of the reasons for Airbnb's success as a platform facilitator for peer-to-peer accommodation trading is the substantial effort put into growing its platform business on both the demand and supply sides. The large membership base Airbnb developed, along with the increasing adoption of peer-to-peer accommodation by the mass tourism market, opened up opportunities for Airbnb to expand the services it traded. This chapter investigates how Airbnb entered the experience market, the pre-COVID-19 assumption that Airbnb would develop into a one-stop travel shop, and discusses the effect of the pandemic on Airbnb's offerings beyond accommodation.

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One or more interactive elements has been excluded from this version of the text. You can view them online here: https://uq.pressbooks.pub/airbnb-978-1-74272-321-1/?p=48#oembed-1

Airbnb as an online trading platform facilitator

Airbnb has become synonymous with peer-to-peer accommodation – letting private spaces to tourists on a short-term basis. This narrow characterisation fails to capture the potential of Airbnb as a platform business (Reinhold & Dolnicar, 2017; 2021). Its nature as a platform – combined with the substantial number of network members Airbnb has attracted among both suppliers (hosts) and consumers (guests), a substantial pre-COVID-19 market share of 10% among Australians

booking short-term accommodation (Roy Morgan Research, 2018), and Airbnb's impressive brand recognition (84% likelihood of rebooking among Australians pre-COVID-19; Roy Morgan Research, 2017) – enables Airbnb to expand its activities to trade more than just accommodation. The logical step – and the one best aligned to Airbnb's positioning – is to trade tourism-related products and services.

Unsurprisingly, therefore, some had predicted – before COVID-19 forced the global tourism industry into hibernation – that Airbnb would develop to become a one-stop shop for a wide range of travel-related services and products, selling "*everything a traveller needs, including seats on planes, tours, local transport, travel insurance, travel vaccinations, and other travel-related services*" (Gardiner & Dolnicar, 2018: 88-89). Before COVID-19, a number of developments suggested that this evolution was indeed taking place. The most obvious indicator was the following statement by Brian Chesky, one of the founders of Airbnb: "*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*" (Airbnb, 2017).

The first direction for expansion was *Experiences*, which stands at the centre of this investigation. At the same time, Airbnb also explored other expansion opportunities, such as the aviation sector. In 2014, in collaboration with KLM, Airbnb members had the opportunity to win a stay in a grounded airplane that had been converted into an apartment at Schiphol Airport (KLM, 2014). In 2016, Airbnb served as the trading platform for Lufthansa tickets (Farber, 2016; The Economist, 2016). Since then, Airbnb has also partnered with four major airlines – ANA, British Airways, Delta and Qantas – to expand its market reach by offering airline miles and points (Ziggy, 2020).

The introduction of *Experiences*

Airbnb introduced *Experiences* in 2016. Airbnb *Experiences* are activities organised and typically led by a local host. Airbnb (2020a) describes *Experiences* as, "*[…] not your typical tour. Whether you're on a trip, exploring your own city or staying at home, learn something new from an expert host. Choose from dance lessons, pasta-making or even yoga with goats*."

The selling proposition communicated by Airbnb is that the *Experiences* offered on its platform are authentic and unique as they offer the opportunity to genuinely immerse oneself in a local community. The fact that Airbnb accommodation is traditionally associated with 'living like a local' is helpful in marketing *Experiences.* Just like its accommodation offerings, these activities and tours are led by locals, further reinforcing Airbnb's positioning as an alternative tourism service provider. That is, one that opens doors for travellers to experience places and adventures – together with locals – in an authentic way. This positioning differs greatly from the contrived mass tourism – i.e. standardised – offerings often associated with the mainstream tourism industry. Airbnb emphasises that its *Experiences* are of a high standard and led "*by locals who love where they're from and what they do*" and run with "*intimate group sizes*" (Airbnb, 2020a). When they were first offered, *Experiences* were mostly focused on the opportunity to try out a hobby with a local host in their home city, such as visiting a local market, cooking regional cuisine at the host's home, craft and jewellery making, and participating in an adventure activity, such as kite surfing or kayaking. However, as the platform evolved – and in an attempt to differentiate its offerings from traditional providers of tourist attractions – Airbnb increasingly moved toward showcasing *Experiences* which were highly unusual in the traditional tourism sector, such as playing mermaid in San Diego, chainsaw carving in Salem, extracting your own DNA into a necklace, and learning to eat fire (Airbnb, 2020b). Despite these deliberate positioning efforts, most *Experiences* offered on Airbnb are not unique and compete with traditional local tourism providers. In response to the COVID-19 pandemic, Airbnb was again agile,

transitioning its *Experiences* online and offering virtual activities and events run by local experts around the world from the comfort of their own homes.

To the best of the authors' knowledge, Airbnb was a pioneer in the experience market. The concept was quickly adopted by new market entrants, leading to an explosion of peer-to-peer experience platforms offering activities and tours with local hosts. Some examples include: Tours by Locals (toursbylocals.com), Show Me Around (showaround.com) and I Like Local (i-likelocal.com). Of particular note is the expansion of peer-to-peer culinary offerings; for example, the Traveling Spoon (travelingspoon.com) which offers cooking classes with locals, and eating with a local host via Eat With (eatwith.com). As a way of extending these local host offerings, several online platforms (often with supporting smartphone apps) have emerged to enable travellers to connect with each other in destinations to jointly participate in experiences. Examples include Travello (travelloapp.com) and Travel Buddies (travel-buddies.com), in addition to well-established travel brands such as Lonely Planet's Thorn Tree Forum, a place for people to post their travel plans, connect with each other and travel together.

The evolution of *Experiences*

To gain an understanding of the early *Experiences* offered by Airbnb, we analysed the *Experiences* most likely to compete with tourism activities offered by local providers that were available across the world in July 2017: 41 sport, 59 nature, 64 entertainment and 55 food and drink *Experiences* (results first reported in Gardiner & Dolnicar, 2018). As can be seen in Table 8.1, surf lessons were the most frequently offered *Experiences* on Airbnb in 2017, followed by bike tours, stand up paddle board lessons and sailing tours or lessons. Among the offerings in the nature category, hiking, gardening and farming were the most common activities listed. Of the entertainment *Experiences*, traditional dancing and music were most common, with the food and drink category dominated by culinary experiences and cooking classes, followed by wine and spirit tastings.

Table 8.1: Sport, nature, entertainment, and food and drink Airbnb Experiences in 2017 (Source: Gardiner & Dolnicar, 2018)

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%		

Airbnb's *Experiences* offering has expanded greatly since our initial research in 2017. At the beginning of 2020 – before the impact of COVID-19 on the global tourism industry– over 10,000 *Experiences* were listed on the Airbnb platform. The number of categories of *Experiences* on offer had also been expanded from four to six. The two newly introduced *Experiences* categories were *arts and culture* and *wellness*.

Given this expansion, the 2020 follow-up study on Airbnb *Experiences* focused on three cities located in different continents around the world, which offer a comparable number of *Experiences*: Edinburgh in Scotland (174 *Experiences*), Melbourne in Australia (98 *Experiences*) and Seattle in the United States (*Experiences*). Only single-day experiences were included. Data was collected between 28 March and 1 April 2020. A total of 422 experiences were analysed. Several experiences were listed under multiple category types. In these cases, the most relevant category was selected. For

example, a photo shoot in a food market was coded under arts and culture as the main purpose of the activity was photography, however this activity is also shown as a food and drink experience on the platform.

Table 8.2 presents the profile of Airbnb *Experiences* in each of the three cities and data regarding these *Experiences'* customer evaluations, duration, inclusions, language, price, and maximum group size. To provide further detail on the diversity of experiences, the activities in each city are shown in Table 8.3. These results show the evolution of Airbnb *Experiences* over the last three years and highlight changes to the profile of *Experiences* as the platform gained momentum.

Table 8.2: Profile of Airbnb Experiences in selected cities. Notes: 1: Proportion of all activity types in that location; 2: Some cases did not report this variable, therefore the statistics represent only reported statistics; 3: Mode – most frequent duration/price; 4: Mean – the sum of the values divided by the number of values.

Type	Edinburgh	Melbourne	Seattle	Average across the three cities
Arts and culture	77 (44%)[1]	30 (31%)	44 (29%)	50 (36%)
Food and drink	41 (24%)	28 (29%)	38 (25%)	36 (25%)
Nature	20 (11%)	24 (24%)	42 (28%)	29 (20%)
Sport	17 (10%)	12 (12%)	12 (8%)	41 (10%)
Entertainment	19 (11%)	2 (2%)	7 (5%)	14 (7%)
Wellness	0 (0%)	2 (2%)	7 (5%)	3 (2%)
Customer evaluations				
Average customer star rating	4.84	4.95	4.92	4.90
Largest number of customer reviews for a single activity	2,649	873	1,196	1,572
Average number of customer reviews[2]	101	77	84	87
Duration[1]				
Maximum (hours)	12	12	12	12
Minimum (hours)	1	1	1	1
Average–mode[3] (hours)	3	2	2	2
Average–mean[4] (hours)	3.0	4.4	3.1	3.5
Inclusions				
Food	26%	46%	43%	38%
Drink	41%	58%	59%	53%
Equipment	41%	47%	51%	46%
Language				
English	98%	96%	100%	98%
English, local and other non-local language	9%	10%	4%	8%
Price (in Australian dollars)				
Highest price experience	$417	$208	$588	$404
Lowest price experience	$2	$5	$27	$11
Average price experience–mean[3]	$85	$94	$142	$107

Type	Edinburgh	Melbourne	Seattle	Average across the three cities
Maximum group size[2]				
Largest	20	20	85	41
Smallest	2	1	1	1
Average–mode[3]	10	8	10	10
Average–mean[4]	7.7	6.9	9.4	8.0

Table 8.3: Details of activities in each city

	Edinburgh		Melbourne		Seattle		Average across the three cities	
Activity	**Count**	**Percent**	**Count**	**Percent**	**Count**	**Percent**	**Count**	**Percent**
Photography	18	10%	12	12%	13	9%	14	10%
History walk	40	23%	1	1%	6	4%	16	11%
Culture walk	16	9%	7	7%	3	2%	9	6%
Guided hike	6	3%	6	6%	13	9%	8	6%
Cooking class	8	5%	4	4%	14	9%	9	6%
Day trip	4	2%	10	10%	3	2%	6	4%
Workshop	6	3%	4	4%	10	7%	7	5%
Animal encounters	4	2%	3	3%	8	5%	5	4%
Bike ride	11	6%	2	2%	3	2%	5	4%
Pub/bar crawl	4	2%	5	5%	1	1%	3	2%
Craft class	3	2%	3	3%	3	2%	3	2%
Food walk	2	1%	3	3%	3	2%	3	2%
Food tasting	4	2%	3	3%	1	1%	3	2%
Wine tasting	0	0%	4	4%	2	1%	2	1%
Kayaking	2	1%	3	3%	2	1%	2	2%
Nature walk	2	1%	3	3%	2	1%	2	2%
Beer tasting	1	1%	2	2%	5	3%	3	2%
Spirits tasting	9	5%	1	1%	0	0%	3	2%
Boat ride	0	0%	0	0%	9	6%	3	2%
Coffee tasting	0	0%	3	3%	2	1%	2	1%
Meditation	1	1%	1	1%	4	3%	2	1%
Tea tasting	0	0%	2	2%	2	1%	1	1%
Art class	1	1%	1	1%	3	2%	2	1%
Farm visit	2	1%	0	0%	4	3%	2	1%
Scenic run	1	1%	2	2%	0	0%	1	1%
Art walk	1	1%	1	1%	2	1%	1	1%
Yoga class	1	1%	1	1%	2	1%	1	1%
Surf lesson	0	0%	2	2%	0	0%	1	0%
Baking class	4	2%	0	0%	1	1%	2	1%

Personal styling	0	0%	1	1%	2	1%	1	1%
Foraging	0	0%	0	0%	4	3%	1	1%
Music walk	4	2%	0	0%	0	0%	1	1%
Garden visit	0	0%	1	1%	1	1%	1	0%
Market visit	0	0%	1	1%	1	1%	1	0%
Social gathering	0	0%	1	1%	1	1%	1	0%
Studio visit	0	0%	1	1%	1	1%	1	0%
Intimate concert	0	0%	0	0%	3	2%	1	1%
Dinner party	2	1%	0	0%	1	1%	1	1%
Other	17	10%	4	4%	15	10%	12	9%

The latest analysis reveals the expansion of the arts and culture offering over the past two years on Airbnb *Experiences*, now with its own unique category on the platform and representing 36% of *Experiences* across the three cities. Edinburgh was particularly strong in this area, with 44% of its *Experiences* in this category. This is reflected in the city's large number of cultural (9%) and historical (23%) walking tours. Across the three cities, history walks (9%) and cultural walks (6%) represented 15% of all *Experiences*. The other noteworthy development is the offering of photography *Experiences*, representing 10% of the total offerings analysed. All three cities had a considerable number of photography *Experiences*.

As similarly found in the 2017 study, guided hikes and cooking classes were a key offering. These types of *Experiences* represented 6% of all listings across the three cities. Likewise, 5% of *Experiences* across the three cities were some form of workshop. Jewellery-making workshops featured as a prominent workshop activity. Day trips also featured in this latest analysis (5% of *Experiences* across the three cities), suggesting that professional tour companies may be leveraging this platform as a distribution channel.

One new type of *Experience* that has emerged since 2017 is animal encounters (interactions with and caring for animals). These animal *Experiences* were offered in all three cities and represented 4% of all activities listed. Other activities that featured among Airbnb *Experiences* across the three cities were locally hosted bike rides, pub/bar crawls, craft classes, food walks, kayaking, nature walks and boat rides. Tasting *Experiences* related to food, beer, spirits and wine were also prominent. Some new activities that were part of the 'Other' category and offered in one city only were: a fitness class, a game night, a motorcycle ride and skateboarding in Edinburgh; a balloon ride, a music lesson, paddle boarding and a wellness class in Melbourne; and a magic show, a fashion class and a museum visit in Seattle. Overall, the analysis shows an increase in the diversity of *Experiences* offered on the Airbnb platform.

Customer interaction with Airbnb *Experiences* has also increased in the last three years, with the average number of reviews per activity increasing from 22 in 2017 to 87 in 2020. The highest number of reviews received for a single *Experience* has also increased, with one *Experience* receiving 2,649 reviews in the 2020 sample, compared to 363 reviews in 2017. Customers also provided high overall satisfaction ratings for *Experiences*, resulting in an average rating of 4.90 out of 5 across the three cities.

The inclusion of food in *Experiences* was comparable across the two data collection periods, however

the inclusion of drink decreased – from 84% in 2017 to 53% in 2020 – and the inclusion of equipment increased from 24% in 2017 to 46% in 2020. These differences may be linked to the nature of the *Experiences* analysed. The local language in the three cities analysed for the 2020 study is English, hence the high level of English-speaking *Experiences* in these cities. Only a small proportion of *Experiences* in these cities were offered in a second language (8%).

Analysis of the pricing of *Experiences* reveals that price-points have also shifted over the last three years, with some very low-priced activities now on offer, beginning at $2 for a walking tour of Edinburgh Old Town and $5 for a guided Chinese tea tasting in Melbourne. The highest priced *Experience* found in the three cities was playing golf at a famous golf course in Seattle. A motorhome tour of locations for the television series Outlander in Edinburgh and a tour of a famous sport stadium in Melbourne were the most expensive *Experiences* in these cities. The average price for an *Experience* in 2020 was $107 across the listings in the three cities, compared to $93 across all listings globally collected in the 2017 sample.

Airbnb *Experiences* has also evolved to offer greater diversity of group size. It continues to offer single person activities, such as getting your portrait drawn and photography tours, but now also offers more large group *Experiences*; typically multi-location day-tours. However, the most typical maximum group size in both 2017 and 2020 was the same: ten people. The average group size also remained relatively static at 8.0 in 2020 compared to 7.7 in 2017. Likewise, the average duration of an *Experience* was nearly unchanged at 3.4 hours in 2017 and 3.5 hours in 2020. Seattle had four outlier *Experiences* that advertised a duration in excess of 20 hours. These activities included three secret concert events that permitted between 56 and 85 participants as well as a bug-eating adventure that permitted up to 46 participants. This increased the averages for duration and group size for the 2020 results.

Airbnb *Experiences* during and after COVID-19

In January 2021 we conducted a survey with Airbnb guests from Australia, New Zealand, the US, the UK, and Canada. Among other things we asked them about Airbnb *Experiences*. Specifically, we asked the following question: "*On Airbnb, you can now also book experiences. Have you ever booked an Airbnb Experience?*" Figure 8.1 shows the results. In our sample, only eight percent of Airbnb guests had also booked an Airbnb *Experience*; 65% had not. Nearly one third of respondents (28%) had never heard of Airbnb *Experiences*.

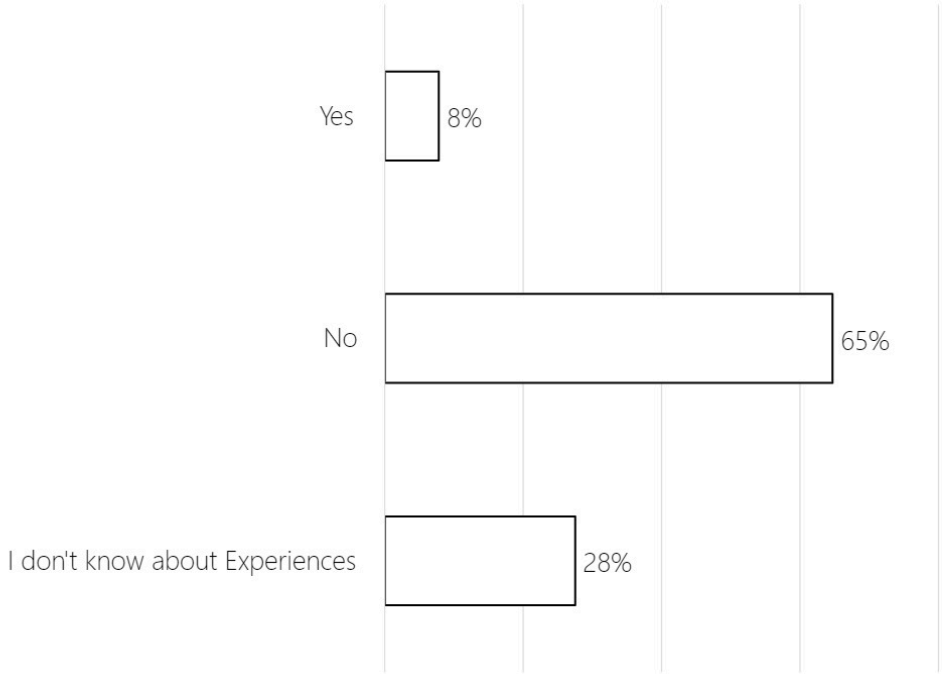

Figure 8.1: Awareness and use of Experiences among Airbnb guests

Airbnb *Experiences* were also severely disrupted during COVID-19. The booking of in-person Airbnb *Experiences* was paused on 18 March 2020. According to the Airbnb (2020c) website, all "*reservations that were cancelled because of the Airbnb Experiences pause were automatically refunded in full. Guests also received a $25 coupon to join a future experience*".

As well as pausing in-person *Experiences*, Airbnb introduced *Online Experiences* in response to the COVID-19 pandemic. These *Online Experiences* were themed. For example, the Broadway theme featured on the home page in August 2020 offered dance classes with Broadway entertainers, Broadway workout classes, backstage tours of Broadway, juggling lessons, and storytelling through song.

Bestsellers among these *Online Experiences* included online cooking classes, magic trick classes, motivational talks, escape rooms, scavenger hunts and quiz games. Consumers could search for activities commencing in the next six hours or scheduled in the next week. New *Experiences* and current popular *Experiences* in a customer's home country were featured separately. Over 300 *Online Experiences* were listed globally. Although *Online Experiences* cannot fully substitute personal interactions between tourists and locals, in the context of the COVID-19 pandemic they provide an opportunity to engage with people around the world, the places in which they live and their cultures.

While the pausing of in-person *Experiences* means a loss of income for both the providers of listed activities and Airbnb, *Online Experiences* is an innovation that has emerged as a consequence of the movement restrictions intended to limit the spread of COVID-19. The concept of *Online Experiences* is not revolutionary, but it took a pandemic for Airbnb to come up with the idea and launch it. There is no reason for *Online Experiences* not to remain part of Airbnb's offerings long after the pandemic is over.

Conclusions

Pre-COVID-19, demand for space traded on Airbnb had been continuously increasing since its

launch. As a consequence, Airbnb was tempted by the opportunities that expansion into other areas of tourism service provision would bring. The first initiative Airbnb launched that was not related to the trading of space was listing activities led by locals for locals or travellers – *Experiences.* It is likely – although there is no evidence of this – that Airbnb had aspirations to expand beyond spaces and *Experiences*.

As Airbnb *Experiences* grew, the provision of a diverse range of tours, activities and events in as many cities as possible around the world was one of its initial strengths and helped establish the global significance and reach of the platform. As our research comparing offerings in 2017 and 2020 attests, the worldwide growth in the number and diversity of *Experiences* has been prolific. However, this success also has a downside. As Chesky concludes: "*We had an overabundance and went in a lot of directions. We weren't as focused as we should have been. We lost sight of our values and took for granted what made us special.*" (Arlidge, 2020).

It appears that COVID-19 has led Airbnb to rethink its aspirations. The pandemic has caused huge revenue losses and unemployment for tourism businesses globally and Airbnb is no exception. Having faced cancellations worth more than $1 billion (Arlidge, 2020) as a consequence of COVID-19, and being forced to terminate the employment contracts of nearly 2,000 Airbnb employees (Arlidge, 2020), Airbnb CEO and founder Brian Chesky concluded that "*Airbnb needs to change. We need to go back to basics – to what really made us successful in the first place. I'm not meant to do real estate. I'm not even meant in a larger sense to do travel*" (Arlidge, 2020). This rethinking of Airbnb's core strategy may well imply that in a post-COVID-19 world, Airbnb will no longer pursue aspirations of expanding the trading of services beyond space and *Experiences.*

Although, overall, the pandemic had disastrous consequences for Airbnb, it did lead to some innovations, notably *Online Experiences*. Tours and activities have been greatly affected by COVID-19 because they imply a personal, physical interaction between the host and guest, and between guests participating in the same activity at the same time. The newly introduced *Online Experiences* do not require physical co-location, and are therefore unaffected by movement restrictions. They represent a new income stream for Airbnb and, perhaps more importantly, for some of the many small service providers having found themselves without income during the pandemic. It is likely that *Online Experiences* will continue to be offered even after movement restrictions are lifted. The ongoing offering of *Online Experiences* may also represent an avenue for attracting new customers to Airbnb, including customers facing financial or physical barriers which prevent them from engaging in in-person *Experiences* (Randle & Dolnicar, 2018). Other COVID-19-induced innovations include the introduction of COVID-safe plans for operators. These plans mean that all operators offering a specific activity for a certain number of people must comply with the same requirements, levelling the playing field between peer-to-peer operators and mainstream operators.

Many in-person *Experiences* offered on peer-to-peer networks such as Airbnb are likely to resume post-COVID-19. They are typically small group *Experiences* offered by local hosts who are individual operators (microentrepreneurs) with low fixed costs. They are likely to respond in an agile and innovative way by modifying their *Experiences* to address the post-COVID-19 safety requirements of the tourism industry's 'new normal'.

A post-COVID research agenda

When Airbnb first entered the market, research into Airbnb exploded. Every aspect of peer-to-peer accommodation trading was studied in detail. The launch of Airbnb *Experiences* did not elicit the same response from the scholarly community, nor did it trigger the same outcry in the community

of concerns relating to consumer safety. Peer-to-peer accommodation continues to be the focus of research activity.

Research on peer-to-peer accommodation points to the critical importance of the experiential and social aspects of the offering to guests. Makkar and Yap (2020) suggest that guests romanticise Airbnb accommodation and that this blurs the lines between social interaction and commercial motives in exchanges between hosts and guests. Is this also the case for peer-to-peer traded *Experiences*? What are the roles of fantasy and novelty in *Experiences*? Authenticity also emerges as one of the unique selling propositions of peer-to-peer accommodation, influencing brand loyalty (e.g., Mody et al., 2019; Shuqair, Pinto & Mattila, 2019). The role of authenticity and brand loyalty in the context of *Experiences* remains under-investigated.

There has also been significant debate on how peer-to-peer accommodation offerings fit into the tourism ecosystem (Caldicott et al., 2020), yet discussion of the role of peer-to-peer activities and tours is absent. Given the growing number of micro-businesses in this marketplace and the influence these businesses are having on tourism destinations and local livelihoods, conducting research to better understand and sustainably manage this growth is critical. Of particular importance is to understand whether peer-to-peer activities and tours add to a destination's tourism offering and grow demand for a destination – that is, enhance visitor numbers, length of stay and spend – or if they intensify competition with mainstream activities and tour businesses for market share. Understanding how they interact with marketing organisations and governance structures at the destination is also important. Likewise, understanding the supply-side perspective on developing and delivering these activities and tours is also warranted given the potential employment and livelihood generating opportunities this marketplace represents. How peer-to-peer businesses fit in a destination's tourism ecosystem and COVID-19 pandemic recovery plan is little understood. Mechanisms for local hosts to get involved in collectively marketing the destination and, importantly, contributing funding and know-how to the campaigns and activities of destination marketing organisations, need to be explored to avoid perceptions (and perhaps the reality) of free-riding and to ensure this emerging sector of the industry is part of a destination's long-term marketing and management strategy.

And finally, the implications of COVID-19 on activities and tours offered through peer-to-peer networks continue to evolve. We have already seen providers innovate and adapt their activities and tours to provide virtual experiences in the face of the pandemic. Is this change temporary or will it result in a lasting evolution of this marketplace? Will online experiences replace physical travel to a destination or instead increase motivation to visit a place? Will they help tourism operators become more resilient in the face of future pandemics (that may lead to movement restrictions)? What role could online experiences play in maintaining connection to and motivation to visit places during a pandemic? How will peer-to-peer trading networks manage the implementation of COVID safety plans?

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9.

Airbnb catering to guests with disabilities – before, during and after COVID-19

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People with disabilities face a wide range of challenges in their everyday lives, including when they go on vacation. Identifying suitable tourist accommodation is one of the aspects of travel planning which is of critical importance to ensure a safe and enjoyable stay. Yet, it is not easy for people with disabilities to determine whether short-term accommodation is suitable for them. Airbnb has been publicly criticised because it is not obliged to comply with the same minimum accessibility standards as licensed, commercial accommodation providers. Airbnb made a number of improvements just before COVID-19 further complicated the situation.

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Tourist accommodation challenges faced by people with disabilities

Traditionally, disability was viewed as a problem that made an individual 'abnormal', requiring fixing by medical practitioners (People with Disability Australia, 2018). This medical model of disability focuses on what people with disabilities cannot be or cannot do. In contrast, the social model of disability (Oliver, 1983; Oliver, 2013) views disability as a socially constructed

phenomenon, resulting from a person with a disability interacting with their environment. The environment is characterised by physical, informational and attitudinal barriers. The social model of disability focuses on reducing these barriers to enable, rather than disable, people to participate equally and fully in society (People with Disability Australia, 2018; Randle & Dolnicar, 2019).

Physical barriers are features of the natural or built environment. In the tourist accommodation context, they can include narrow doorways, uneven floor surfaces or steps, insufficiently lit areas, inappropriate chairs, beds, tables or counter heights (Figueiredo et al., 2012; McKercher & Darcy, 2018). Such physical barriers most impact people in wheelchairs whose mobility in tourist accommodation depends on specific space requirements (Randle & Dolnicar, 2019). Some properties may report being wheelchair accessible because they do not have steps, however, doorways may not be wide enough to fit a wheelchair through, or the countertops and tables may be unsuitable heights, or the bathroom facilities may not be reachable from a sitting position. In this sense the property may be accessible but not necessarily functional for people in wheelchairs. Other issues related to accessibility include uneven surfaces that may present tripping hazards for people with walking devices, slippery surfaces in wet areas or unreachable kitchen appliances or cupboards.

Issues of accessibility also impact other types of disabilities. People with vision impairments may require tactile aids to help them find their way around the accommodation or understand emergency evacuation procedures, oversized light switches or remote controls, or specialised lighting (Packer et al., 2007; Small et al., 2012). People with hearing disabilities may require visual fire alarms, televisions with captioning capability, or appliances with visual rather than audible alerts (Randle & Dolnicar, 2019).

Informational barriers prevent people with disabilities from being able to access required information or communicate effectively. People with disabilities report having low confidence in the information provided by tourism and accommodation operators and feeling the need to double check the information provided to ensure it is accurate (Packer et al., 2007). Accurate information is essential to people with disabilities. They must ensure that accommodation is suitable for them and their very specific needs. Inaccurate information, which results in sub-optimal travel arrangements, can result in negative consequences such as increased stress and anxiety, reduced enjoyment, cancelled bookings, increased cost, and having to make last minute arrangements to try to find suitable accommodation alternatives (Packer et al., 2007; Eichhorn et al., 2008; Pagan, 2012).

Informational barriers can be particularly problematic for people with sensory disabilities because of the limited ways in which some information is presented. People with visual disabilities face barriers because accommodation providers rely primarily on online written information to describe accommodation features. People with visual disabilities may also experience barriers during their travel if information is written or illustrated, which may result in them having to ask someone else to read information out to them (Small et al., 2012). People with hearing disabilities face barriers whenever information is only presented audibly, for example, public transport announcements or digital tour guides at cultural attractions.

Attitudinal barriers relate to assumptions made about people with disabilities that prevent them from participating fully in society. Empirical evidence suggests that people with disabilities experience this kind of discrimination in tourism-related contexts (Pagan, 2012; McKercher & Darcy, 2018). Negative attitudes and discrimination often result from ignorance about what people with disabilities can and cannot do, and the extent to which they deserve to participate fully in society (McKercher & Darcy, 2018). Widespread ignorance about people with disabilities is arguably one of the greatest barriers they face, because it contributes to them being ignored, overlooked, or viewed as second-class citizens (Darcy & Pegg, 2011; Small et al., 2012; McKercher & Darcy, 2018).

Ignorance can result in a range of negative behaviours, such as assuming people with disabilities are incapable of everyday tasks, making inappropriate and insulting comments, offering or providing inappropriate assistance, and in some cases, displaying overtly hostile treatment (Darcy & Pegg, 2011; Small et al., 2012). As a consequence, some people with disabilities prefer not to disclose their disability when making tourism enquiries and bookings (McKercher et al., 2003). Education and training can reduce negative attitudes and discrimination (Randle & Reis, 2016), as demonstrated specifically in the context of tourism (Daruwalla & Darcy, 2005; Bizjak et al., 2011). Yet, the tourism industry has been slow to develop programs that adequately train and educate staff. Most operators instead focus on meeting the minimum requirements of regulators and legal institutions (Randle & Dolnicar, 2019).

It can be concluded that tourists with disabilities are at risk of being disadvantaged in three ways in the context of tourist accommodation: lack of accessibility due to the physical properties of the accommodation (physical barriers); lack of detailed information about the physical properties of the accommodation that would allow people to assess suitability before booking (informational barriers); and discrimination by accommodation providers (attitudinal barriers).

To examine this issue further, in December 2020 we conducted a survey with 361 people who do have (51%) and do not have (49%) disabilities. The survey included questions about the extent to which physical, informational and attitudinal barriers affect their ability to go on vacations. Physical barriers were identified as problematic by 34% of respondents with disabilities, compared to only 16% of those without disabilities. A chi-square test of independence indicates that this is a significant difference between groups (X^2 (1, N = 352) = 14.099, p < .01). People with disabilities specifically mentioned accessibility issues associated with their disability, for example "*if I travel by train, I cannot hear the announcements, so might not know if my train is due or running late*". People without disabilities mentioned barriers associated with accessibility more generally, for example those related to whether they had their own car or relied on public transport: "*I didn't have a car until recently, so that impacted my ability to get places in general*".

Informational barriers were reported by 43% of people with disabilities, compared to only 29% of people without disabilities (a significant difference, X^2 (1, N = 352) = 6.967, p < .01). Again, people with disabilities mentioned informational barriers that directly related to their particular disability, for example accessing enough information to know if a property is genuinely accessible to wheelchairs: "*I have to get other people to phone places for me to get information on accessibility, as websites don't have the information…sometimes they still don't account for steps outside the accommodation or take into account the width of wheelchairs*". People without disabilities also mentioned informational barriers, but these tended to relate to more general information about travel costs or activities at the destination: "[finding] *information on getting the best price for the destination of my choice*" and "*I find it hard to decide where to go and what places would be enjoyable for me to go to*".

Attitudinal barriers were identified by 22% of people with disabilities, compared to 24% of people without disabilities – an insignificant difference (X^2 (1, N = 352) = .184, p = .67). People with disabilities reported concerns such as "*finding areas where people with like me are able to talk and socialize without being a nuisance to locals*", while people without disabilities reported other equity-related issues such as racism and LGBT acceptance: "*LGBT rights in many countries are not good" and "if I am likely to have difficulties in the location due to my race*".

Participants were further asked to think of what they would change in terms of tourism operators in general, ranking the important of the following three factors: "*I would want providers to ensure the physical properties of their accommodation are suitable for my needs*", "*I would want providers to*

describe their accommodation in more detail so I can assess if it is suitable for me" and "*I would want more accommodation providers to be accepting of people like me*". Both people with and without disabilities ranked "*I would want providers to describe their accommodation in more detail so I can assess if it is suitable for me*" as the most important, with 72% of people with disabilities and 57% of people without disabilities ranking it first. Similarly, "*I would want providers to ensure the physical properties of their accommodation are suitable for my needs*" was ranked second overall by both groups: 63% of people with disabilities and 54% of people without disabilities. Lastly, "*I would want more accommodation providers to be accepting of people like me*" was ranked as least important overall, with 76% of people with disabilities and 74% of people without disabilities ranking it as least important.

Regulations ensuring accessible tourist accommodation

Most developed countries have legislation that protects the rights of people with disabilities. In the US, the *Americans with Disability Act* of 1990 regulates which provisions licensed, commercial tourist accommodation providers have to make to accommodate people with disabilities. For example, doors must be wide enough to allow people with walkers or wheelchairs to pass through, walkways cannot have steps or sudden drops that could cause falls, any dangers must be marked in a way that they can be detected by blind or vision-impaired people using a cane, and signs must be written in braille as well as letters. Depending on the total number of rooms in the accommodation, a certain number of accessible rooms and car spaces must be provided. Accommodation providers who have five rooms or less and live at the premises are exempt from these requirements (US Department of Justice, 2010). This means that according to the *Americans with Disability Act* many Airbnb hosts do not need to make any specific provisions, effectively excluding people with disabilities from fully participating in trading on peer-to-peer accommodation network platforms.

The *Disability Discrimination Act 1992* in Australia and the *Disability Discrimination Act 1995* in the UK (later replaced by the *Equality Act 2010*) outlaw direct and indirect discrimination against people with disabilities in several domains including education, employment and the provision of goods and services. The acts are supported by building standards and guidelines that specify the minimum numbers of accessible rooms and car parking spaces that must be provided by short-term accommodation providers, minimum requirements to ensure the safe entry and exit of buildings, minimum door widths, provision of tactile and multisensory signage and warning systems, accessible entry and exit of swimming pools and recreational facilities, and minimum standards for accessible lifts and bathroom facilities (Australian Government, 2010; HM Government, 2016). Similarly to US legislation, many of the accessibility requirements do not apply to owner-occupied premises with small numbers of guests, making many Airbnb properties exempt from complying with these national standards (von Briel & Dolnicar, 2021). This exemption means that it is theoretically possible that all properties listed on a peer-to-peer accommodation platform could be inaccessible for people with disabilities, systematically excluding them from participating in space trading via such platforms.

Airbnb for tourists with disabilities before COVID-19

Airbnb has been heavily criticised for not having to comply with accessibility regulations (e.g. Boxall et al., 2018; Heidman, 2014; Longmire, 2017; Redmond, 2014). The lack of this compliance requirement led to the automatic assumption that accommodation booked on peer-to-peer accommodation platforms is less accessible, and that people with disabilities suffer discrimination.

Different types of evidence offer some support for this assumption. One example is the language

used in peer-to-peer accommodation listings. Labels used to describe people with disabilities can influence the extent to which people feel welcomed in properties and avoid stigmatisation or discrimination. For example, people in wheelchairs prefer not to be called “wheelchair bound”, while others find old fashioned terms like “crippled” particularly offensive (Randle & Dolnicar, 2019).

Another example is the information provided on listings on peer-to-peer trading webpages. Disabilities are unique to each person. This means that there is never a guarantee that a room that is designed to be accessible is in fact accessible to all people with disabilities, highlighting the critical importance of information describing the physical infrastructure in detail. Hosts’ lack of understanding of the needs of people with disabilities can result in the provision of insufficient or inaccurate information about the property. While this may not be intentional, the host may be unaware of the significant negative impact this can have on guests. Some have argued that people with disabilities need to be proactive in obtaining the information they need, as some able-bodied hosts may not know what information to provide (Randle & Dolnicar, 2019). Taking steps in both directions may be the most productive solution: providing more information on listings, as well as giving guests the opportunity to ask additional questions. The problem with this, however, is that guests with disabilities are sometimes reluctant to disclose their disability before booking because they fear that this may result in their booking request being declined.

People with disabilities may indeed be subject to discrimination by accommodation hosts. This can occur at the booking stage if hosts deliberately avoid accepting bookings from people with disabilities because of concerns about their comfort, safety or potential liability if accidents occur (Randle & Dolnicar, 2019). An experimental study following a classic research design for discrimination studies offers some evidence for the latter assumption (Ameri et al., 2017). Airbnb hosts were sent nearly 4,000 artificially generated bookings requests. In some of these booking enquiries, guests disclosed their disability, in others they did not. Guests not disclosing a disability were given permission to book (Karlsson et al., 2017) in 75% of cases. In contrast, only 25% of booking requests from guests with spinal injuries were approved, only 43% when the guest reported having cerebral palsy, and only 50% for guests with vision impairments. The gap in acceptance rates was smaller for listings which explicitly noted that the property was wheelchair accessible. Airbnb’s non-discrimination policy – introduced in 2016 – made no difference (Ameri et al., 2017). Importantly, discrimination is not the proven cause for the identified gaps in acceptance rates. As the authors of the study explicitly note, these empirical observations may be due to hosts being concerned that they may not be able to ensure the safety of guests with disabilities at their property.

Two developments resulted from the accusations that Airbnb and similar peer-to-peer accommodation platform facilitators fail to provide (enough) accessible accommodation: niche providers specialising in peer-to-peer accommodation for people with disabilities were founded; and platform facilitators have implemented changes to their platforms to overcome some of the barriers (von Briel & Dolnicar, 2020). Airbnb, informed by a report it commissioned on discrimination potentially occurring on its trading platform (Murphy, 2016), implemented a number of counteractive measures. These included launching education initiatives for hosts; redesigning webpages to assist with legibility; and adding additional descriptions for listings to ensure people with disabilities have access to more detailed information about the physical characteristics of properties.

In 2018, Airbnb launched 21 new accessibility filters on its website to enable people with disabilities to search for properties that meet their needs (Airbnb, 2018). The filters enable people to search for properties with a range of accessibility options related to parking, the entrance to the property, moving around within the property, and accessibility features specifically related to the bedroom, bathroom, and common areas. However, comments posted since 2018 on the Airbnb discussion board still highlight deficiencies in the information provided by hosts, for example, properties

claiming to be suitable for mobility-impaired people but failing to have appropriate facilities in bathrooms. In one case, this resulted in a person slipping and injuring herself (Airbnb, 2021).

As of 2020, the Airbnb webpage provides the following details about accessibility of listings: "*Entrance: stairs or steps to enter, well-lit path to entrance, wide entrance for guests, step-free path to entrance. Getting around: wide hallways (the hallways on the ground floor are at least 36 inches/ 91cm wide), lift (if needed, contact host about the width). Bedroom: no stairs or steps to enter, wide entrance, accessible-height bed, extra space around bed, electric profiling bed. Bathroom: no stairs or steps to enter, wide doorway to guest. Bathroom: extra space around toilet, accessible-height toilet, fixed grab rails for toilet, extra space around shower, fixed grab rails for shower, step-free shower, shower chair, handheld shower head, bathtub with bath chair. Common areas: no stairs or steps to enter, wide entryway. Parking: disabled parking spot (there's a parking spot that's been designated as suitable for a person with disabilities). Equipment: mobile hoist, pool with pool hoist, ceiling hoist*".

Before COVID-19, Airbnb faced criticism for discrimination and lack of compliance with accessibility regulations associated with more traditional accommodation options. While efforts were made to give more specific accessibility details for listings, personal accounts reveal that listings often still provide misleading or incomplete information for people with disabilities. To investigate this issue further, we included in our survey (conducted in December 2020) questions about the degree to which physical, informational and attitudinal barriers are present when people with and without disabilities use Airbnb, seen in Figure 9.1. Physical barriers were problematic for 15% of people with disabilities, compared to only 6% of people without disabilities. A chi-square test of independence indicated no significant difference between groups, X^2 (1, N = 104) = 2.133, p = .14. However, it is likely for this statistic and the chi-squares reported below that the sample size is too small (N = 104) to provide sufficient power to detect an effect. Again, people with disabilities identified specific challenges which were directly related to their disability, for example "*being able to read house numbers*" and "*staircases without suitable railings*". People without disabilities also identified issues associated with accessibility, however these related to other individual needs such as travelling with pets: "*travelling with dogs it is hard to find pet friendly places*". The difference between the groups is that because the barriers faced by people with disabilities related to their disability, it was impossible for them to avoid such challenges when they travel. The barriers faced by people without disabilities more often related to circumstances that they create by choice, such as travelling with pets. Therefore, they have the choice to avoid the barriers by not travelling with their pets, but they choose instead to navigate the barriers this creates. People with disabilities do not have this luxury of choice when it comes to barriers to travel.

Informational barriers were reported by 41% of people with disabilities compared to only 32% of those without disabilities. A chi-square test of independence indicated no significant difference between groups, X^2 (1, N = 104) = .855, p = .36. People with disabilities gave examples such as "*not enough information on the website available! Incorrect information noted. Unable to see exact location without actually asking or booking the accommodation – I need to know how far things are and how I can travel to the destination / parking arrangements*". People without disabilities identified more generic informational barriers such as the information needed to assess potential value for money; "*enough pictures to decide if the money is worth renting the place out*".

Attitudinal barriers were identified by 6% of respondents with disabilities and 10% of those without disabilities. A chi-square test of independence indicated no significant difference between groups, X^2 (1, N = 104) = .722, p = .40. People with disabilities gave examples of suspected discrimination by hosts because of their disability, for example "*contacting the property owner with a request (often unsuccessfully – I can only assume it is because they don't want to accommodate people*

with disabilities)". People without disabilities also reported attitudinal barriers which were typically related to equity issues depending on which groups they identified with. For example, this included the negative attitudes of hosts based on race or sexual orientation: "*finding whether or not if the host is accepting of others in the LGBTQ community*" and "*when a host realises I am black suddenly property being unavailable or hidden costs come to light*".

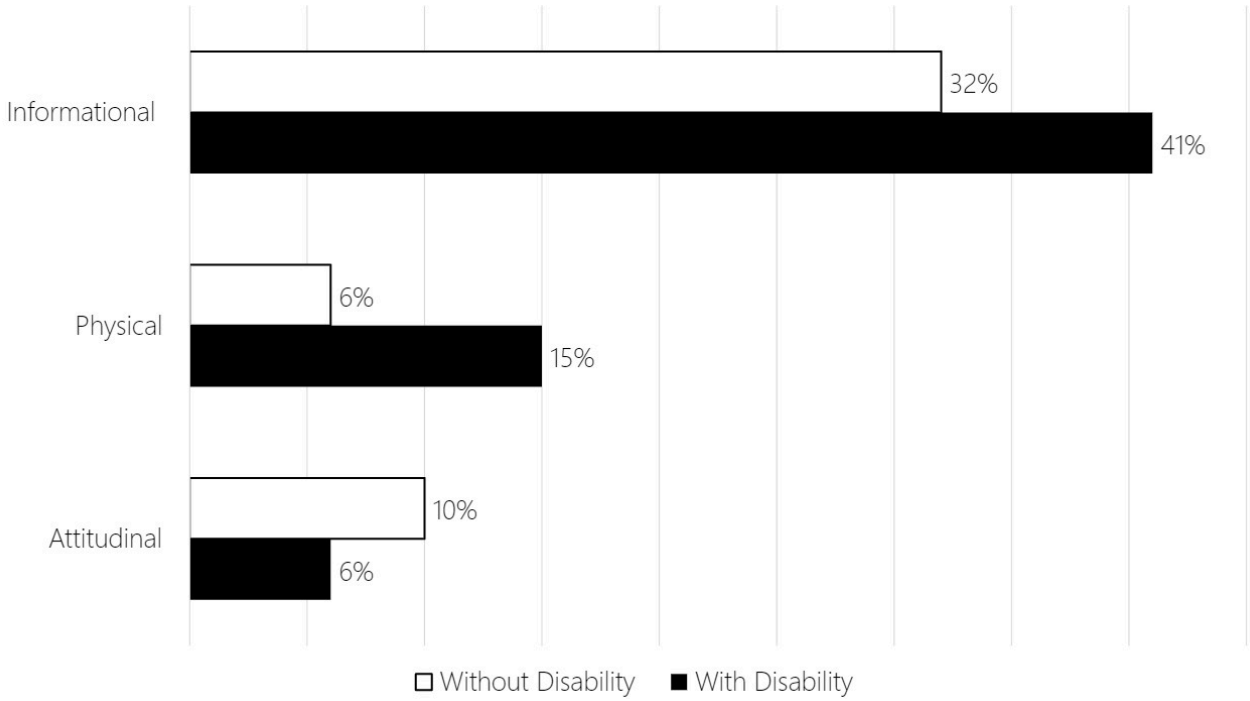

Figure 9.1: Barriers experienced with Airbnb by those with and without a disability.

We conducted another survey in January 2021 with 57 Airbnb hosts. One interesting insight from this survey was that – although participants from the previous survey suggested they faced similar levels of attitudinal barriers between those with/without disabilities – the Airbnb hosts themselves reported widespread concerns about hosting guests with disabilities. A substantial portion of hosts reported discomfort with guests with disabilities booking their space; 23% reported "*I feel awkward about it*", 35% reported "*I am worried I could get into trouble*" and 15% even reported "*I would rather not host them*". Concern regarding the suitability of spaces for those with disabilities was also specifically cited; 53% of hosts indicated "*I am not sure my space is suitable*" and 88% "*I would want to make sure my space is suitable*". A final question about guests with disabilities was posed to hosts: "*A key problem people with disabilities face when they book holiday accommodation on online booking platforms such as Airbnb is that they are not provided with enough information to allow them to assess whether or not the space is suitable for them. If you were told exactly what people with disabilities would need, would you be willing to add this information to your online listing?*", to which 90% of hosts responded "*yes*". While the results from the previous survey suggested attitudinal barriers were faced equally between those with and without disability while using Airbnb, results from the hosts appear to suggest otherwise. The ignorance surrounding the provision of disability appropriate spaces, while perhaps not aggressive in nature, still represents a significant attitudinal barrier which may in turn create informational barriers for those with disabilities.

Airbnb for tourists with disabilities during COVID-19

Since its market entrance, Airbnb has been labelled a disruptor. Airbnb disrupted the accommodation sector, significantly impacting the growth trajectories of licensed, commercial accommodation

providers (Blal et al., 2018; Edwards, 2016; Zervas et al., 2017). At the same time, the growth trajectory of Airbnb has been exponential, only slowly flattening off in early 2020 (Alltherooms, 2020). But flattening growth was the least of Airbnb's problems in 2020. COVID-19 disrupted the disruptor (Dolnicar & Zare, 2020). Notably, COVID-19 put a stop to the most fundamental requirement for tourism: mobility.

Yet, it is unknown how this mobility restriction affected people with disabilities. A number of hypotheses could be put forward: people with disabilities are affected in the same way as people without disabilities who want to take a vacation; people with disabilities are more affected than people without disabilities because they are a vulnerable group within the population who already face significant barriers to travel; or people with disabilities are less affected than people without disabilities because they already faced so many barriers prior to the onset of COVID-19 that the additional restrictions imposed by the pandemic affected them only marginally more than usual.

In our survey, we asked people with/without disabilities if they felt more, less, or equally affected by COVID-19 as people without/with disabilities. The majority of people with disabilities felt equally affected as people without disabilities (60%), however a minority did feel more (32%) or less (8%) affected. Examples given for feeling equally affected as people without disabilities included "*the issues are structural and affect everyone*", "*disability does not keep me from traveling, it is financial*" and "*my disability is a disconnection to people anyway and social situations can be very difficult. It levels the playing field there*". People with disabilities who felt they were more affected than people without disabilities attributed this to reasons such as being immunocompromised and the exacerbation of their existing barriers; "*I can't lip read when people are wearing masks*" and "*taxi usage is reduced and personal assistance is non-existent*". People with disabilities who felt they were less affected than people without disabilities explained this in terms of the significant barriers to taking vacations they already faced, and the relatively minimal impact the pandemic had on these existing barriers. For example, "*able bodied people aren't used to being given limitations on their holidays*" and "*COVID had no impact because I was already unable to take vacations*".

People without disabilities were most likely to report feeling equally affected as (48%) or less affected than (43%) people with disabilities. A minority believed they were more affected than people with disabilities (9%). People who believed they were equally affected cited the non-discriminatory nature of the pandemic and the fact that everyone in society had the same restrictions imposed on them. For example, "*no one can travel to certain countries at the moment regardless of disability*". People who felt they were less affected than people with disabilities acknowledged that "*those with disabilities already face more challenges when booking vacations than those without disabilities… I'd imagine those with disabilities are even more affected*". People who felt they were more affected than people with disabilities explained this by stating that people with disabilities already faced so many barriers that the pandemic was unlikely to significantly increase these barriers, whereas people who did not already face significant barriers to travel were likely to feel the COVID-19-related restrictions more keenly. For example "*because there are so many things that people with disabilities might not want to do – whereas if you don't already have those restrictions…*".

When asked about how often they took vacations prior to COVID-19, people with disabilities reported travelling less often than those without disabilities. Around one quarter of people with disabilities reported travelling less than once per year (26%), and the largest proportion reported travelling about once per year (39%). Only around one third travelled more than once per year (35%). In contrast, around one fifth of people without disabilities took a vacation less than once a year (19%) and around double this number (39%) took vacations more than once per year (39%). The remainder of people without disabilities (43%) reported taking vacations around once per year. A chi-square

test of independence indicated no significant difference between groups (X^2 (2, N = 352) = 3.052, p = .22). This gap in holidaying was exacerbated by COVID-19 as seen in Figure 9.2, with people with disabilities reporting that since the onset of COVID-19 they had travelled: not at all (90%), once (9%) or more than once (1%), compared to those without disability reporting not at all (83%), once (11%) or more than once (6%). A chi-square test of independence indicated a significant difference between groups (X^2 (2, N = 352) = 9.411, p < .01 for post-COVID-19 travel).

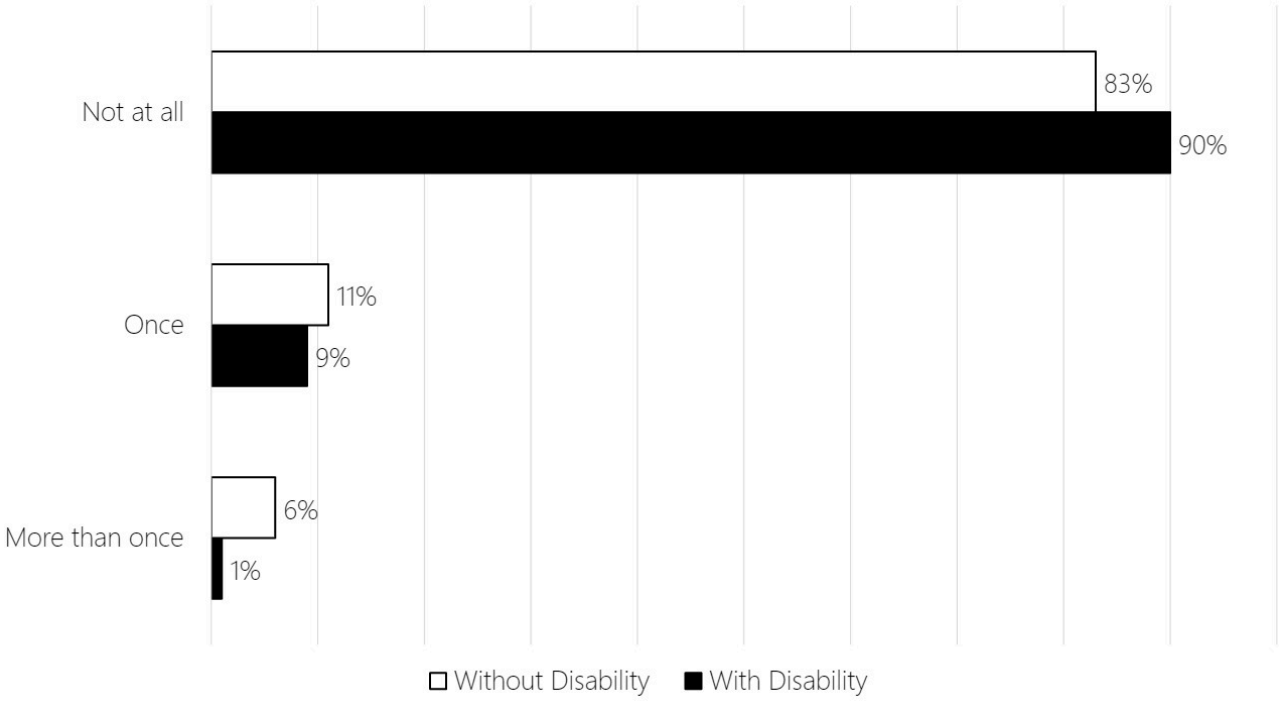

Figure 9.2: Post-COVID-19 travel of those with and without a disability.

It is apparent that the restrictions posed by the COVID-19 pandemic have largely affected everyone's travel behaviour, with the vast majority of people not having travelled at all since the onset of the pandemic. As seen in Figure 9.2, those with disabilities have been more affected than those without, travelling less since the onset of COVID-19. However, respondents provided mixed responses about the impact of COVID-19 on people with and without disabilities – with some stating that those without disabilities have been more negatively affected due to their unfamiliarity with a reduction in mobility, and some stating that those with disabilities have been more affected due to the exacerbation of their existing difficulties.

Airbnb for tourists with disabilities after COVID-19

The COVID-19 global pandemic will have major long-term implications for the tourism industry in general, and the accommodation sector in particular. The immediate need to protect guests and employees from the virus while remaining operational, combined with expert predictions that pandemic outbreaks are likely to occur more frequently in future, will likely mean some systematic modifications to tourism service provision. The best basis for a prediction of those changes are recommendations made by industry associations to their members (Zhu and Dolnicar, 2021). Based on these recommendations, it can be assumed that there will be a trend toward spaces which permit social distancing, the use of disposable items, the use of personal protective equipment, the routine use of hand sanitisers, increased cleaning standards, a transition from hardcopies to online interfaces (e.g. restaurant menus), and a transition to more cashless payments.

When asked what kind of challenges COVID-19 has presented, people with disabilities provided suggestions such as "[there are] *less places to stop and rest i.e. cafes, public toilets etc*." and "*compulsory masks mean I cannot lip read and struggle to hear people*". When asked what kind of support tourism operators could provide to make their services safer and more accessible for those with disabilities during COVID-19, a common sentiment was that "*I feel that there is nothing they can do; I will wait until I get vaccinated for COVID-19 before I go on another vacation*". Others offered suggestions such as "*I rely heavily on lip reading. Wearing face masks prevents this…Maybe have more information available in written form*" and "*… any signs about doors/access…it's really annoying to get to a door of a museum or art gallery …only to be told go back and enter a different way. Fine if you are able-bodied but extremely tiring if walking is difficult*".

When considering the support and assistance that Airbnb could provide to overcome the challenges associated with COVID-19, suggestions from people with disabilities largely related to informational barriers (predominantly what and how information is presented on the Airbnb website or associated websites). For example, "*better posting or a review site not affiliated with Airbnb maybe that can give more objective reviews/information about places*", "*an accessibility index would be amazing*", "*better descriptions*". Some also suggested improvements to the questionnaires hosts answer in order to provide information about their property on the website, for example, "*more thorough questionnaires hosts have to answer. Maybe a special filter for 'I don't want to interact'*".

Conclusions

People with disabilities have traditionally faced difficulties thought to be the result of being 'abnormal' or having limited capacity (People with Disability Australia, 2018). The social model of disability contrasts this notion by positing that people with impairments encounter difficulties that arise when they try to interact with their socially constructed environments (Oliver, 1983; Oliver, 2013). Our survey of the travel experiences of people with and without disabilities provides evidence for the social model of disability in terms of two of the three types of barriers faced by people with impairments: physical and informational, but not attitudinal. However, insights from a study with Airbnb hosts in January 2021 reveal that Airbnb hosts did exhibit reservations about hosting guests with disabilities, largely based on uncertainty of their needs. This suggests these barriers were experienced disproportionately more by those with disabilities, both in travel overall and specifically when using Airbnb. This suggests that despite the moves for improvement by Airbnb to counter the criticism they have faced for informational and physical barriers, these barriers still present a current issue for travellers with disabilities.

Overall, COVID-19 appears to have impacted travellers with disabilities disproportionately, exacerbating the existing gap of travel frequency before the pandemic. New barriers have been identified – such as communication issues associated with wearing face masks or physical distancing – which have the potential to exacerbate existing difficulties for people with disabilities in their endeavours to travel. In the ever-changing climate of a pandemic-affected world, new and old barriers will need to be continually reassessed in order to provide people with disabilities safe and enjoyable travel experiences. Providing detailed information about all aspects of a property listed on Airbnb which affect its suitability for someone with a disability represents the easiest approach to closing the gap. People with disabilities indicate that they would greatly benefit from such detailed information and Airbnb hosts are happy to provide it. Providing additional information would also further add to the value of the information provided about listings on Airbnb.com, thus representing a simple solution that is beneficial to all involved in peer-to-peer accommodation trading.

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10.

Airbnb catering to the multi-family travel market – before, during and after COVID-19

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Airbnb and similar online trading platforms for short-term space rentals list a substantial number of properties that usually serve as homes for families. As such, they are particularly suitable for multi-family travel – joint holidays of two or more families. Even before COVID-19, there was a clear trend towards multi-family travel. While it is not yet entirely clear how COVID-19 will affect multi-family travel patterns in the long term, demand is likely to increase in the short term as tourists are more concerned about their safety – they prefer to spend their holiday with people they know well and would interact with even when not on holiday.

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One or more interactive elements has been excluded from this version of the text. You can view them online here: https://uq.pressbooks.pub/airbnb-978-1-74272-321-1/?p=55#oembed-1

Multi-family travel before COVID-19

When more than one family travels together, they engage in multi-family travel – irrespective of whether they are relatives or friends. Specific multi-family travel types that are attracted to peer-to-peer accommodation include *multi-generational travel* (Lago & Poffley, 1993; Kleeman, 2014), *family reunion travel* (Lago & Poffley, 1993; Yun & Lehto, 2009), *and visiting friends and relatives* (Jackson, 1990; Backer, 2010; Backer et al., 2017).

Before COVID-19, *multi-generational travel* – multi-family travel including three or more generations of family members – was increasing in popularity (Kleeman, 2014). This trend is likely to be a consequence of people living longer, people having fewer children, and families not typically living in close proximity to grandparents anymore (Pederson, 1994; Schänzel & Yeoman, 2015). Grandparents also live longer and remain healthier and more mobile for longer. Combined, this leads to grandparents having both the desire and the ability to compensate for the lack of everyday interaction with children and grandchildren by spending vacations together (Lago & Poffley, 1993; Schänzel & Yeoman, 2015). An interesting – and arguably unique – feature of multi-generational travel is the central role of the creation of joint memories, possibly fuelled by the realisation that all family members will not be able to partake in these trips for much longer. The family photo plays a central role in the creation of memories that will outlast the actual holiday experience (Lago & Poffley, 1993). As a consequence of the increasing interest in multi-generational travel, family resorts have experienced increased demand from multiple families spending their vacation together (Brey & Lehto, 2008). The resorts have responded to this trend by adjusting their offerings to better meet the needs of this specific market segment (Brey & Lehto, 2008).

Family reunion travel refers to multi-family units gathering at a destination to meet on a recurring basis (Yun & Lehto, 2009). The number of attendees at such reunions may be low, or it may be as high as 75-100 people. This market is distinctly different from normal multi-family holiday travel because reunion attendees act collectively toward the shared purpose of a reunion rather than pursuing the individual goals typically associated with holidays. Motivations for undertaking family reunion travel include strengthening the connections between family members and ensuring their stability, improving communication among family members, and shaping family structures in terms of the roles specific members play within the broader family structure (Yun & Lehto, 2009). Figure 10.1 shows the main motivations for multi-family travel emerging from an online study conducted in 2017 (Hajibaba & Dolnicar, 2018).

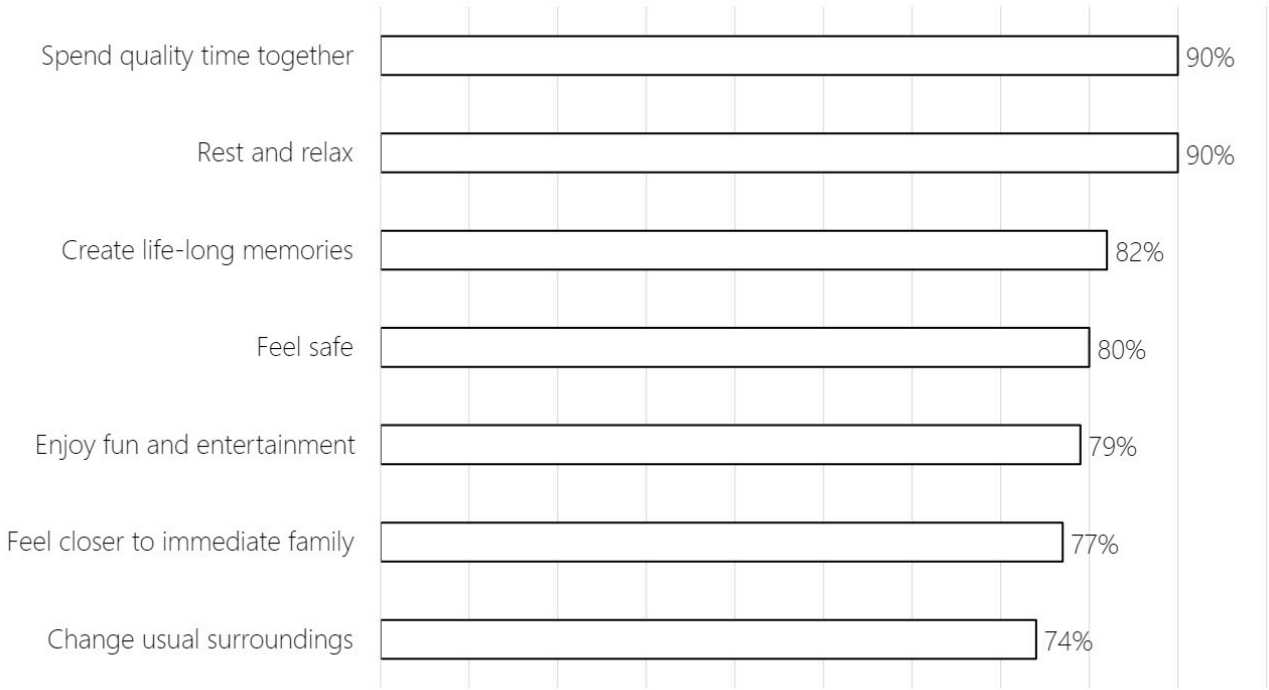

Figure 10.1: Main travel motivations of multi-family travellers (source: Hajibaba & Dolnicar, 2018)

A more common form of multi-family travel is *visiting friends and relatives*, typically staying with them at their residence (Backer, 2010). Those engaging in visiting friends and relatives travel can be grouped into distinct segments depending on the primary purpose of their trip and their

accommodation at the destination (Backer, 2009). Not all travellers who visit friends and relatives stay at their homes (Morrison et al., 2000; Moscardo et al., 2000); some book commercial tourist accommodation, including spaces traded on peer-to-peer accommodation networks. Reasons for booking commercial tourist accommodation include lack of facilities at the traveller's friend or relative's home, and travelling with many family members including small children (Backer, 2010).

An interesting aspect of multi-family travel is that people engaging in this form of travel have very specific accommodation needs, which are not well catered to by the main types of tourist accommodation (Schänzel & Yeoman, 2014). The most unique requirement relates to the setup of the space. The optimal setup for multi-family travel is to have multiple bedrooms, multiple bathrooms, a joint common space and a large kitchen (Lago & Poffley, 1993; Airbnb, 2017; Hajibaba & Dolnicar, 2018). According to Airbnb's own research (2017), most multi-family travellers also expect wireless internet – presumably to cater for a wide range of electronic devices – and about half of them want a pool or spa. When asked to rank accommodation features for a multi-family trip by importance, respondents in Hajibaba and Dolnicar's (2018) study ranked the number of bedrooms first, followed by the number of beds, the nightly rate, the number of bathrooms, the kitchen and how well equipped it is, air-conditioning, television, wireless internet, parking, pool, washing machine, child safety, gym facilities and children's toys. These same respondents – when asked which type of tourist accommodation they booked on their most recent multi-family trip – most frequently stayed at higher-end hotels (24%), followed by holiday homes (23%). With this study having been conducted pre-COVID-19, a substantial number of respondents – 16% – also indicated that they went on a cruise ship, and 14% spent their holiday on a campsite. Only 5% indicated that they used Airbnb and another 4% used more traditional bed and breakfast accommodation (Hajibaba & Dolnicar, 2018). Reasons offered by respondents to explain their clear preference for holiday homes include that they represent a cheap option for groups of people, and contain multiple rooms and bathrooms. In terms of Airbnb specifically, people commented on the huge selection of properties to choose from, and on value for money. Those who had no prior experience with Airbnb were reluctant about booking on peer-to-peer accommodation platforms because they were concerned about safety and the trustworthiness of the host, but also about children breaking something in someone else's house (Hajibaba & Dolnicar, 2018).

Pre-COVID-19 research by Airbnb (2017) revealed that 34% of families travel with grandparents when they go on holiday, and another 20% with friends, illustrating the substantial potential of the multi-family travel market. Further evidence is provided by a TripAdvisor study (2011) – in which 37% of US participants stated their intention to undertake a multi-generational trip in the near future – and a survey conducted by the Preferred Hotel Group (2014), concluding that half of all holidays taken by parents and grandparents involve multiple generations of their family. According to Expedia, around 30% of Australians have been on a multi-generational vacation, fuelling demand for family rooms at hotels (Expedia, 2016). If these statistics can be trusted, multi-family travel may well be one of the main tourism trends of the future.

Multi-family travel during COVID-19

According to an Airbnb report (2020) issued in the midst of the pandemic, family trips with at least one child or infant have increased by 55% in the United States compared to 2019, and many hosts have observed an increase in the size of travel parties including multi-generational family vacationers (Gao, 2020).

After the initial stages of COVID-19 – as the extent of damage to the tourism industry became apparent – destination tourism organisations developed recovery plans targeting domestic travellers,

including travellers visiting friends and relatives (Senbeto & Hon, 2020). Previous studies have suggested that the visiting friends and relatives market is resilient because the motivation to travel is independent of external circumstances, making this market segment particularly attractive to destinations in their recovery attempts (Backer & Ritchie, 2017). It is also likely that friends and relatives live in the same country as the travellers; a key advantage during a pandemic characterised by strict border closures put in place by most countries around the world. In addition, in some destinations – including Australia and New Zealand – local community transmission of COVID-19 was low, and most new cases were imported from residents returning to those countries from overseas. Domestic travellers visiting friends and relatives are likely to look for accommodation located in close proximity to their friends and relatives – including peer-to-peer accommodation – and contribute to the local economy by going to cafes, restaurants, wineries and other tourist attractions (Backer & Ritchie, 2017).

Although Airbnb has suffered substantial losses because of COVID-19 – and the associated reduction in bookings and transitioning of rental spaces form the short-term to the long-term market – a few COVID-19-related trends may work in the company's favour.

During COVID-19, staying isolated from others while travelling has gained importance. Airbnb search engine data shows an increase in requests for entirely independent accommodation such as houses, cottages, cabins, bungalows and villas (Airbnb, 2020a). Airbnb listings in regional and rural areas are expected to increase in popularity among families, especially those travelling with young children and elderly family members. The pull factor of changing scenery – both for children who may have been home-schooled for too long and for the parents who have been working from home for months – creates the desire to break the routine and go away even if it is only a road trip to another house within driving distance. Airbnb and other peer-to-peer accommodation networks offer such opportunities. Airbnb had already detected an upward trend for travelling to regional areas before the pandemic (Volgger et al., 2019). During the pandemic, this trend accelerated, especially among multi-family travellers. Families that had been locked up in their homes for weeks looked for spacious accommodation options with amenities such as pools and playgrounds. Such spaces are more frequently located in regional areas away from city centres (Airbnb, 2020; DuBois, 2020). Airbnb (2020a) also reports that, during the pandemic, families were more frequently than usual choosing listings that permitted pets (22%), provided wireless internet (13%), had kitchens (9%) and offered air-conditioning (8%; Airbnb, 2020a).

The increased emphasis on cleanliness and sanitation during COVID-19 is also valuable to Airbnb in terms of its positioning in the Asian marketplace. Travellers from Asia were increasingly adopting Airbnb before COVID-19 (Volgger et al., 2019). Cleanliness was the single most important factor in choosing accommodation for Chinese and Western travellers (Tsai et al., 2011). Another trend that works to Airbnb's advantage is the increased price-consciousness of the market. Airbnb has always offered accommodation options with a variety of services suitable for families within any budget range (Lin, 2020). The affordability and diversity of prices are predicted to be even more important to family travellers during and after the pandemic.

To obtain an up-to-date picture of the Airbnb in the context of multi-family travel, we conducted a survey with 102 Airbnb guests in January 2021. First, we asked them whether they had taken a multi-family trip in the past. One third of respondents indicated that they have not, 46% had done so with friends, and 47% had done so with family. These results provide further evidence for the substantial size of this market segment.

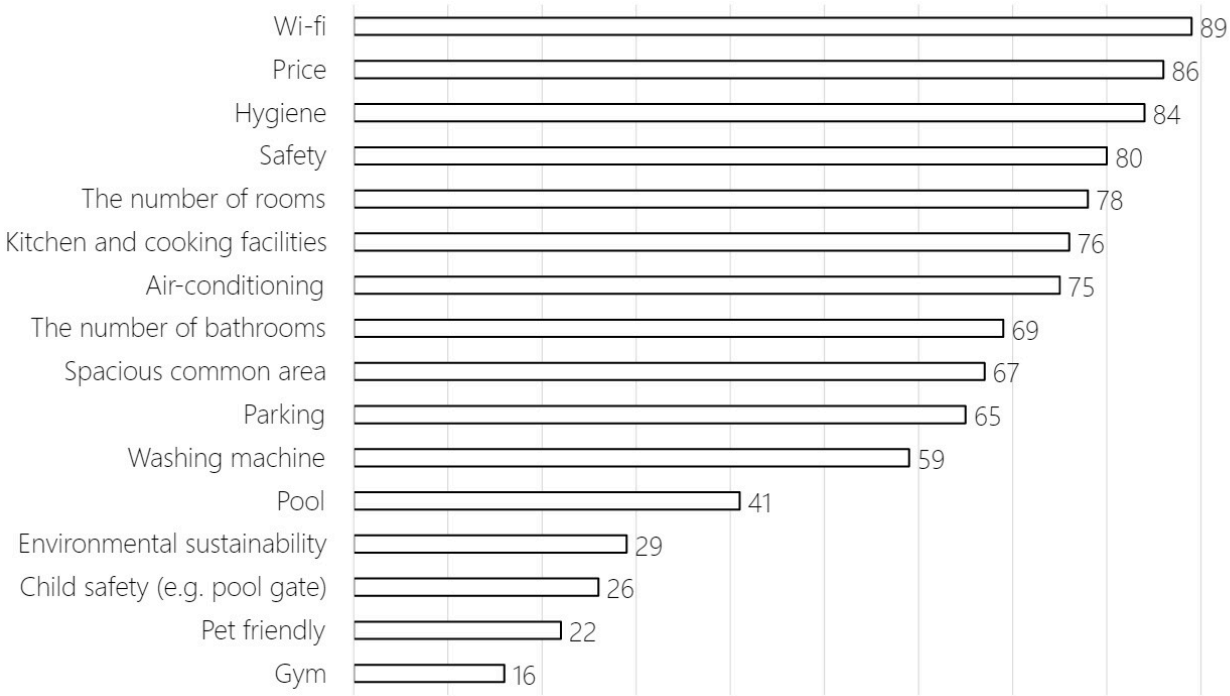

Figure 10.2. The importance value (out of 100) of accommodation characteristics for guests booking multi-family trips

Figure 10.2 shows the responses of those Airbnb guests who indicated that they had been on a multi-family trip to the question of how important a range of accommodation features are to them when they book specifically for a multi-family trip. Wi-Fi, price, hygiene and safety have an average importance value of 80 or more (out of a maximum of 100). The number of rooms, kitchen facilities, and air conditioning are all in the 75 to 78 range, followed by the number of bathrooms, a spacious common area, parking and a washing machine (in the importance range 65 – 69). All other features appear to be important only to a subset of multi-family travellers, including pool (41), environmental sustainability (29), child safety equipment (26), pet friendly (22) and gym (16).

In terms of the effect of COVID-19 on multi-family travel, 44% of survey respondents indicated it will not affect the likelihood of them going on such a trip; 56% believe it will. Of those who believe it will affect the likelihood, only 5% and 3% believe the likelihood of going on multi-family trips with relatives and friends, respectively, will increase. Survey respondents offered the following explanations, most of which related to pandemic-related risks:

> *"Although barely any of us have had decent exposure in public or haven't been in contact with the virus directly, we still want to be safe and stay home."*
>
> *"Because I would not like to send up in a situation where the border laws change or if people then get infected and we all have to quarantine for an extended period of time."*
>
> *"Because many of my relatives have compromised immune system. Therefore, I do not want to expose them to COVID-19, not until most of the population has been vaccinated."*
>
> *"Because of the pandemic, I am unable to trust that my friends/family are properly isolating themselves and taking precautions."*
>
> *"Covid is so volatile I wouldn't want to book a massive trip due to cost and not knowing if I can get the money back if the trip is cancelled due to restrictions."*

"Due to covid-19, I prefer not to trip with other families other than my own family."

"I am worried about others' safety habits."

"I don't feel safe traveling in general at the moment, maybe when most people are vaccinated but until then I won't."

"I will not take trips with people outside of my immediate household until Covid is in the rear view mirror."

"I worry about any possible health risks I may encounter, I don't want to expose myself and my family to any kind of virus."

"Reducing contact with as many people as possible is my modus operandi now. Even though they may have been vaccinated, I still think it best to reduce mingling in such close quarters for an extended period of time until vaccine efficiency has been proven in the long-term."

"This pandemic has changed multi family trips for a certain period of time due to travel restrictions and lockdowns. Now it is very unlikely we can travel with groups as before we did pre covid 19 untill all the restrictions are lifted subject to covid vaccination."

"With the COVID pandemic money is more tight and with borders closed harder to go on trips."

Multi-family travel after COVID-19

Some changes to people's everyday lives during COVID-19 may be retained permanently post-COVID-19 (Miller, 2020), potentially leading to the adaptation of established socio-cultural values and traditions. Tourist behaviour and travel patterns are also likely to change (Wen et al., 2020). The Chinese outbound market, which was hugely important to many destinations around the world, may shrink. By the end of 2020, between 7 and 25 million fewer Chinese departures are expected (Dass & McDermott, 2020). Chinese travellers may choose to travel less during public holidays – such as the Spring Festival – in order to be with their families. Instead, they may prefer to visit their family, friends and relatives during a less busy time at quieter destinations (Wen et al., 2020). Dining out in busy establishments while sharing food and utensils will be limited to small-scale gatherings. Such collectivist values may be re-shaped not only for Chinese tourists, but also for other Asian nations that are a primary source of inbound tourists for many markets.

Slow tourism and *smart tourism* are projected to rise post-pandemic (Wen et al., 2020). Slow tourism is a contemporary style of travelling in which a longer time is spent at a destination, and the number of destinations visited in a single holiday is lower – quality over quantity. Initial empirical evidence for this trend is provided by a report by AllTheRooms (CNBC, 2020): the average length of stay in Airbnb increased by 18% between January 2020 and June 2020. Smart tourism refers to the use of technology in managing tourists' expectations and needs. Airbnb can offer multiple benefits by providing affordable prices for families who would like to reunite in a safe environment for an extended period of time, and enabling them to book through technologically advanced processes.

Wellbeing and safety are likely to remain front-of-mind for multi-family travellers post-COVID-19. Travel groups including young children and elderly family members will want reassurance of the hygiene and cleanliness of accommodation before booking. Airbnb's enhanced cleaning initiative prescribes a standardised cleaning protocol for hosts (Airbnb, 2020b).

Airbnb's CEO, Brian Chesky, has been shaken by the impact COVID-19 has had on his company (Arlidge, 2020). He has taken the opportunity to reflect on how the uncontrolled growth of Airbnb pre-COVID-19 has shaped the business and its membership, concluding that Airbnb must move back closer to its original roots. Such a reorientation may strengthen its position in the multifamily travel market, which has a long history of booking holiday homes directly from owners using more conventional channels such as classified advertisements. While it is unclear whether – in people's minds – peer-to-peer accommodation or traditional tourist accommodation will be perceived as the safer accommodation option in future, Airbnb has without doubt an advantage in being able to offer large spaces suitable for multi-family travel in regional and rural – more isolated – areas. These offerings will, no doubt, be attractive to multi-generational travellers, family reunion travellers, and people visiting friends and family.

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11.

Airbnb and events – before, during and after COVID-19

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The birth of Airbnb is linked to an event: a conference held in San Francisco. Attendees were struggling to find accommodation, and the founders of Airbnb sold them space on the floor of their homes, along with inflatable air mattresses. Although Airbnb has since developed to become the global leader of peer-to-peer accommodation, servicing millions of leisure and business tourists, the link to events remains relevant to this day. Tapping into unused spaces in people's homes remains the cheapest and lowest-impact response to the problem of having to quickly and temporarily increase accommodation capacity to cater to a substantially higher demand for short-term accommodation, a situation typical for large-scale events.

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One or more interactive elements has been excluded from this version of the text. You can view them online here: https://uq.pressbooks.pub/airbnb-978-1-74272-321-1/?p=56#oembed-1

The importance of events for destinations

The term event is defined as "*anything that happens, especially something important or unusual*" (Cambridge Dictionary, 2021). While this definition appears to be rather vague, it is this very vagueness that highlights the substantial heterogeneity in what constitutes an event. At the extreme end is a mega-event, a large global event that is planned many years in advance and has a profound impact on the destination where

it takes place, such as the Olympic Games. But only few such events exist, and most destinations are unlikely to ever attract such an event. More common are smaller events, which can include dance, music or sport competitions for children and adults, concerts, food festivals and cultural festivals. While smaller in scale, such events still have substantial potential to benefit the destination. Sporting events involving a series of competitions or games across an entire season, for example, attract fans who follow their teams (Fairley, 2003) – these events have the potential to bring tourism activity to destinations. Arguably, such events may be more advantageous to destinations as they take place in existing infrastructure and bring revenue to the lodging industry (Dermody et al., 2003). In addition, sport events, fairs, exhibitions and conferences also represent excellent reasons for people to attend a destination outside of the peak tourist season (Getz & Page, 2016).

The benefits to destinations are twofold: some are realised *immediately* and *directly*, others come to fruition only in the *longer-term* and are *indirect* in nature.

Immediate direct benefits include the increase of tourist visitation at the time of the event. Such an increase of tourist visitation is particularly beneficial if it occurs outside of the peak season (Getz et al., 1998; Higham, 1999; Higham & Hinch, 2002). Increased tourist visitation results in heightened tourism revenue through greater visitor spending, and provides opportunities for local businesses to leverage events to their benefit. The most obvious beneficiaries are accommodation providers (Mules, 1988). With demand for accommodation increasing sharply during events, accommodation providers are in the position to charge higher nightly rates. Accommodation providers located close to the event venue are in a particularly favourable position in terms of being able to increase their prices in response to high demand (Herrmann & Herrmann, 2014). Accommodation providers are not the only businesses benefitting from events. Event attendees spend their money on many different things while at the destination: they go out to eat, visit local attractions, go shopping, and use local transport providers. The benefit to the destination is wide, and not limited exclusively to businesses within the tourism sector.

The extent to which an event brings immediate and direct benefits depends on the nature of the event, most critically: the type of event, the number of attendees and the event duration. This explains why some events lead to a measurable increase in hotel revenue and others do not (Depken & Stephenson, 2018; Falk & Vieru, 2020). Events with many attendees are desirable because the additional spending by tourists is multiplied, while longer events are attractive to destinations because tourists spend more money at the destination (Daniels & Norman, 2003). Not surprisingly, therefore, destinations work with event organisers to try to build upon the core event program by offering pre-event and post-event excursions, thus extending the number of days the event contributes to the local economy (Kelly & Fairley, 2018). Finally, the type of event also significantly influences the benefits that destinations can derive because they attract different types of tourists. One striking example for such differences is the comparison between youth sports events and girls' sport events. The latter have a stronger impact on additional tourist expenditures (Schumacher, 2007), while youth sports events have a stronger effect on the increase of room nights sold (Daniels & Norman, 2003).

Events can also be used to animate destinations and encourage people to visit destinations that they have never considered visiting. One example in the Australian context is Birdsville. A little-known township located at the edge of the Simpson Desert, 1,590 km from Brisbane (the capital of the state of Queensland in Australia), Birdsville is home to 140 people. The annual Birdville Races – first held in 1882 – attracts 9,000 people to Birdsville. A similar number of visitors attend another event held in Birdsville: the Big Red Bash. The Big Red Bash prides itself on being the "*the most remote music*

festival in the world" (Big Red Bash, 2021). The effect these events have had on people's awareness of the existence of Birdsville is substantial. The Birdville events are also a good example of how events can shape the image of a destination: "*The Big Red Bash event is out of control! The location is so unique – it's just like a lunar scape, with the earth and the sky divided in equal measure. It's set up cradled in the arms of this amazing 40 metre red sand dune, where the kids can go crazy*" (Big Red Bash, 2021). This effect is not unique to Birdsville. The Burning Man Festival is a more globally famous event that takes place in a desert area, attracting some 60,000 people and shaping the perception of deserts as tourist destinations.

Longer-term indirect benefits include awareness-raising for the destination (Veltri et al., 2009), strengthening of destination image (Jago et al., 2003; Kaplanidou & Vogt, 2007) and even the opportunity to reposition a destination in the marketplace, leading to future tourism. There is no doubt that events can be used to position and reposition destinations in terms of their image (Chalip et al., 2003; Green, 2002; Xing & Chalip, 2006; Getz & Fairley, 2004). This is one reason why many destinations seek to embed elements of the destination into media coverage of events – such is the case with events such as the Tour de France and the 2018 Gold Coast Commonwealth Games. To derive maximum destination image benefits, events should be compatible with the desired destination image and part of a larger destination marketing plan (Xing & Chalip, 2006; Chalip, 2017).

It can be concluded that, overall, events increase a destination's tourism revenues and, in many instances, can contribute significant amounts of money to the destination's economy. Business events in Brisbane, for example, generate over AUD $257 million in economic impact (Choose Brisbane, 2017). With 70% of event-related expenditure relating to food and accommodation (Marsh, 1984), accommodation providers are among the primary beneficiaries.

Yet hosting events comes with challenges, especially in relation to accommodation, which needs to meet both demand and the requirements of the rights holders of large-scale events. While this does not represent a major challenge when events take place off-season and are relatively small, large events can put substantial pressure on existing infrastructure. This may require the provision of temporary alternative accommodation options or the construction of additional accommodation. To illustrate: 470,000 people attended the London Olympic and Paralympic Games in 2012 (visitbritain, 2013), and one million people the 2014 FIFA World Cup in Rio (CNN, 2014). All of these people required accommodation. If sufficient accommodation cannot be provided, the destination may not be given the opportunity to host an event (Higham, 1999), or potential attendees may choose not to come (Roche et al., 2013). Possible solutions include bringing in – temporarily – facilities that can serve as accommodation. Using cruise ships for this purpose is one approach that has been taken many times in the past, including at the 1992 Barcelona Olympic Games, the 2004 Athens Olympic Games and the Super Bowl XXXIX in Jacksonville (Florida). For the latter, five cruise ships added 3,667 rooms to the accommodation offerings, enabling Jacksonville to win the Super Bowl bid. Cruise ships, of course, not only offer beds in rooms, they also add a range of dining and entertainment options for event attendees to enjoy.

Another option to quickly and temporarily increase accommodation capacity is to gain access to existing, unused spaces. This is where the paths of events and peer-to-peer accommodation intersect. Existing spaces were used by event organisers long before Airbnb was launched. The organisers of the 1986 Asian Games, the 1988 Seoul Olympic Games, and the 2002 FIFA World Cup gained access to basic inns (*yogwans*; Cho, 2004). The organisers of the 1984 Los Angeles Olympic Games – in response to public opposition to spending taxpayer money on constructing new accommodation for the sole purpose of hosting one event – increased the accommodation pool by opening up existing university student dormitories. In 2010, the organisers of the FIFA World Cup set up a network

of 10,000 non-traditional accommodation providers in South Africa, including backpacker lodges, guesthouses and bed and breakfasts (TEP, 2006). The Tourism Grading Council of South Africa ensured the suitability of the spaces. To the best of the authors' knowledge, this was the first instance of event attendees staying in accommodation where the owner of the property was present (TEP, 2008). This newly established network contributed 18% of the required accommodation for the event (Swartz, 2008, as reported in Rogerson, 2009). Using existing spaces has several advantages, including reduced pressure on taxpayer funding (Higham, 1999) and improved environmental sustainability by avoiding construction (Veltri et al., 2009).

Airbnb and events before COVID-19

Airbnb has the exact kind of network event organisers need: a global network that – via one single webpage – provides access to millions of spaces around the world. Many of those spaces are underutilised and available for peaks in accommodation demand due to an event. Not surprisingly, therefore, event organisers around the world have formally partnered with Airbnb or informally benefitted from spaces available for booking on Airbnb.com and other peer-to-peer networks.

In 2012, 1,800 London Airbnb hosts earned around USD $4 million by providing accommodation to people who visited London to participate in or watch the 2012 London Olympic Games (Airbnb, 2014). Airbnb was not merely being used as a booking platform. Rather, Airbnb proactively educated hosts and coordinated initiatives with the organisers of this mega-event. This collaborative approach benefitted the Olympic Games, London as a destination, and guests, who were provided with a standard Olympic Games information pack when staying in Airbnb-listed properties.

In 2014, Airbnb hosts in Brazil earned more than USD $38 million by hosting people attending the FIFA World Cup (Airbnb, 2014). Airbnb was a welcome partner for the organisers of the World Cup, providing access to more than 26,000 Airbnb-listed spaces.

Airbnb also teamed up with the 2014 New York City Marathon with the aim of increasing accommodation capacity. This annual event is the largest marathon globally; 53,508 runners completed the route in 2019 (Wikipedia, 2021). About one million people watch the event each year (CNBC, 2014), creating substantial demand for accommodation in the New York City area.

In 2016, Airbnb sponsored the 2016 Rio Olympic Games (US Today, 2015). The Olympic Games benefitted from this by solving accommodation shortages, while Airbnb and its hosts benefitted from direct links on the official Olympic Games websites, noting that they were an officially endorsed accommodation provider.

In 2019, Airbnb entered an agreement with the International Olympic Committee to sponsor the Olympic and Paralympic Games – both the summer and winter editions – until 2028. The deal is reported to be worth USD $500 million (Business Insider, 2019). This deal was in place before the scheduled Tokyo 2020 Olympic Games and will also cover the winter Olympic Games in Beijing (2022) and Milan (2026), as well as the summer Olympic Games in Paris (2024) and Los Angeles (2028). All host cities are noted hotspots for the accommodation provider (Business Insider, 2019). The deal is said to be part of an effort by the International Olympic Committee to assist host cities in reducing the costs associated with the development of hotel infrastructure for the event. However, the sponsorship deal was met with criticism and controversy from stakeholders associated with the 2024 Paris Olympic and Paralympic Games. The Paris mayor made her opposition clear, suggesting she would tighten rules on tourist rentals in Paris, while French hoteliers suggested they would suspend participation in the organisation of the event. This is consistent with recent criticisms of host

contracts, which suggest that events rights owners and the contracts they have with suppliers may interfere with a host city's ability to appropriately leverage an event (Kelly et al., 2019).

The reaction in France is not unique. While Airbnb undoubtedly benefits from collaborating with event organisers, the organisers and destination managers raise a number of concerns, including Airbnb's lack of commitment to the destination, and financial support. Local and regional tourism marketing organisations are typically funded by the membership fees of local tourism businesses – mostly accommodation providers. To be a member of a local or regional tourism marketing organisation, businesses have to be licensed and insured. As most Airbnb hosts do not comply with these requirements, they cannot become members and, by default, make no contribution to the collective destination marketing efforts. Fairley and Dolnicar (2018) interviewed a few destination marketing managers and event organisers to hear their view. This is what a destination marketing manager had to say:

> *"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."* (cited in Fairley & Dolnicar, 2018: 114)

Another concern raised by event organisers and destination marketing managers is that Airbnb is disrupting the established working relationships and collaboration arrangements of the local tourism industry. It carries out cross-promotion activities between event organisers and accommodation providers, for example, making free accommodation available for people involved in events in exchange for being prominently featured as preferred accommodation providers on the webpage, and all other informational materials related to the event (Fairley & Dolnicar, 2018). Another service accommodation providers tend to offer to event organisers is bus transfers for event attendees, to connect the event venue with the accommodation. This is very attractive as it improves the logistics associated with people moving around the destination and is perceived favourably by people who attend the events, making it easier to manage transfers on a daily basis.

Also concerning to event managers is the lack of quality control of properties by peer-to-peer accommodation network facilitators, such as Airbnb (Fairley & Dolnicar, 2018). Ultimately, event managers are concerned about the potential of disappointment with accommodation facilities, especially among VIPs and dignitaries involved with the event.

> *"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."* (cited in Fairley & Dolnicar, 2018: 115)

While some event organisers do point out a number of disadvantages and highlight the strengths of traditional arrangements with licensed commercial tourism accommodation providers, it can be concluded overall that there is a naturally good fit between events and peer-to-peer accommodation. The synergies of organising events and curating an online platform which facilitates the trading of space among ordinary people are obvious. Not surprisingly, therefore, Airbnb has made its collaboration with events a priority. Airbnb issued a report titled *Hosting Big Events* (Airbnb, 2014), which provided a wide range of examples of mutually beneficial collaborations between Airbnb and event organisers. This report also made a case for the environmental benefits of such collaborations

(Juvan et al., 2018) over bringing in or constructing the required accommodation. Airbnb's interest and willingness to collaborate is not limited to mega-events. Acknowledging the value of smaller events, including seasonal competitions, Airbnb sponsors sporting teams to access their members and fans in an attempt to entice them to join the network as Airbnb hosts. This is one of the most fundamental activities of Airbnb, to ensure long-term success into the future as a multi-sided platform business (Reinhold & Dolnicar, 2021). One example of how Airbnb implements their sports team-based recruitment drives is the North Melbourne (Australian Rules) Football Club. Airbnb has naming rights on the weekly news update page issued by the club, and North Melbourne residents who join as hosts receive cash incentives (Sport Business Insider, 2016).

Airbnb and events during and after COVID-19

On 11 March 2020, when the World Health Organization declared the coronavirus outbreak a pandemic, the event industry was significantly impacted, facing postponements and cancellations of events all around the world (Bok et al., 2020). Events of all scales were affected; local, regional, national, and global events were postponed or cancelled. The event postponement that received the most media attention was the Tokyo 2020 Olympic Games, which was ultimately rescheduled to take place in 2021. With the large-scale postponement and cancellation of events came the postponement and cancellation of travel plans driven by event attendance, including people who travel to events to actively participate in them, attend as spectators, or to volunteer.

The situation worsened further when Airbnb, on 20 August 2020, announced a global ban on hosting parties or events at Airbnb-listed properties. This ban meant that gatherings of 16 or more were prohibited at Airbnb properties (Airbnb, 2020). The ban is still in place as of January 2021.

On 13 January 2021, Airbnb made an unprecedented event-related decision: it cancelled all existing bookings and blocked the possibility of any new bookings in the Washington DC area during the week of the Presidential Inauguration (Airbnb, 2021). This decision was made in response to the raid on the US Capitol Building in Washington DC on 6 January 2021, which led to the lockdown of the Capitol and five deaths. Airbnb announced that it would provide a full refund and compensate hosts for any money they would have earned for the cancelled reservations. These decisions were made by Airbnb based on calls from local, state, and federal officials asking people to avoid travelling to the DC area for the inauguration. Thus, just as peer-to-peer networks can be used to expand accommodation around events, they can also retract accommodation around events.

We conducted a survey in January 2021 with 57 Airbnb hosts. Of these, 47% reported they had specifically tried to benefit from local events, 70% of those indicated that they charged a premium in those times, and 67% specifically mentioned the event in their listing. Given these high values and the benefits hosts can gain from events, it is not surprising that 28% reported moving out of their primary residence to take advantage of the high accommodation prices linked to events. However, as anticipated, since COVID-19 77% of hosts reported a negative influence of event cancellations on bookings for their properties. These survey results are summarised in Figure 11.1.

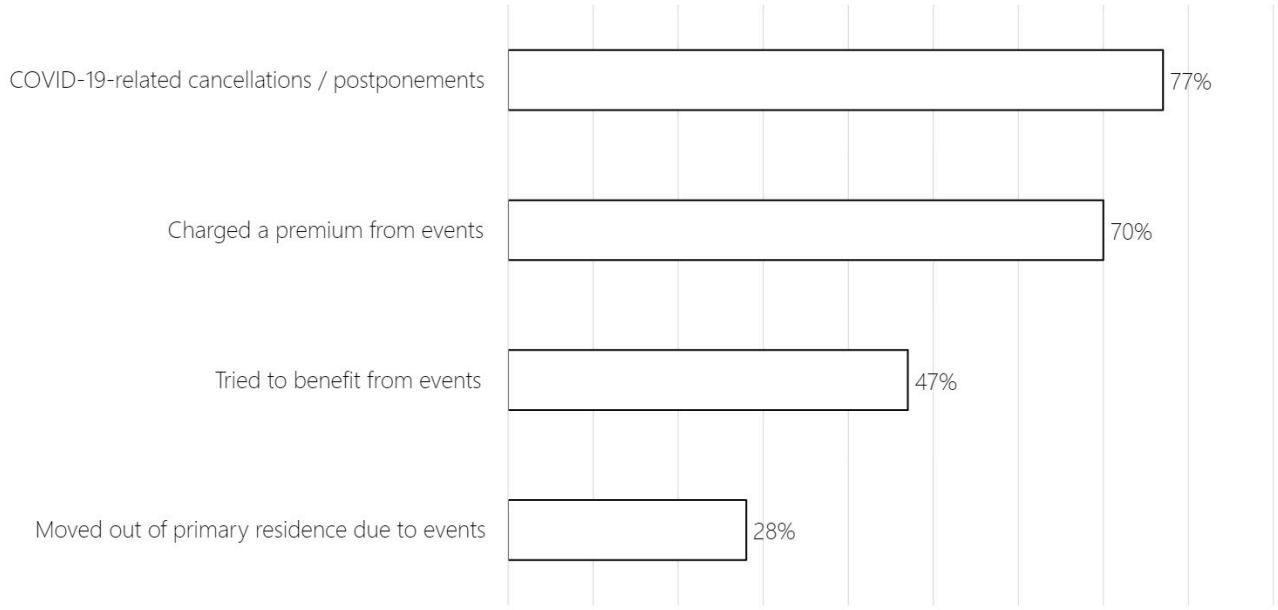

Figure 11.1: How hosts leverage events, and the effect of COVID-19

Conclusions

Many destinations host events with the expectation that those events will bring tourism revenue to the destination. However, being able to leverage events to attract tourism revenue first depends on people being able to travel to the event – something that has long been taken for granted but has been most fundamentally challenged in 2020 and 2021 by the movement restrictions put in place by many nations due to COVID-19. Second, the ability to to generate tourism revenue requires sufficient accommodation capacity. In many instances, especially for events that attract a large number of people, providing sufficient accommodation capacity can be challenging. Accommodation capacity can be increased in one of three ways: by constructing new accommodation facilities (an expensive and environmentally unsustainable option), by temporarily bringing in mobile capacity on cruise ships, or by tapping into existing spaces that are not being used when the event takes place. Traditionally, for example, student dormitories can be made available outside of university terms. Peer-to-peer accommodation networks have taken the opportunity to use underutilised space to a whole new level. Facilitators of peer-to-peer accommodation trading websites, such as Airbnb.com, have attracted hundreds of thousands of people to their networks. Their hosts list spare spaces for guests to stay in for short periods of time. Such networks offer an extraordinarily convenient solution for event organisers to meet temporarily increased accommodation demand during an event.

Not surprisingly, therefore, many large-scale events have cooperated with Airbnb, and Airbnb has taken the opportunity to sponsor sports teams to leverage the accommodation needs brought about by seasonal sport competitions. It appears that event organisers have embraced peer-to-peer accommodation, although some concerns remain; Airbnb hosts make no contribution to regional tourism marketing and their properties are not quality-controlled.

Our survey conducted with Airbnb hosts in January 2021 provides empirical evidence of the perceived synergies of organising events and hosting on Airbnb. Almost half of the Airbnb hosts we surveyed made specific efforts to benefit from local events and 77% reported that COVID-19-related event cancellations had a negative effect on their bookings, even if they had not actively tried to benefit from the events. We also surveyed people who use Airbnb to book short-term accommodation. Just over half of these guests (53%) reported booking on Airbnb for an event, and all

of them reported never having their booking rejected on this basis. We asked which of the following features of the Airbnb listing were important to them when booking accommodation for an event on Airbnb.com: location of the accommodation close to the event; the event being mentioned on the listing; the listing being themed in line with the event; and having access to the entire property, rather than just one room. Location emerged as the most important factor, with 26% of respondents rating it 100/100 on importance. Access to the entire property was the second most important factor; 21% of respondents ranked it 100/100. The mention of the event in the listing or a themed listing were not viewed as being important: 33% rated the mention of the event in the listing at 0/100, and 28% of respondents rated the theming of the listing at 0/100.

Overall, the conceptual analysis of the synergies of peer-to-peer accommodation and events, the anecdotal evidence of the many formal and informal collaborations between Airbnb and event organisers, and the empirical evidence from our survey studies, suggest that peer-to-peer accommodation in general, and Airbnb as the leading global facilitator of a peer-to-peer accommodation trading platform, will continue to play a key role in catering to the temporarily increase in demand for accommodation around events.

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12.

Activism, lobbying and corporate social responsibility by Airbnb – before, during and after COVID-19

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Airbnb has proactively engaged in a wide range of activities not directly related to peer-to-peer accommodation, including corporate social responsibility initiatives, political activism, and lobbying. Airbnb also has a track record of being vocal on broader societal matters, including immigration, same-sex marriage, homelessness, and discrimination. During the 2019–20 Australian bushfire season and the COVID-19 pandemic, Airbnb activated its emergency housing system to cater to first responders and medical staff. More recently, it publicly donated to the Black Lives Matter movement. Despite this track record, a longitudinal investigation reveals that Airbnb has reduced its engagement in political and community activism over the years. Interestingly, the shock caused to Airbnb by COVID-19 has led to a rethinking of its strategy and the decision to move back closer to Airbnb's original roots. Will it also lead to Airbnb resuming political and community activism initiatives?

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One or more interactive elements has been excluded from this version of the text. You can view them online here: https://uq.pressbooks.pub/airbnb-978-1-74272-321-1/?p=61#oembed-1

Corporate social responsibility

Corporate social responsibility can be defined as "*business firms contributing in a*

positive way to society by going beyond a narrow focus on profit maximization" (McWilliams, 2015: 1-4). The key characteristic of corporate social responsibility is good citizenship; making a contribution to society within the framework of the current value system of a society.

Many organisations around the world have embraced corporate social responsibility and report activities to their stakeholders. Starbucks, for example, signed up to the Sustainable Coffee Challenge, committing to sourcing 100% of its coffee from sustainable providers by 2020. Starbucks also committed to sourcing all of its products from ethical and responsible suppliers by 2020 (Starbucks, 2020).

Airbnb's first notable corporate social responsibility initiative was a 2016 Signing College Day in collaboration with Michelle Obama and the United Fund (Airbnb, 2016a), encouraging students to pursue higher education and offering scholarships, with a focus on students of colour. Airbnb Connect – an initiative launched in 2016 – helps underrepresented minorities transition into employment in the technology sector (Airbnb, 2016b). Airbnb also regularly donates to local governments to fight homelessness. In New York, for example, Airbnb donated USD $100,000 to an association that provides temporary emergency shelter for families experiencing homelessness (WIN, 2020). It assisted the same association by recruiting volunteers among Airbnb members to help women find employment and children with their education (Cam, 2016). In San Francisco, Airbnb made donations of $5 million (2018) and $2 million (2019) to local organisations fighting homelessness (Said, 2018; Kerr, 2019). It also donated $25 million to the state of California in support of affordable housing and small businesses (Khouri, 2019).

The most successful of Airbnb's corporate social responsibility initiatives is the Open Homes program, which leverages Airbnb's access to millions of spaces around to world to assist people in need (Dolnicar & Zare, 2021). For example, in collaboration with the US Federal Emergency Management Agency, Airbnb educates hosts about possible emergencies such as natural disasters (Airbnb, 2017a), and provides access to people displaced from their homes in such situations. Airbnb achieves this by alerting member hosts in affected areas of the emergency and asking them to make their spaces available for free or at a reduced cost. In these instances, Airbnb also waives its service fee (Airbnb, 2017b). In 2020, Airbnb activated this network at least twice: making space available for relief workers helping locals displaced by the devastating Australian bushfires (Airbnb, 2020a), and providing accommodation to over 100,000 COVID-19 responders and health workers globally (Airbnb, 2020b). Airbnb extended the Open Homes program to medical stays in 2018; partnering with the Make a Wish Foundation to help children with cancer (Airbnb, 2016c), the Fisher House Foundation to help veterans, and Hospitality Homes to help patients needing housing (Airbnb, 2018).

In 2020, after Airbnb announced its intention to become a public company, it launched two projects ensuring it would keep communities – rather than shareholders – at the heart of all its activities (Ihnatov, 2020). The Airbnb Host Advisory Board consists of 17 hosts representative of the host community in the United States. The purpose of the Board is to communicate community interests and concerns to Airbnb executives (Stevens, 2020). The Airbnb Host Endowment is a fund financed directly by Airbnb stocks to support host communities (Airbnb, 2020c). Airbnb CEO Brian Chesky stated that "*the endowment will provide support in areas including education, financial resources, and much more*". The Airbnb Host Advisory Board will meet with Airbnb monthly; among its responsibilities is to make suggestions on how funds from the Endowment should be invested (Stevens, 2020).

The initiatives discussed above contribute to society and are aligned with current societal norms.

They do not financially benefit Airbnb, and do not appear to offer any strategic benefits to the business, except for potentially improving Airbnb's image.

Airbnb also engages in corporate social responsibility initiatives that do provide strategic benefits. In 2014, Airbnb launched the Shared City Project (Chesky, 2014), through which it selects one city each year and directs all service fees generated in that city towards improving the local community. The inaugural city was Portland, Oregon. The Portland Shared City Project built shared offices for local start-ups and distributed free smoke alarms to Portland's hosts, as well as providing them with free emergency training to respond to emergency situations. This project benefitted Airbnb by fostering better fire safety and more crisis-resilient hosts. Airbnb's choice of Portland was interpreted as being strategically motivated because Airbnb views Portland's regulatory framework for short-term rentals as ideal (Ferreri & Sanyal, 2018). The narrative that Portland's mayor was rewarded for a favourable regulatory framework overshadowed the fact that this initiative genuinely benefitted both the local Portland community and Airbnb.

Similarly, the Country Pub Project restored five of Australia's favourite old outback pubs (Airbnb, 2020d). It benefitted the locals, who saw iconic pubs at the centre of their townships returned back to their former glory. The publicity surrounding the restored pubs attracted tourists who otherwise would not have travelled to these remote locations, and who most likely stayed at Airbnb-listed properties.

Activism

In contrast to corporate social responsibility, activism does not operate within the existing societal value system. Rather, the starting point for activism is the desire to change current societal norms or beliefs. Activism is defined as "*the activity of working to achieve political or social change*" (Oxford Dictionary, 2020).

One form of activism is *brand activism*, defined as "*business efforts to promote, impede, or direct social, political, economic, and/or environmental reform* […] *Brand activism is* […] *driven by a fundamental concern for the biggest and most urgent problems facing society*." (Kotler & Sarkar, 2018). Examples of businesses that engage in brand activism are Ben & Jerry's, The Body Shop and Patagonia. Ben & Jerry's regularly communicates its support for societal changes such as acceptance of the LGBTQIA+ community and rights for refugees and immigrants (Ben & Jerry's, 2020). The Body Shop promotes animal rights, and fights against testing cosmetics on animals (The Body Shop, 2020). Patagonia is involved in environmental activism, having donated 1% of its sales to environmental initiatives around the world since 1985 (Patagonia, 2020).

In recent years, Airbnb has built a strong reputation for activism. Interestingly, this only started in 2017, when Airbnb started participating in global initiatives aimed at changing societal norms. In Australia, it launched the Until We Belong campaign in collaboration with Qantas. The purpose of the Until We Belong campaign was to increase acceptance for marriage equality in Australia, and make it legal for same-sex couples to get married. Airbnb and Qantas organised a petition and sold – at cost price – an acceptance ring. Airbnb members were asked to wear this ring until Australia made marriage equality lawful (Airbnb, 2017c). This initiative cannot be classified as corporate social responsibility because it is not aligned with pre-existing societal norms. Rather, the Until We Belong campaign proactively fought for a change in societal norms reflected in law. Whether or not this initiative benefitted Airbnb in terms of its image is not clear. If most of its members were in favour of same-sex marriage, it is likely that the Until We Belong campaign strengthened Airbnb's positive brand image among its Australian members (Hajibaba & Dolnicar, 2018).

In the United States, in 2017, Airbnb expressed disagreement with Donald Trump's executive order preventing refugees from seven Muslim countries from entering the United States. It activated its Open Homes network to make 3,000 rooms available (Conger, 2017) for stranded refugees and immigrants (Gallagher, 2017). In addition, Airbnb donated USD $1 million raised from its members – along with $800,000 provided directly by Airbnb – to the UN Refugee Agency to assist a further 100,000 refugees in need (The UN Refugee Agency, 2017). Airbnb communicated its position on racial, religious, and sexual equality and immigration by running an advertising campaign at the 2017 Super Bowl (Butler & Judkis, 2017). This initiative was in direct defiance of the order of the President of the Unites States, thus arguably not conforming to societal norms. When Donald Trump expanded his refugee travel ban in 2020 to include six additional countries, Airbnb reiterated its support for refugees and migrants (Airbnb, 2020e).

In January 2019, Airbnb launched another initiative which could be interpreted as disapproval of the actions of United States politicians. During a 35 day government shut down – the longest ever in its history – United States federal executive branch employees went for an extended period without receiving their salaries. In response – for federal executive branch employees who were also hosts – Airbnb offered an extra nights' payment (in the form of a $110 voucher) for every three nights an employee hosted an Airbnb guest over a three month period (Airbnb, 2019). By boosting this alternative source of income for federal employees, Airbnb expressed support for them in opposition to the President of the United States.

More recently, in the context of the Black Lives Matter protests in 2020, Airbnb tweeted its support for the movement and donated USD $500,000 to the Black Lives Matter Foundation (Airbnb, 2020f). Airbnb Design collaborated with Black@Airbnb – a group of Airbnb employees of colour – to create a series of portraits on the theme of the Black Lives Matter movement. The portraits were exhibited at Airbnb offices and on its website (Airbnb Design, 2020). Brian Chesky wrote a long post about his support for the cause, and developed a new policy prohibiting discrimination and committing to being more diverse and having 25% employees of colour on Airbnb's board and executive team by the end of 2021 (Chesky, 2020). Given that the Black Lives Matter movement advocates for civil disobedience against an unfair systemic issue affecting society, it can be considered as acting in defiance of societal norms. Airbnb's public support for the movement therefore qualifies as political activism.

Lobbying

Since its inception, Airbnb has engaged in corporate political activity (lobbying). Airbnb's engagement in lobbying was born out of necessity rather than choice, as it regularly encountered significant regulatory barriers to its operations. In San Francisco, for example, short-term rentals were initially illegal and Airbnb had to depend on political support to sustain its business. It financed Ed Lee's political campaign for re-election as San Francisco's mayor (Knight, 2015; Wong, 2015; Roberts, 2016). Lee was re-elected and, shortly thereafter, San Francisco legalised short-term rentals. Deliberately influencing elections in view of organisational benefits represents the most prototypical form of lobbying. In response to what was perceived as inappropriate interference of business entities in elections for their own gain, a law was passed in 2019 that limits the size of contribution a company can make to a political campaign, and the extent of ownership a politician can have in a company (San Francisco Department of Elections, 2019).

Airbnb's expansion across the United States was accompanied by more regulatory challenges. In 2012, David Hantman was appointed Head of Global Public Policy with his office deliberately located in Washington DC. His role was to convince local governments to legalise short-term rentals

(Owen, 2012). Lobbying became an integral component of Airbnb's strategy. The Shared Cities Network – launched in 2013 – is an example of this strategy (Ferreri & Sanyal, 2018), leading to the adoption of the Shareable Cities Resolution by the US Conference of Mayors (The US Conference of Mayors, 2013). The mayors committed to promoting the sharing economy, to creating a team assessing regulations that may constrain the sharing economy, and to supporting the sharing economy with publicly owned assets. In 2016, Airbnb established a Mayor Advisory Board including former Mayors of Philadelphia, Houston, Adelaide and Rome to push for councils to deregulate short-term accommodation (Salomon, 2016).

In 2014, while busy engaging with councils around the world to shape favourable regulatory frameworks, Airbnb experienced the first instances of damage caused to host properties, igniting a public debate about the safety of short-term accommodation traded via a sharing platform. Airbnb was facing legal challenges around the world (Codwell, 2014; Karni, 2020; Mesh, 2020; O'Brien, 2020; Swan, 2014). To expand lobbying capacity beyond the United States, Airbnb appointed Chris Lehane as Head of Global Policy in 2015. Lehane had strong credentials; as US Government Press Secretary and Special Assistant Counsel he had worked with former Vice President Al Gore and President Bill Clinton (Airbnb, 2020g) – notably during the Lewinsky scandal – and was known as the "*master of political hand-to-hand*" for his ability to win public relations and political fights (Gay Stolberg, 2004). Airbnb's lobbying became more public and successful. In 2016, Lehane focused his sights on Japan (Bloomberg, 2016). Tokyo was the fastest growing Airbnb market in 2015, but had in place the most restrictive legislation in the world (von Briel & Dolnicar, 2020; 2021).Within a year of Lehane's first visit to Japan, short-term rental accommodation regulation was modified, coming into effect in 2018. Tokyo's regulation remains one of the strictest in the world, but the change in legalisation represented a major victory for Airbnb. For the 2020 Rugby World Cup in Tokyo, Airbnb negotiated exceptionally lenient regulations with local prefectures to provide lodging for visitors. Airbnb was hoping to replicate these exceptions for the 2020 Olympic Games, until their postponement due to COVID-19 (Sugiura, 2019).

Lehane also lobbied for Airbnb in Australia, one of Airbnb's top ten markets where 30% of the population uses Airbnb (Morgan & Lehane, 2018). Because of the Australian legal system, negotiations took place at state level. First, Lehane persuaded Tasmania to amend its relatively strict regulations to more liberal ones (Grimmer et al., 2019). Next, Lehane worked in New South Wales, where the government established an initial regulatory framework for short-term rentals in 2018. The New South Wales government described the framework as one of the toughest in the world, although an international comparison reveals this not to be the case (von Briel & Dolnicar, 2020). According to Chris Lehane – referring to the hosting limit of 180 days per year imposed on members in Greater Sydney – the "*changes will actually help the company*" (Morgan & Lehane, 2018). Western Australia, Victoria and Queensland are still in the process of developing regulatory frameworks.

In 2017, Lehane travelled to South Africa and announced a USD $1 million investment for promoting tourism projects in the African continent. This investment came into effect in 2018 and enabled the Africa Travel Summit to take place, bringing together 200 African leaders and representatives from the tourism community. Airbnb also offered hospitality training in 15 townships and set up Airbnb *Experiences* with a social impact across the Western Cape, notably supporting local and non-profit organisations (Airbnb, 2017d). The following year, South Africa regulated Airbnb activities, handing over all regulatory power to the minister of tourism (Business Tech, 2020). Trading of space on Airbnb increased by between 100% and 200% across all of Africa (Kazeem, 2020).

Another approach to influencing politicians is to engage in strategic collaborative relationships with governments. In 2019, Airbnb fought a lawsuit against the State of New York, which sought to

obtain monthly transaction data from online accommodation platforms (von Briel & Dolnicar, 2021). Airbnb won, but voluntarily reached a settlement with the city anyway. A good relationship with the city of New York is beneficial for the company, especially as in 2020 Airbnb announced its intention to be traded on the New York stock exchange. (Carville & Tse, 2020). Chris Lehane commented: "*New York is a marathon and not a sprint. We will ultimately get across the finish line*" (Rummler, 2019).

Not all of Airbnb's lobbying activities involve funding politicians and fighting lawsuits. Communication also serves as an effective alternative approach. One Airbnb initiative which uses communication for lobbying is the Airbnb Policy Tool Chest: a website which advises policymakers (Airbnb, 2016d) on possible ways to regulate short-term letting in their areas. Unsurprisingly, regulations beneficial to Airbnb are highly recommended in this tool. Registration systems independent of Airbnb's online platform are not recommended; they are described as systems involving a "*complicated licence or permit*", thus strategically associating registration systems with unnecessary bureaucracy. Airbnb's tool instead recommends its own online host registration system, which leads to automatic approval upon entering minimal information. This system makes it difficult for local regulators to check compliance with local laws.

Another communication tool that benefits Airbnb is its Home Sharing Clubs network (Airbnb Citizen, 2016). These clubs are advocacy groups for Airbnb composed of hosts and controlled locally "*to unite and educate their neighbours and community leaders about the cultural and economic benefits of home sharing*", and to "*advocate for fair and clear home sharing regulations in their city*". Chris Lehane explains: "*In the Industrial Age, working men and women organized themselves into trade unions,* […] *as we enter this age of a sharing economy, clubs are the next iteration of people organizing themselves, to represent themselves, advocate for themselves*" (Greene, 2018: 207). When Airbnb uses communication as a tool to change regulations and when it activates hosts – in union-like fashion – to demand business benefits from the government, this qualifies as corporate political activity.

Well before COVID-19 devastated the global tourism industry, popular city tourist destinations across Europe had vowed to introduce stricter regulations for short-term rentals. Airbnb reacted by joining forces with other peer-to-peer accommodation platform facilitators at the European level to counteract this development. The number of collaborations between peer-to-peer platform facilitators and governments increased dramatically as a result. Airbnb joined Sharing Economy UK, an industry lobbying association founded in 2015 (Sharing Economy UK, 2020). It also led the creation of the European Collaborative Forum in 2015, uniting businesses operating in the sharing economy sector, including Uber (Lobbyfacts, 2020). The Forum involves yearly round tables between policymakers from the European parliament and 20 leading founders of sharing economy businesses (Green Brodersen, 2016; Murillo, 2020).

The European Commission is currently preparing the Digital Services Act, with the aim of modernising the 2000 e-Commerce Directive which regulates the role and responsibilities of online intermediaries (Chivot & Castro, 2020). When the European Commission expressed a need for local governments to regulate the sharing economy (EU Committee of the Regions, 2015), Nathan Blecharczyk – one of Airbnb's founders – wrote an open letter to push for increased collaboration with European cities and for a regulator in charge of the totality of the European market (Blecharczyk, 2019). While the final decision is still being negotiated, Airbnb has signed a partnership with other platform facilitators to share anonymised data with the European Commission on a quarterly basis (Airbnb, 2020h). This collaboration marks a change in strategy; in the past Airbnb has been very protective of its data. This partnership is deliberate political action to

strengthen Airbnb's agenda in Europe, with the intention of laws being modified to its benefit – the very definition of lobbying.

Effect on Airbnb members

To identify the influence of Airbnb's activism and corporate social responsibility activities on its members, we surveyed 57 peer-to-peer accommodation hosts and 102 guests. All respondents had booked or listed accommodation through a peer-to-peer accommodation platform in the past 24 months. We asked about Airbnb's activities in the following areas: gay marriage, racial and religious discrimination, and disaster response and homelessness. Specifically, we asked respondents the following questions: *Did you know that Airbnb was lobbying for this cause? Has this knowledge influenced your image of Airbnb? Would this knowledge influence your image of Airbnb? Has this knowledge influenced your decision to host/ book on Airbnb? Would this knowledge influence your decision to host/ book on Airbnb in the future?*

Figure 12.1 shows the comparative awareness across Airbnb member groups and causes. As can be seen, a much higher percentage of Airbnb hosts are aware of all these activities than is the case among Airbnb guests. This is not surprising, given that Airbnb actively communicates more regularly with its host community. In terms of the causes, all Airbnb members are more aware of Airbnb's social responsibility activities than its activism. Between 7% and 8% of guests and between 32% and 42% of hosts are aware of Airbnb's space donation activities, for example, but only 4% of guests and 14% of hosts know about Airbnb's political activism in support of legalising gay marriage.

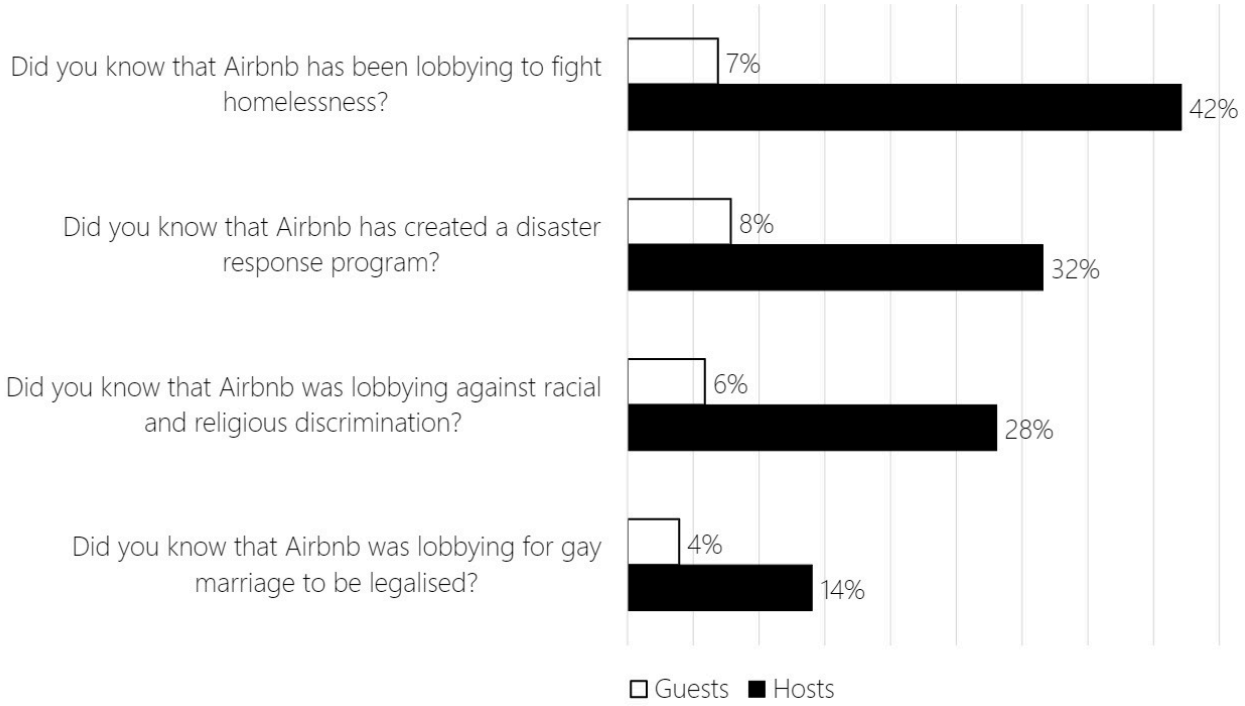

Figure 12.1: Awareness of Airbnb's activism and corporate social responsibility activities

Figure 12.2 shows the percentage of Airbnb hosts and guests indicating that they either were or would be positively influenced by the four causes under study had they known about them. Overall, a higher proportion of hosts are positively influenced by Airbnb's activities in the area of corporate social responsibility and political activism – with between 49% (gay marriage) and 77% (homelessness) indicating that these initiatives positively influence the image they have of Airbnb.

The decision to host on Airbnb has or would positively influence between 42% (gay marriage) and 68% (homelessness and disaster response) of the hosts participating in our survey.

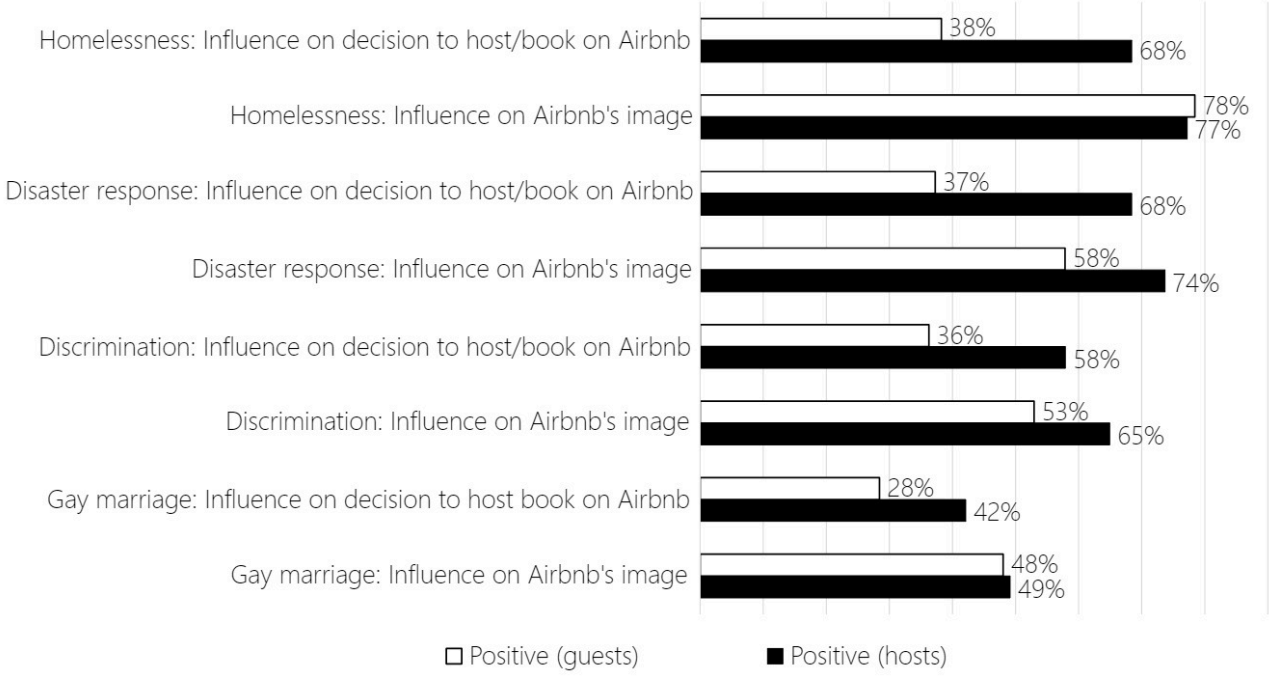

Figure 12.2: The stated influence of Airbnb's activism and corporate social responsibility activities on its image and people's decision to host or book on Airbnb

The influence on guests appears to be consistently lower. In terms of the stated influence on the image of Airbnb, between 48% (gay marriage) and 78% (homelessness) report being positively influenced by these activities. When it comes to guest's decision to book on Airbnb, between 28% (gay marriage) and 38% (homelessness) report that they are or would be positively influenced. While this is a relatively small percentage, it is not negligible. These results, overall, suggest that Airbnb's activities in the area of political activism and corporate social responsibility do have an effect on its image and on people's inclination to trade space on its platform.

Evolution

As soon as Airbnb started operating, it was forced to engage in activities not directly related to facilitating the trading of space. Lobbying was a necessity because short-term letting was regulated in different ways across different locations, in many instances preventing Airbnb from operating altogether. Lobbying activities were initially isolated and responsive, attempting to resolve the local issues at hand. As Airbnb grew, lobbying and related activities became strategic and institutionalised, and an integral part of Airbnb's operations. Over time, Airbnb's lobbying activity increased.

Airbnb's corporate social responsibility initiatives commenced much later – nearly ten years after Airbnb was founded. Initially, projects were relatively small, such as the 2016 Signing College Day. Over the years, Airbnb continued to strengthen its corporate social responsibility activities, developing into a supporter of global communities, with the Open Homes initiative one of its flagship projects.

While its lobbying and corporate social responsibility action increased over the years, Airbnb's political activism does not display the same trajectory. In 2017, Airbnb first publicly communicated its position on polarising societal issues such as refugees and marriage equality. After this initial

burst of activity, Airbnb's political activism action dropped and became virtually non-existent. This raises the question of why Airbnb chose to engage in activism in the first place, and why it stopped engaging, at least temporarily.

Kim Rubey – Airbnb's Head of Social Impact and Philanthropy – explained that Airbnb's choice of activism topics emerged naturally from having access to lodging and communities, for example, being able to assist refugee families in finding housing (Fortune Magazine, 2017). Rubey does not explain the reasons driving Airbnb's support for the LGBTQIA+ community, marriage equality or Black Lives Matter. These causes, however, do align very well with Airbnb's mission "*To live in the world where one day you can feel like you're home anywhere and not in a home, but truly home, where you belong*" (Lat, 2019) and its slogan: "*belong anywhere*". Despite Airbnb's political activism being well-aligned with the nature and positioning of its business, it could be considered risky to voice a position on matters that may not be supported by large parts of its membership base. When Kim Rubey was asked if Airbnb feared repercussions from taking political stands that might not please everyone, she responded: "*if* [people] *don't believe in the ethos* […] *for them to make other choices when they travel is absolutely fine with us*" (Whiteside, 2018), suggesting that Airbnb was in fact willing to lose both hosts and guests over its convictions and political activism initiatives. Rubey also clarified that the effect of Airbnb's political activism on business is not measured by Airbnb.

Rubey notes, however, the tangible benefits of Airbnb's political activism in recruiting the best employees. Topics such as refugee protection, LGBTQIA+ rights and Black Lives Matter are major talking points in the United States. Rubey notes that "*employees consistently say that our work to help those in need and the stances we take on policy issues is the number one reason they choose to work at Airbnb*" (Whiteside, 2018). In the competitive context of Silicon Valley, where candidates have the choice to work in all-inclusive offices such as Google and Facebook's headquarters, the political positions Airbnb takes stand out in attracting and retaining the best employees. Rubey's comments fail to explain why Airbnb's political activism stopped relatively suddenly. However, the reflections of Airbnb's founder and CEO post-COVID-19 provide some insight.

COVID-19 emerged at a time when Airbnb had become invisible in terms of political activism. Europe and the United States – the two largest Airbnb markets – became epicentres of the pandemic. Governments around the world imposed historically unprecedented border restrictions, causing Airbnb a loss of USD $1 billion (Crane, 2020). Airbnb was forced to cut 25% of its workforce (Kelly, 2020), and the prospect of hosts moving properties out of the short-term rental market into the safety of the long-term rental market was on the horizon (Dolnicar & Zare, 2020). Experiencing the severe impact of COVID-19 led Airbnb founder and CEO Brian Chesky to rethink the company's future. Chesky arrived at the conclusion that Airbnb needed to go back to its roots: being at the centre of communities. In an interview with Bloomberg, he said "*I think we were a little unfocused and we strayed from our roots* […] *from connection, belonging and hosting* […] *I think a year from now people will look at Airbnb and instead of seeing just real estate, they will see hosts. They will say Airbnb is not just a marketplace, Airbnb is a community*" (Chang, 2020).

Conclusions

Figure 12.3 graphically illustrates the relationship between the concepts of corporate social responsibility, activism and lobbying, and assigns the entire suite of Airbnb initiatives. As discussed in this chapter, Airbnb participates in corporate social responsibility, but also in large-scale lobbying and activism.

Actions taken by a business that are not linked to its core mission but align with current societal

norms and aim at contributing to society are classed as corporate social responsibility. Corporate social responsibility initiatives do not necessarily improve business performance, but they can (Lantos, 2001). Airbnb engages in both types of corporate social responsibility. Activities not improving the business include the worldwide Open Homes program and Airbnb's contribution to fighting homelessness. Activities improving Airbnb's business include the Shared City and Country Pub projects.

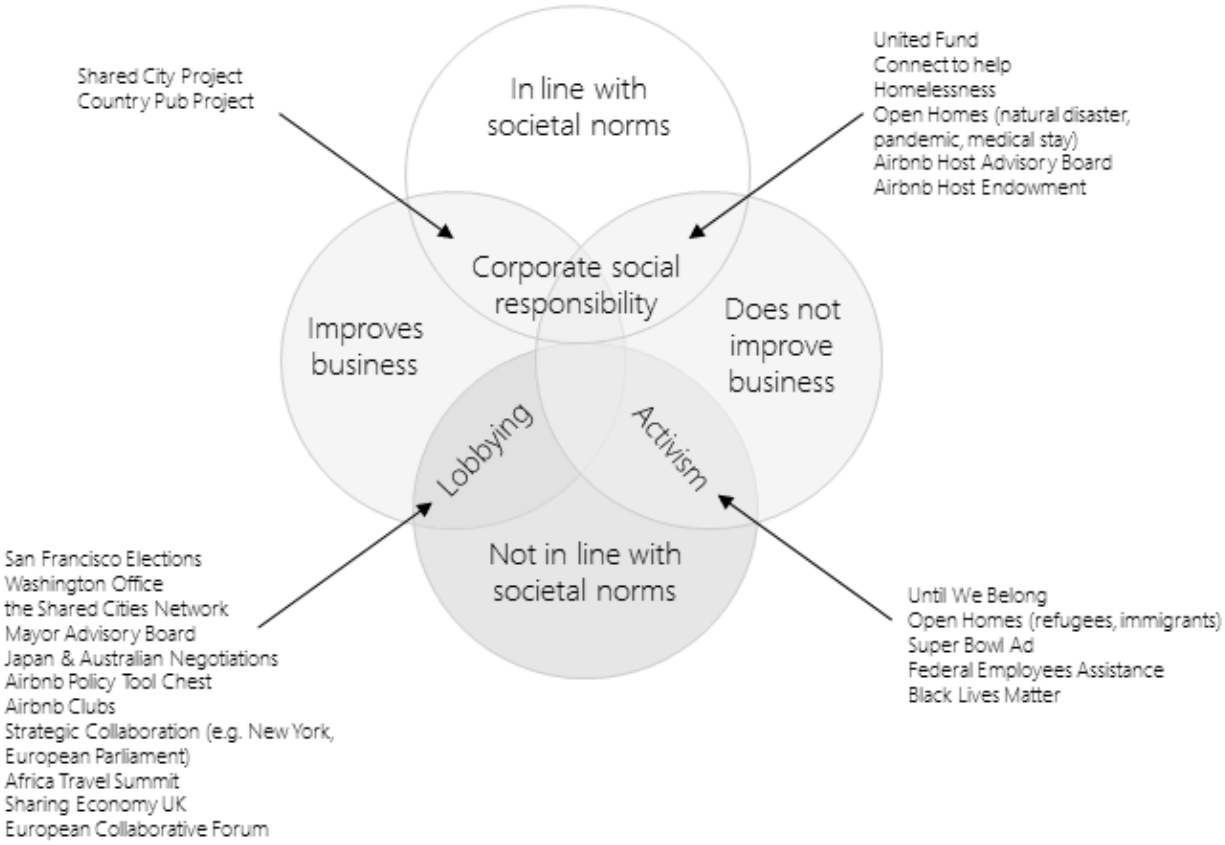

Figure 12.3: Airbnb's corporate social responsibility, activism and lobbying

When a company engages in activities that are beneficial for business but are not in line with current societal norms, this is referred to as lobbying (Mitchell et al., 1997; North, 1990; Lux et al., 2011). Airbnb started lobbying soon after its launch, and Airbnb's many lobbying activities are diverse in nature and large in scale, targeting entities such as the United States Congress and the European Parliament. Some lobbying activities are visible to the public, such as Airbnb Home Sharing Clubs. Others occur behind closed doors, such as the European Collaborative Forum. Lobbying was necessary for Airbnb to be able to grow its business internationally and to respond to public criticism.

Activism encompasses activities that are not necessarily beneficial for business and are not aligned with current societal norms (Scherer & Palazzo, 2007). Airbnb's activism has primarily been targeted at societal issues in the United States, including supporting the LGBTQIA+ community, refugees, immigrants, and the Black Lives Matter movement. In contrast with its social responsibility and lobbying efforts, Airbnb's activism did not commence until 2017, and was re-ignited in 2020 when COVID-19 influenced its strategic direction. Airbnb's new strategy focuses on community-oriented projects, with a strong commitment to the inclusion of minorities within both the platform and the company's management.

Airbnb aims to attract and retain members and employees who support its liberal values and is not concerned about losing potential customers who are opposed to those values. Yet, a reassignment of responsibilities ensures that activism activities do not negatively affect Airbnb's image: five years after being nominated as Head of Communications, Kim Rubey, became Head of Social Impact and Philanthropy. Part of her role includes activism, but her expertise is in politics, communication and lobbying. Similarly, Chris Lehane – who was appointed Head of Policy in 2015 and initiated many lobbying successes for Airbnb – is now Senior Vice President for Global Policy and Communications at the company. This demonstrates the close links between public relations, politics and activism at Airbnb.

Acknowledgements

This chapter is based on Hajibaba, H. and Dolnicar, S. (2018) Political Activism, in S. Dolnicar (Ed.), *Peer-to-Peer Accommodation Networks: Pushing the boundaries*, Oxford: Goodfellow Publishers, 255-264.

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13.

Airbnb's space donation initiatives – before, during and after COVID-19

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As the facilitator of an online peer-to-peer accommodation trading platform, Airbnb is in the unique position of having access to millions of properties around the world. Airbnb can contact hosts who list properties in very specific regions, making it uniquely positioned to assist communities and governments when an unexpected disaster displaces people from their homes or tourist accommodation. Airbnb has actively used its network for this purpose since 2012 under its Open Homes program, and is continuing to do so under the difficult circumstances of COVID-19. To date, Airbnb has facilitated the donation of space to more than 70,000 people in need and to more than 100,000 frontline medical staff during COVID-19. At the end of 2020, Airbnb formalised this altruistic activity by founding an independent non-profit organisation called Airbnb.org.

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Airbnb's space donation initiatives before COVID-19

Airbnb and similar facilitators of online trading platforms for short term accommodation are in the unique position of having access to millions of vacant spaces globally. They can communicate directly and quickly with the people making

these spaces available for rent. This gives platform facilitators the ability to react very quickly if there is a sudden, unexpected need for space.

A sudden, unexpected and urgent need for space can result from many different types of events. Natural disasters – such as bushfires, earthquakes and cyclones – are just one example. Within a short amount of time, these disasters can cause substantial damage to infrastructure, leaving both residents and tourists without a place to stay. During the 2011 Christchurch earthquake, for example, up to 100,000 buildings were damaged; 10,000 so severely that they had to be demolished (Christchurch City Council, 2020), leaving a substantial fraction of the local population homeless. More recently – between September 2019 and March 2020 – the worst bushfire season in Australian history destroyed more than 3,500 homes (Center for Disaster Philanthropy, 2020), leaving locals without a roof above their heads.

Accommodation emergencies can also result from man-made disasters such as terrorist attacks or accidents. At the peak of the COVID-19 pandemic, a chemical explosion in Beirut annihilated entire suburbs of the city, displacing 300,000 people from their homes (Vatican News, 2020). In some instances, a sudden accommodation challenge can result from political decisions rather than unexpected events. In 2017, when President Donald Trump closed United States borders to immigrants from specific source countries, many people found themselves stranded without accommodation (Business & Human Rights Resources Centre, 2020).

Irrespective of the reasons that cause people to find themselves – suddenly and unexpectedly – without a place to stay, the solution required in such instances is to quickly identify vacant spaces in a very specific geographic location, extend an invitation to the owners or tenants of those spaces to help displaced people, and match hosts with people in need. Airbnb is in a better position to achieve this than most other companies in the word because the spaces listed on Airbnb.com are regionally dispersed and frequently sitting idle because many of the properties have not been built for the purpose of tourist accommodation; they are just spare rooms in local residents' houses.

Airbnb has a long history of activating its host network to help in such situations. Airbnb initially developed its Disaster Response Tool in 2012, in response to a devastating superstorm in the United States. Airbnb Founder and Chief Technology Officer Nathan Blecharczyk described the situation as follows:

> *"After Superstorm Sandy, members of the Airbnb community wanted to help displaced families in their city find shelter. Our system wasn't set up to support free emergency housing, so we worked to make the necessary changes to help our community support people in need. This work and the amazing outpouring of generosity from our community inspired us to build this tool. Prior to Superstorm Sandy, the Airbnb website was not capable of listing properties for free or waiving standard fees. Making emergency housing available at no cost to Sandy victims required the Airbnb team to fundamentally redesign its booking and payment systems to accept no-cost, fee-free listing for a defined period of time in a defined geographic region."*
> Airbnb (2020a)

Since Airbnb upgraded its platform to be able to implement space donation, the Disaster Response Tool has routinely been deployed to help people in need, connecting displaced people with hosts who are willing to donate space for free or at a reduced cost. Airbnb does not charge a fee for space donation (Airbnb, 2020b). The tool creates a specific page on the Airbnb website at the time of a disaster, showing the affected area on the map and requesting space donations for a designated period of time. Hosts in the affected area receive an email requesting their assistance (Airbnb, 2020c). The initially developed Disaster Response Tool had a few additional features, including offering

24/7 customer service and disseminating general disaster response information to guests and hosts. By 2017, Airbnb had already donated more than 3,590 nights across a range of different disasters (Airbnb Citizen, 2017), including the Grenfell Tower fire in London, wildfires in Portugal (Hajibaba & Dolnicar, 2018), the Paris terrorist attacks, and the Nepal earthquake (Bentz, 2016). By 2020, Airbnb hosts had made free housing available to more than 70,000 people in need (Airbnb, 2020d).

The willingness of the local population to assist is generally high, although it varies with price and the urgency of the emergency. In an urgent situation – when people need immediate help – 74% of residents express their willingness to open their homes to people in need if they pay the normal price, 72% if they pay a reduced fee and 65% if they pay no fee at all. These percentages drop to 54%, 37% and 20% respectively during the recovery stage of a disaster, when there is no urgent need to accommodate people (Hajibaba et al., 2016; Hajibaba & Dolnicar, 2018).

While Airbnb's main advantage during an emergency situation is its ability to communicate directly and quickly with large numbers of hosts in specific geographical areas, it has also entered into formal collaborations with national, regional and local disaster relief authorities. Together with the Federal Emergency Management Agency in the United States, Airbnb advises local residents on how they can best prepare themselves should they be affected by a natural disaster in the future (Bentz, 2016). Another example is the memorandum of understanding between Airbnb and the Victorian State Government in Australia to cooperate on emergency relief action (Airbnb, 2020e). Alberta, Canada signed a similar agreement with Airbnb to provide and facilitate housing options for displaced people and relief workers during a state of emergency in regional and bushfire-prone areas (Galletta, 2020). Airbnb also collaborates with organisations that assist local communities with their recovery after a natural disaster, such as All Hands and Hearts, and Catholic Charities USA. These organisations deploy large numbers of volunteers to affected areas, all of whom require accommodation. Airbnb assists with this (Bentz, 2016; Catholic Charities USA, 2019).

Given the success of the Open Homes program in assisting people experiencing an emergency situation due to a natural disaster, Airbnb has expanded the program beyond this scope, and now also offers refugee housing and assistance with medical stays. Airbnb invites its hosts to provide free temporary accommodation for refugees (who have already been granted asylum and are looking for long-term accommodation) and asylum seekers (who do not know yet if they will be able to remain in the country). This initiative is offered in partnership with the International Rescue Committee, Refugees Welcome Italia, SolidarityNow, CWS (Church World Service) and HIAS (Hebrew Immigrant Aid Society). The refugee housing sub-program of Open Homes was triggered by the 2017 United States travel ban affecting people from six Muslim-majority countries – Iran, Libya, Syria, Somalia, Sudan and Yemen – put in place by an executive order signed by President Donald Trump. The refugee program was promoted using the #weaccept hashtag on social media. However, it is not limited to the United States. The program is expected to have a major impact in European countries that have a high number of refugees, such as Italy (Hickman, 2018).

Another category Airbnb added to its Open Home program is medical stays. Under this sub-program hosts can help patients who need a place to stay during their treatment (treatment stays) as well as families which require respite from caring on an ongoing basis for a patient (respite stays). This program is offered in partnership with the Fisher House Foundation, Hospitality Homes and the Make-A-Wish Foundation. Around 2,000 patients and their families have been booked housing through the program and Airbnb's goal is to increase this number to 100,000 by 2022 (Airbnb, 2020f).

Airbnb hosts can also donate independently through organisations such as the OTIS Foundation. OTIS is a national network of retreat accommodation properties for women diagnosed with breast

cancer and their families, so that they can spend time together, relax and reconnect (OTIS Foundation, 2020). Patients need to meet geographical and income level conditions.

Overall, it can be concluded that Airbnb was exceptionally active in space donation before COVID-19, with activity increasing and widening over time. It is interesting, given all the public criticism Airbnb has faced, that these positive influences on society and local community have rarely been the focus of public discussion, and that other online booking platforms have not engaged in similar action.

Airbnb's space donation initiatives during COVID-19

COVID-19 has devastated the tourism industry globally: between January and October 2020 international tourist arrivals dropped by 72%, translating into a reduction of 900 million tourists compared to 2019 and pushing international tourism back to activity levels last seen 30 years ago (United Nation World Tourism Organization, 2020). Airbnb was not spared. Its bookings fell by 96% (DuBois, 2020) and its revenue declined by 72%, forcing Airbnb to cut 1,800 jobs in May 2020 and delay its initial public offering originally planned for early 2020 (Abril, 2020).

Despite this significant setback, Airbnb continued to actively donate space to people in need. People who needed homes in 2020 were primarily healthcare staff and first responders. Alex Schleifer, Airbnb's former Chief Design Officer, explained the challenges of setting up space donation initiatives:

> *"It's a complex operation … everything we need to do needs to be done in 60 languages. Because of the scale of everything we do, the idea is often the easiest piece … You could put a banner on your home page, or you can start talking with hosts and governments to understand what kind of help they need and whether this is something they want, then you start building … Ultimately, we [decided to take] over a pretty large amount of real estate so front-line workers know where to go. They also use our core search, but we want to make sure they have specific space for people who want to donate space or support the program. We had a goal of 100,000 homes that would be provided, but we beat that goal faster than we thought we would."* (Loizos, 2020)

Governments of many countries including Italy, the UK, and Spain collaborated with Airbnb via their national health organisations to provide support for medics and first responders during the COVID-19 crisis. More than 100,000 frontline workers were accommodated through the Open Homes platform on Airbnb (Airbnb, 2020g).

But the occurrence of natural disasters did not cease during COVID-19, and Airbnb continued to activate its Open Homes network. One example was the Northern California wildfires, during which Airbnb issued the following call for assistance:

> "*Several fires across Northern California are impacting the area. Many residents are evacuating to safer areas and could be displaced for some time.*
>
> *There's an immediate need for more hosts to provide temporary housing. Airbnb is working to connect hosts interested in sharing their space with those in need. If you want to help, Airbnb wants to help you do it.*
>
> *Do you have available housing in the area? You can sign up online to share your space for free with those affected. In light of the COVID-19 pandemic, we are only inviting hosts with*

> *entire homes or apartments to sign up, and advising contact-free check-ins. Airbnb waives all service fees, and all disaster relief guests and hosts have access to Airbnb's 24/7 customer support. All bookings are on a request-to-book basis.*" (Airbnb, 2020c)

In January 2021, we conducted a survey study with 102 Airbnb guests and 57 hosts to determine the level of awareness of Airbnb's space donation initiatives, and whether guests and hosts felt that it affected their image of Airbnb and their booking or hosting likelihood on Airbnb. Among hosts, 32% reported being aware of Airbnb disaster response programs. Of those who were aware of these initiatives, 26% reported that this awareness of disaster relief action has positively influenced their image of Airbnb, and 25% reported it positively affected their likelihood of hosting on Airbnb. Among those hosts who were unaware of Airbnb's disaster relief efforts, the percentage was even higher: 46% said this knowledge would positively influence their image of Airbnb and 44% indicated it would positively influence their decision to list their property on Airbnb.

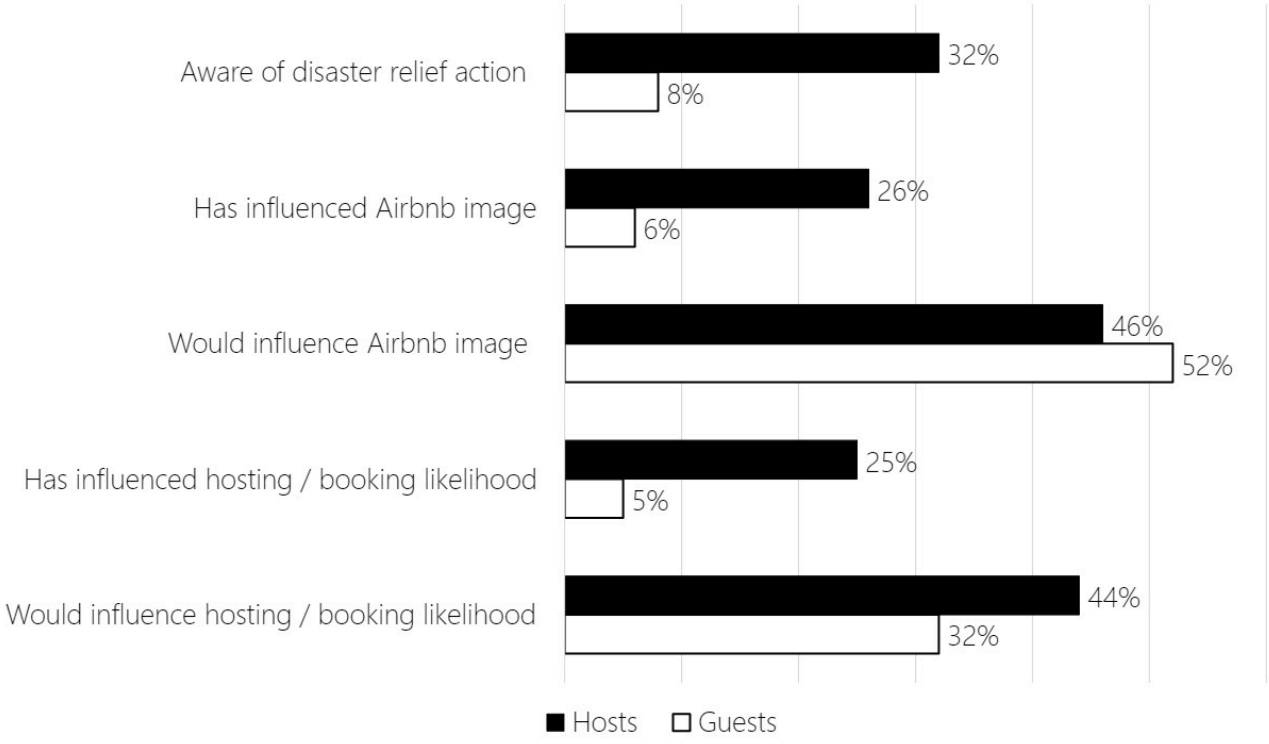

Figure 13.1: Awareness and self-reported influence of Airbnb's disaster-related space donation program on image and booking / hosting likelihood among Airbnb guests and hosts

Among the Airbnb guests surveyed in January 2021, only 8% were aware of Airbnb's disaster relief program. Of those guests who were not aware of Airbnb's space donation initiatives, 52% indicated it would positively influence the image they have of Airbnb, and 32% stated it would positively affect their likelihood to book on Airbnb in future. Figure 13.1 summarises the key survey findings.

Interestingly, Airbnb's competitors have not engaged in any space donation initiatives. This is particularly fascinating because Airbnb, when it initially launched, was the focus of extraordinary scrutiny and accused of discrimination, reducing the quality of life of locals, and unfair competition (Dolnicar, 2019). Yet, Airbnb's space donation was not widely reported, nor were Airbnb's competitors criticised for not launching similar altruistic initiatives despite having the same access to vacant spaces.

Airbnb's space donation initiatives after COVID-19

At a time when multiple successful vaccines have already been approved by countries around the world, Airbnb has formalised its space donation activities by launching Airbnb.org, which replaces the Open Homes and the Frontline stays programs. Airbnb.org is an independent legal entity with an independent board of directors and was initially established during COVID-19 to offer accommodation to health workers. The email announcement to Airbnb hosts on 9 December 2020 read as follows:

> *"We are proud to announce the launch of Airbnb.org, a nonprofit that opens homes in times of crisis. The inspiration for Airbnb.org began with a single host, Shell, who opened her home to those impacted by Hurricane Sandy. And it became a movement thanks to you – our Open Homes and Frontline Stays community – who have helped house 75,000+ people in 104 countries since 2012.*
>
> *As of today, these programs are now formally called Airbnb.org, an independent 501(c)(3) nonprofit that will help increase our impact around the world. Airbnb.org is also announcing partnerships with the International Federation of Red Cross and Red Crescent Societies (IFRC) to support global emergency response efforts and Community Organized Relief Effort (CORE) to help cover stays for essential workers at COVID-19 testing sites (and future vaccine distribution centers).*
>
> *To ensure community donations go further towards helping house people in times of crisis, Airbnb has pledged 400,000 shares of Airbnb stock to support Airbnb.org's emergency response, natural disaster response and refugee programs. Additionally, Brian, Nate and I, as Airbnb co-founders, will be contributing an additional $6 million to Airbnb.org to support partners and impacted communities.*
>
> *And to thank you for your contributions, we're launching a new badge for hosts who support Airbnb.org by offering free stays or making recurring donations."*

By choosing to formalise its space donation activities in the midst of the COVID-19 crisis by founding Airbnb.org, Airbnb ensured that space donation activities will continue into the future, even after the company's initial public offering. Airbnb has also committed to funding all the operational costs associated with Airbnb.org. Through Airbnb.org, hosts who donate money or space know that their contributions go directly to people in need or non-profits that help people in need.

In addition, Airbnb developed a supporter badge. Hosts can earn a supporter badge by signing up to donate space to people in need, or by becoming a recurring donor (signing up to donate a percentage of their payout from each Airbnb stay). Airbnb describes the purpose of the badge as celebrating the generosity of hosts. The support badge is not actively used in Airbnb's algorithms determining how listings are presented to guests.

Conclusions

Everybody knows Airbnb. Many people have heard about the negative externalities that can be caused by the existence of too many Airbnb properties at locations with high tourist demand. Everybody has heard about Airbnb benefitting from an unfair competitive advantage in the tourist accommodation market. And everybody has heard that the way in which space is traded on Airbnb can facilitate discrimination. Yet very few people are aware of the space donation initiatives Airbnb

has been engaging in for a very long time. It can be concluded that Airbnb is not only the pioneer of the large-scale trading of short-term rentals among ordinary people, but also the pioneer of altruistically-motivated large-scale space donation.

> *"We've seen the difference this community can make, one open door at a time"*
> – Joe Gebbia, Co-Founder, Airbnb; Chairman, Airbnb.org, 9 December 2020 (Airbnb, 2020b)

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