Defining the Price of Hospitality: Networked Hospitality Exchange via Airbnb

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Abstract

This study examines how money mediates and structures social exchange in a hospitality exchange service, and how social and economic factors guiding exchange get intertwined in this context. We present a qualitative study on the experiences of people who offer to rent out their homes, or parts of them, via the online peer-to-peer renting service Airbnb. Our study suggests that the frame monetary transactions set to exchange relationships contributes to the hosts' sense of control and ease in the exchange. We identified two behavioral patterns that highlight the importance of reputation and trust: (1) hosts divert their accumulated reputational capital into the rental price and (2) they may price their property below "the market price", so that they can choose their exchange partners form a wider pool of candidates.

Author Keywords

social exchange; network hospitality; hospitality exchange service; reputation; money; collaborative consumption; Airbnb

ACM Classification Keywords

H.5.m. Information interfaces and presentation (e.g., HCI): Miscellaneous.

Introduction

The widespread diffusion and utilization of ICTs has afforded novel *collaborative lifestyles* based on sharing and exchanging both tangible and non-tangible goods and services such as space, skills, time and money through online platforms. Examples of these include Couchsurfing[1], a network through which people across the globe can accommodate each other, Landshare[2], a garden sharing platform, and Zopa[3], a service for peer-to-peer money lending. Against the backdrop of the impending energy crisis, environmental degradation and the global financial meltdown, this *collaborative consumption* has been presented as a more sustainable model of economic organization. [3]

Prior research has examined exchange processes in *online social exchange networks* fostering non-monetary exchanges between peers [1, 7, 9]. In their case study on the local online gift exchange service Kassi, Lampinen et al. show that user experiences of social exchange systems are often more about the process of exchange than just outcomes. For example, flow of communication between the providers and recipients as well as smoothness of coordination are crucial for successful exchange processes. [7] Arguably, this fluency of the exchange process is even more important when the exchanged resources are not tangible goods but services, such as accommodating a person in one's home – an action that is often seen to require careful coordination and a great amount of trust between exchange partners.

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[1] www.couchsurfing.org

[2] www.landshare.net

[3] www.zopa.com

[4] We use pseudonyms in order to ensure participants' anonymity.

Our contribution to this emerging body of literature is an analysis of exchange processes that take place via the hospitality exchange service Airbnb. In studying this service, we seek to shed light on the behaviors and norms in play in a socio-technical system that fosters monetary transactions as a part of exchanges that require coordination and trust between the exchange partners. Our qualitative study is focused on the experiences of Airbnb *hosts* – service users who offer to rent out their properties on the site. We are interested in, (1) *how money mediates and structures social exchange in the context of online hospitality exchange* and (2) *how economic and social factors guiding the exchange get intertwined in this context*?

Network Hospitality as Negotiated Social Exchange

In our analysis, we deploy concepts and ideas from social exchange theory. According to Cropanzano and Mitchell [5, p. 890] '[s]ocial exchange comprises actions contingent on the rewarding reactions of others, which over time provide for mutually -- rewarding transactions and relationships'. For social exchange to be successful, the 'parties must abide by certain "rules" of exchange' [5, p. 875], defined by Emerson [6, p.351] as the 'normative definition of the situation that forms among or is adopted by the participants in an exchange relation'. Most empirical research identifies three major types of social exchange: *negotiated exchange*, *reciprocal exchange* and *general exchange* [4]. Cropanzano and Mitchell [5] have further elaborated the concept of social exchange by separating the *form of the exchange* from the *type of relationship* (see Figure 1).

Types of social exchange

Negotiated exchange:
Two individuals bargain and discuss the terms of an agreement before exchanging goods and services.

Reciprocal exchange: No explicit agreement between parties exists, but the exchange of goods and services still takes place directly between two individuals.

Generalized exchange:
Individuals provide resources of some form to an actor or group; the recipient(s) may or may not provide resources to others in the future. There is no expectation of direct reciprocity between participating individuals.

Figure 1: Transactions and Relationships in Social Exchange [5, p. 887].

Hospitality exchange services where lodging space is exchanged for money and the terms of the exchange are more or less negotiated beforehand can be best characterized as networks of negotiated social exchange. In terms of Figure 1, this monetary hospitality exchange can be located to cells 2 and 3 as the exchange includes both economic (space, money) and social (e.g., reviews, hospitality) transactions.

Findings
First, our analysis indicates that money provides a certain frame for the exchange and renders it more formal and structured. This can be read, for example, from Kaisa's[4] comparison between monetary and non-monetary hospitality exchange. Kaisa sub-rents her

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[4] We use pseudonyms in order to ensure participants' anonymity.

room a few times a month to cover a part of her rent. Occasionally, she hosts Couchsurfers, as well. She is eager to meet new people although she feels that hosting can get tiresome if there is a mismatch in the expectations of the guest and the host. Importantly, she thinks this is more common in the case of non-monetary exchange:

'*The attitude may easily be that since you are charging these people they think that you should somehow be in the background. Whereas [people coming] through Couchsurfing, they ask you to be their guide or their boyfriend or girlfriend or whatever -- it can sometimes be a bit annoying. -- usually people coming through Airbnb are at bit more independent.*' (Kaisa 22 years, translated from Finnish)

Monetary transactions may contribute to the host's sense of control by making it easier for the exchange partners to adopt a shared definition of the exchange situation. This, in turn, is helpful for the coordination of the entire exchange process.

Second, we identified two behavioral patterns that highlight the importance of reputation and trust in the exchange. First, a common tactic among hosts is to rise the price of their property as they accumulate more 'reputational capital' in the service (that is, as the number of positive reviews grows larger). As Sophia, 22, explains the role of reviews in the price of her listing: '*–the price includes the safe feeling for the guests*'. Second, to achieve a situation where they have more options to choose their guests, some hosts price their properties under "the market price", since it increases the amount of inquiries they receive.

'*--the good thing in keeping the price a bit low -- is that you get to choose [the guests]. -- For the host it is*

easier that way.' (Pertti, 33 years, translated from Finnish)

Discussion

In considering how to design online social exchange systems so that they encourage participation, it is important to take into account the social norms and "rules" of exchange that guide exchange processes. In networked hospitality exchange – an activity motivated not only by the potential financial gains but also by meaningful social encounters with guests [2] – monetary transactions frame the exchange relation in a way that in some cases contributes to the fluency of the exchange process. Thus, the option of using money in the exchange may encourage more people to participate in hosting guests via hospitality networks that so far have usually been designed to function on the basis of non-monetary generalized exchange. A systematic comparison of the exchange processes in systems of monetary and non-monetary exchange is a fruitful topic for future research. For a more complete understanding of monetary networked hospitality exchange, future studies could examine exchange processes form the guest's perspective, too.

Trust is a particularly important social factor guiding exchanges that take place via Airbnb. In this regard, monetary and non-monetary hospitality exchange networks resemble each other [1]. However, in the latter, reputation has direct economic consequences for the exchange: 'reputational capital' can be diverted into the price of the host's property, but at the same time some hosts are willing to lower their asking price in order to pick a guest they deem trustworthy from a wider pool of candidates. These economic impacts of online reputation make it ever more important to tackle design issues related to reputation systems, such as

how to distribute 'reputational capital' fairly among people who host together in a shared flat [8].

Acknowledgements

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