European Commission

Exploratory study of consumer issues in online peer-to-peer platform markets

Task 4 – Case study: AirBnB

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Justice and Consumers

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Directorate E - Consumers
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1 Introduction

1.1 Platform overview

AirBnB is a platform where peer providers can rent out their accommodation and peer consumers can book private or professionally run accommodation[1]. In December 2016, it claimed to have two million accommodation listings in over 34,000 cities in 191 countries, and 60 million peer consumers or "guests"[2]. These numbers could not be verified, as user statistics are not available on the website. However, AirBnB is among the largest peer-to-peer platforms: the Centre for Global Enterprise ranked it the fourth largest platform company worldwide, worth an estimated $24 billion[3] (EUR 22.6 billion) in 2016.

Peer consumers and peer providers can access the platform in all EU Member States. The platform is open to both private and professional peer providers – among its listings, peers can also find B&Bs, hostels and holiday rental agents.

In 2014, AirBnB reported that 58% of its listings were in Europe, and over 50% of its guests stayed in Europe[4]. Other sources suggest that 35% of travellers to Spain and Germany, and 34% of those visiting France and Italy in 2015 used AirBnB[5].

Survey data from Task 2 shows that AirBnB is by far the most popular accommodation sharing platform in the EU, followed at a distance by Idealista.es (Spain), Imoti (Bulgaria), HomeAway (worldwide) or Wimdu (worldwide) as shown in Table 1.

Table 1: Web survey responses regarding the use of accommodation sharing online platforms in 10 EU countries[6]

Platform	Respondents as	
	Consumers	Providers
AirBnB	465	271
Idealista	76	77
Imoti	62	74
HomeAway	53	31
Wimdu	42	24

Source: GfK, Task 2 consumer survey (sample size of 10,019 respondents in 10 EU countries)

1 Within the scope of this case study, desk research and the mystery shopping exercise were carried up until December 2016. Some minor clarifications regarding the core research results were sought until February 2017.
2 Information available at: https://www.airbnb.co.uk/about/about-us, accessed on 15/12/2016.
3 Information available at: http://www.thecge.net/wp-content/uploads/2016/01/PDF-WEB-Platform-Survey_01_12.pdf, accessed on 15/12/2016.
4 Information available at: http://blog.airbnb.com/airbnb-growth-europe/, accessed on 15/12/2016/
5 Information available at: https://www.emarketer.com/Article/Spain-Enthusiasm-Airbnb/1014434, accessed on 15/12/2016.
6 Bulgaria, Denmark, France, Germany, Italy, the Netherlands, Poland, Slovenia, Spain, UK.

1.2 User experience

There are two types of user experiences on the platform:

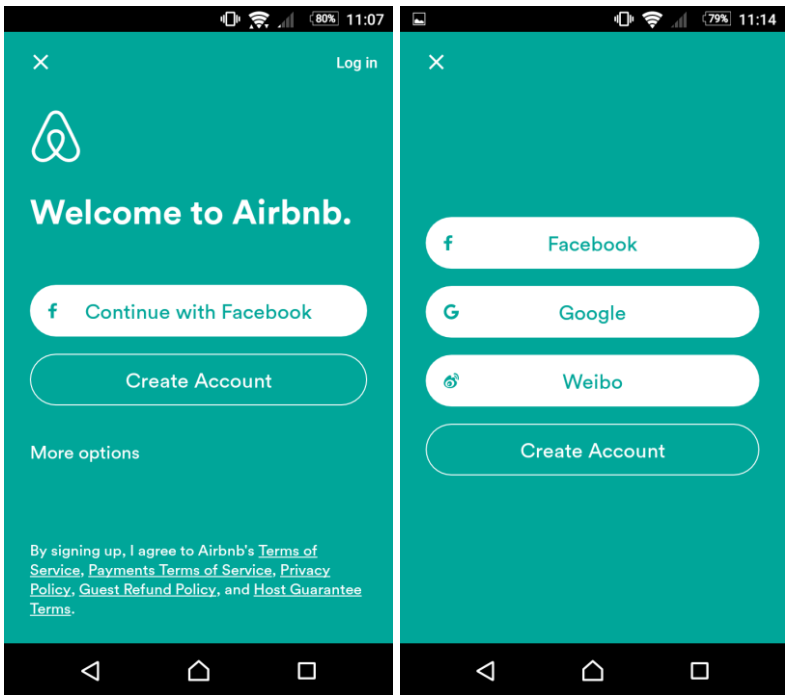
- Peer providers who list their accommodation and rent them out; and
- Peer consumers who search for and rent accommodation.

Peers who are active as both providers and consumers do not need to have two separate accounts for listing and renting. The platform allows peers to switch between their activities on the same account.

To use the platform's services, peers need to register and create a profile. Registration requires a valid email address, first and last name and date of birth. Alternatively, peers can use their Facebook, Google or Weibo account to log in. Registration implies acceptance of its Terms of Service, Payments Terms of Service, Privacy Policy, Guest Refund Policy, and Host Guarantee Terms, in addition to the Non-Discrimination Policy introduced in September 2016[7].

AirBnB requires peers to be over 18 to use the services, but it does not verify age during registration. While the platform requires new users to enter their date of birth, it does not take any additional measures to verify the information provided. Figure 1 shows the registration options on the AirBnB mobile app version.

Figure 1: Registration options on AirBnB (Android app version)

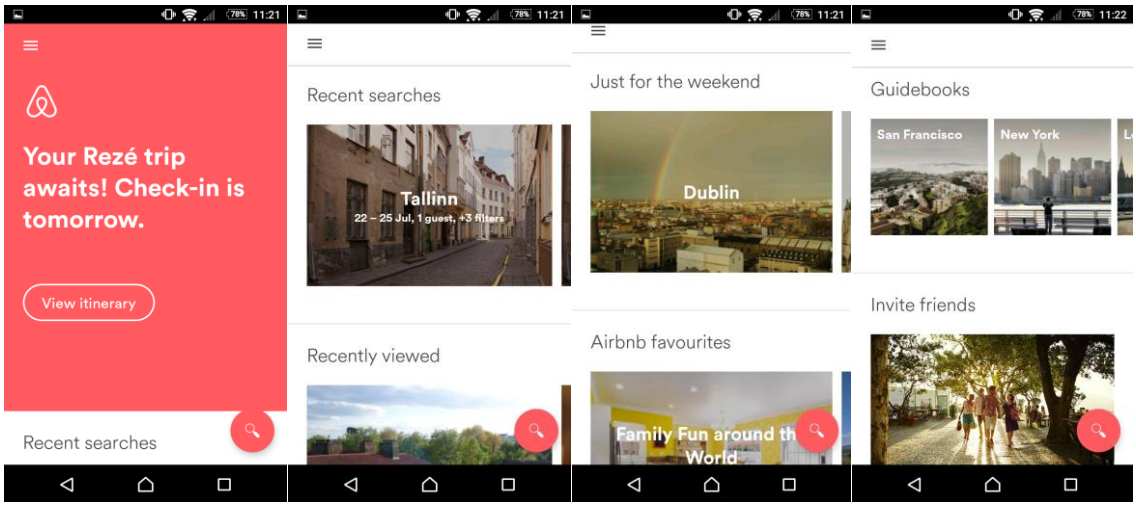


Once registered, peers can see their recent activity, including recent searches and recently viewed accommodations. Peers can also see weekend recommendations,

7 Information available at: http://www.nytimes.com/2016/09/09/technology/airbnb-anti-discrimination-rules.html?_r=0, accessed on 15/12/2016.

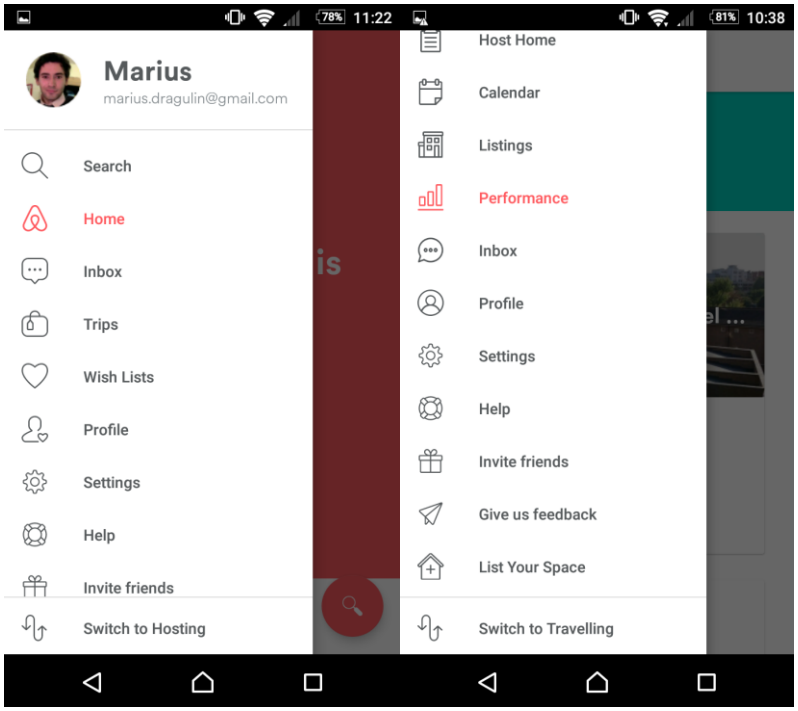
selected booking options, guidebooks and the platform's referral programme, as Figure 2 shows.

Figure 2: AirBnB home screen after login (Android app version)



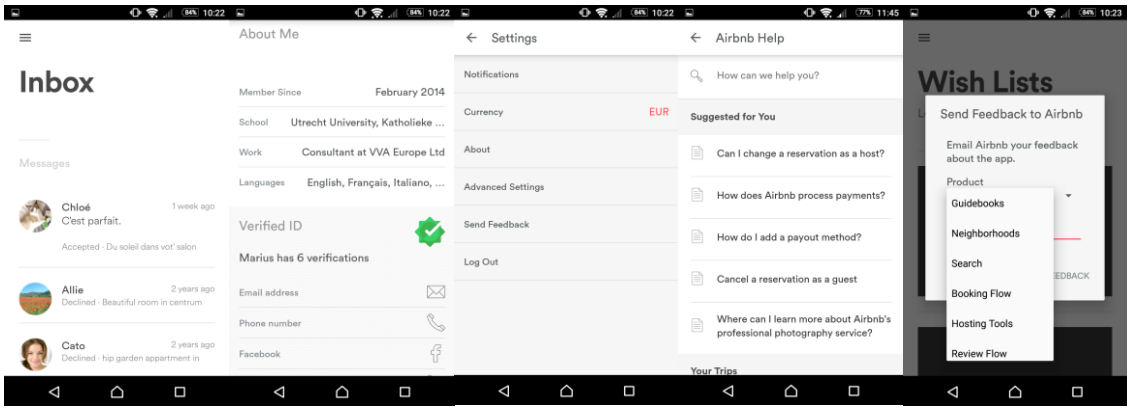
Peers have a menu bar on the left-hand side, where they can select their type of platform use: peer consumers (travelling) or peer providers (hosting), as indicated in Figure 3.

Figure 3: User menu bar and options to switch platform use type (Android app version)



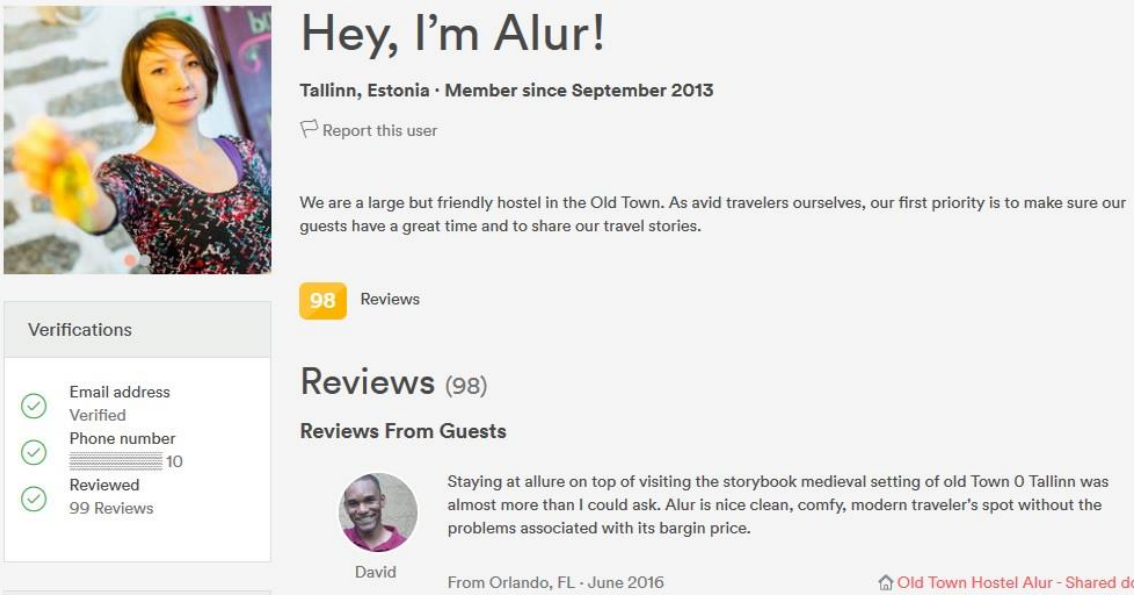
Some platform features are identical for both peer types. Common features, illustrated in Figure 4, include the internal mailbox system (inbox), profile settings, app settings, help section, friend referral system and platform feedback form.

Figure 4: Common features for peer consumers and providers (Android app version)



Peers can describe themselves and their services, as indicated in Figure 5.

Figure 5: Profile of peer providers representing a company (desktop version)



All peers can earn credit on the platform through **referrals**. If people invited by peers on the platform sign up, both them and the peer inviting them will receive EUR 28 in credit when they make their first trip, or the peer inviting them earns EUR 61 when the invitee completes their first hosting[8]. This feature has its own

8 Information available at: https://www.airbnb.co.uk/invite, accessed on 15/12/2016.

terms and conditions, which state, for instance, that a reservation must be worth at least EUR 67 for the travel credit to be awarded[9].

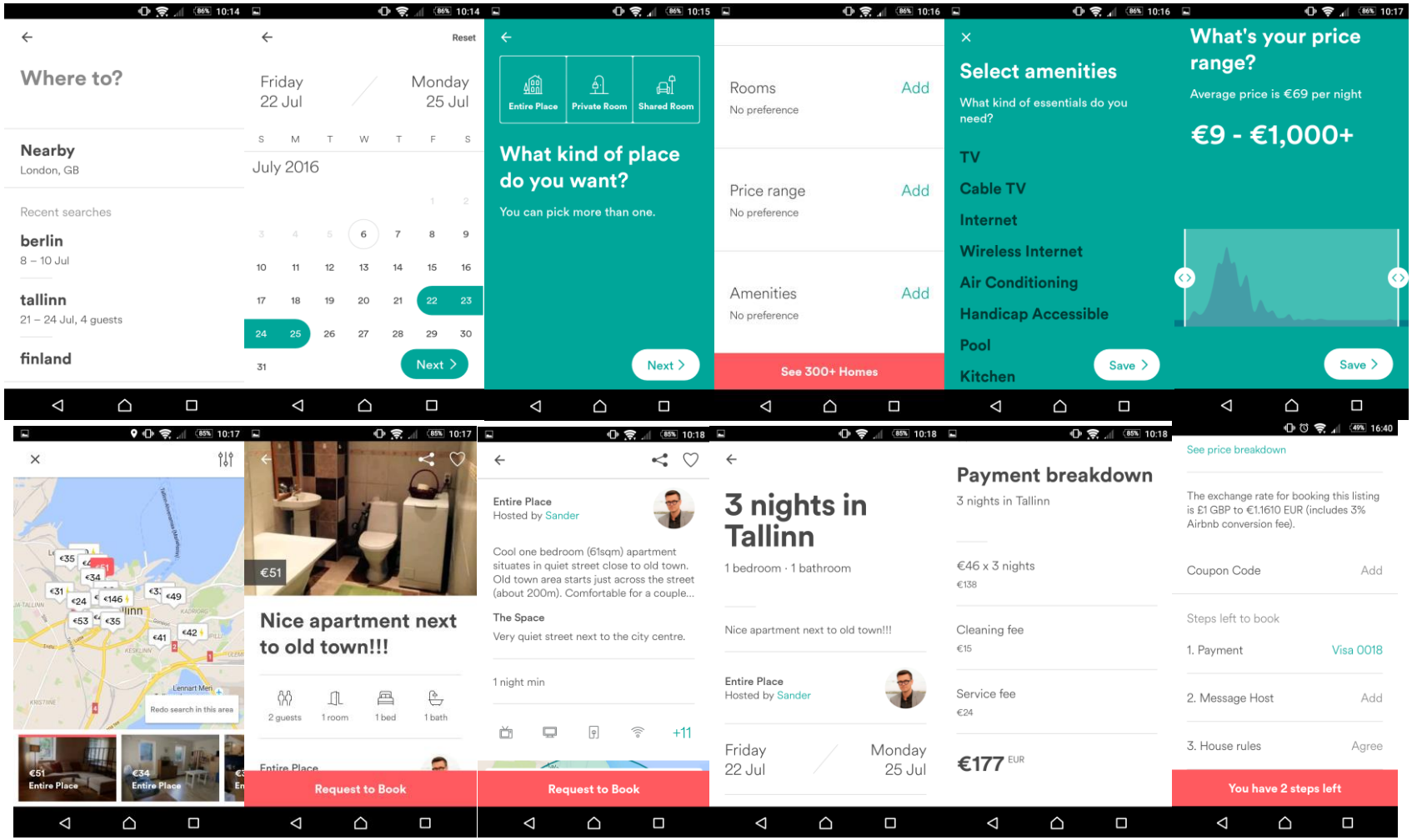
1.2.1 Peer consumers

Peer consumers can filter results by prices, amenities, number of guests, location and type of listing. The process of finding and booking a listing is illustrated in Figure 6. Throughout the process, the platform informs peers about the remaining steps. When a listing is selected, the system displays the total price and a breakdown of costs, including the rental price, the transaction fee charged by the platform shown as "service fee" and other fees such as the cleaning fee. The listing informs peers about the "house rules", who is the peer provider or "host" and his/her contact details.

The booking process is identical in all countries. Peers make payments to the platform, which converts the peer consumer's currency into the currency required by the peer provider at the cost of a 3% conversion fee. Payment methods differ between countries (see section 2.7).

9 Information available at: https://www.airbnb.co.uk/referrals/terms_and_conditions?_ga=1.151646073.1303144477.1476097662, accessed on 15/12/2016.

Figure 6: Process of reserving accommodation on AirBnB (Android app version)

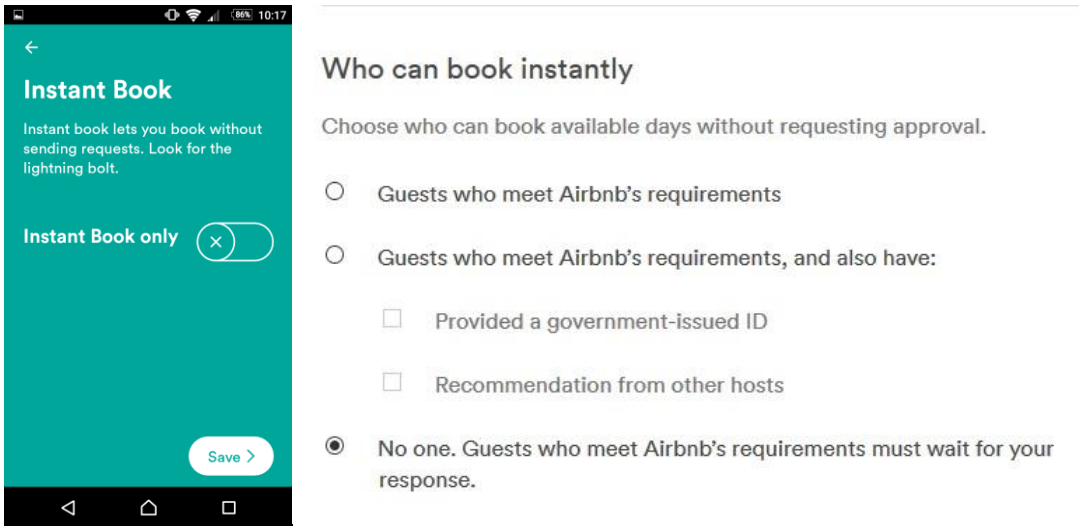


There are two types of booking procedures:

a) **"normal" booking**: the peer consumer submits a booking request to the peer provider who has to agree before the booking is completed and payment to the platform is made, or

b) **instant booking**, without prior agreement from the peer provider. In this case, the booking and payment are made immediately and peer consumers only need to confirm the check-in arrangements with peer providers[10]. Peer providers can refuse or restrict access to instant booking (see Figure 7) and select which guests qualify for the service. The feature was introduced in 2013[11].

Figure 7: Instant booking feature as seen by peer consumer (left on Android app version) and by peer provider (right on desktop version)



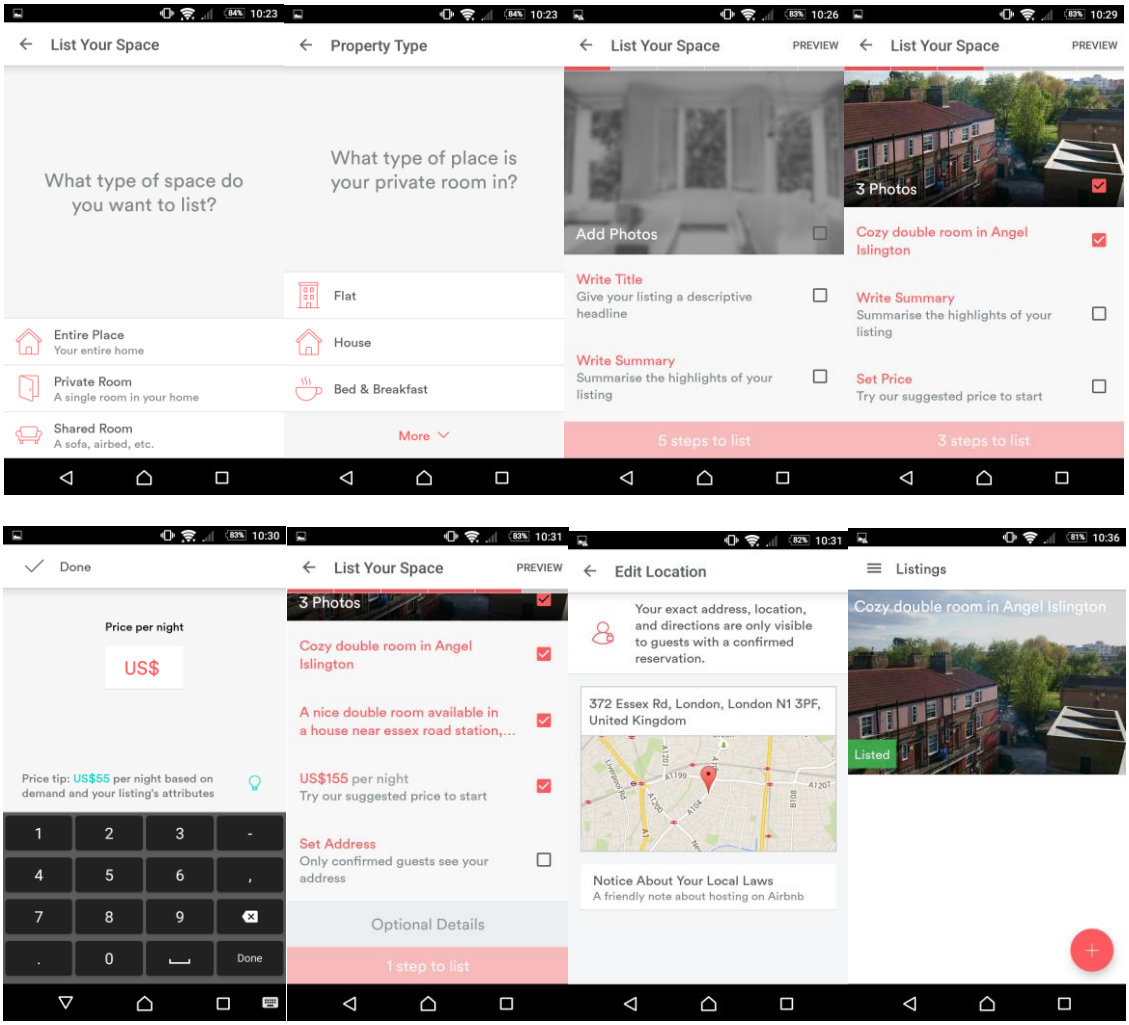
1.2.2 Peer providers

Peer providers can upload their listing as shown in Figure 8. The platform gives tips concerning pricing, pictures or descriptions to help peer providers make their listing attractive. The steps peer providers should take, as shown below, are:

- Determine the type of listing,
- Add photos, title and summary,
- Set the price, and
- Set the address.

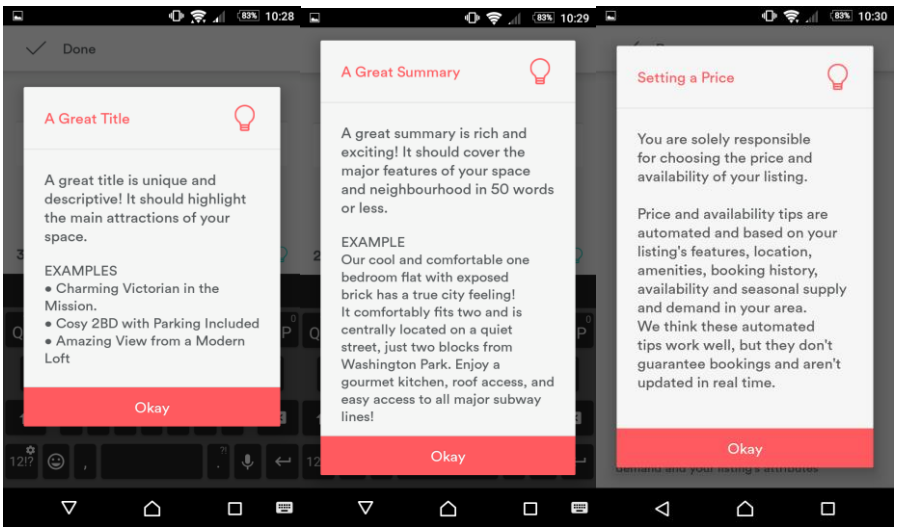
10 Information available at: https://www.airbnb.co.uk/help/article/523/learn-about-instant-book, accessed on 15/12/2016.
11 Information available at: http://www.probnb.com/airbnb-introduces-instant-bookings-for-hosts, accessed on 15/12/2016.

Figure 8: Process of listing an accommodation on AirBnB (Android app version)



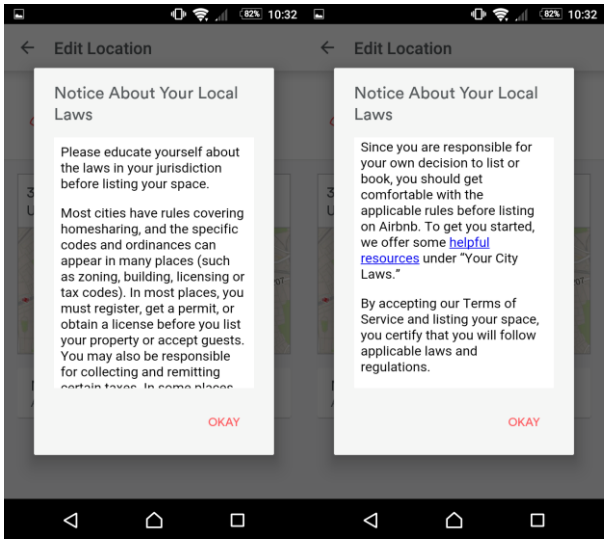
The platform gives guidance on how to make the listing more appealing. Platform guidance mainly concerns the listing's title (limited to 35 characters), summary (limited to 250 characters) and price recommendations, as indicated in Figure 9.

Figure 9: AirBnB suggestions for completing a listing (Android app version)



As part of the listing process, the peer provider must agree with a **Notice About Your Local Laws** (see Figure 10). The notice recommends to "*educate yourself about the laws in your jurisdiction before listing your space*" and states that by listing their space, peer providers "*certify that (they) will follow applicable laws and regulations*".

Figure 10: Guidance to peer providers about local laws (Android app version)



When setting the price, under the **standard pricing option** the platform suggests prices based on similar listings in the neighbourhood, but allows peer providers to set their own price. The platform suggests minimum, maximum and base prices for renting out accommodation, and discounts for bookings for weeks or months at a time. The pricing guidance is calculated according to average demand for the property location and property type.

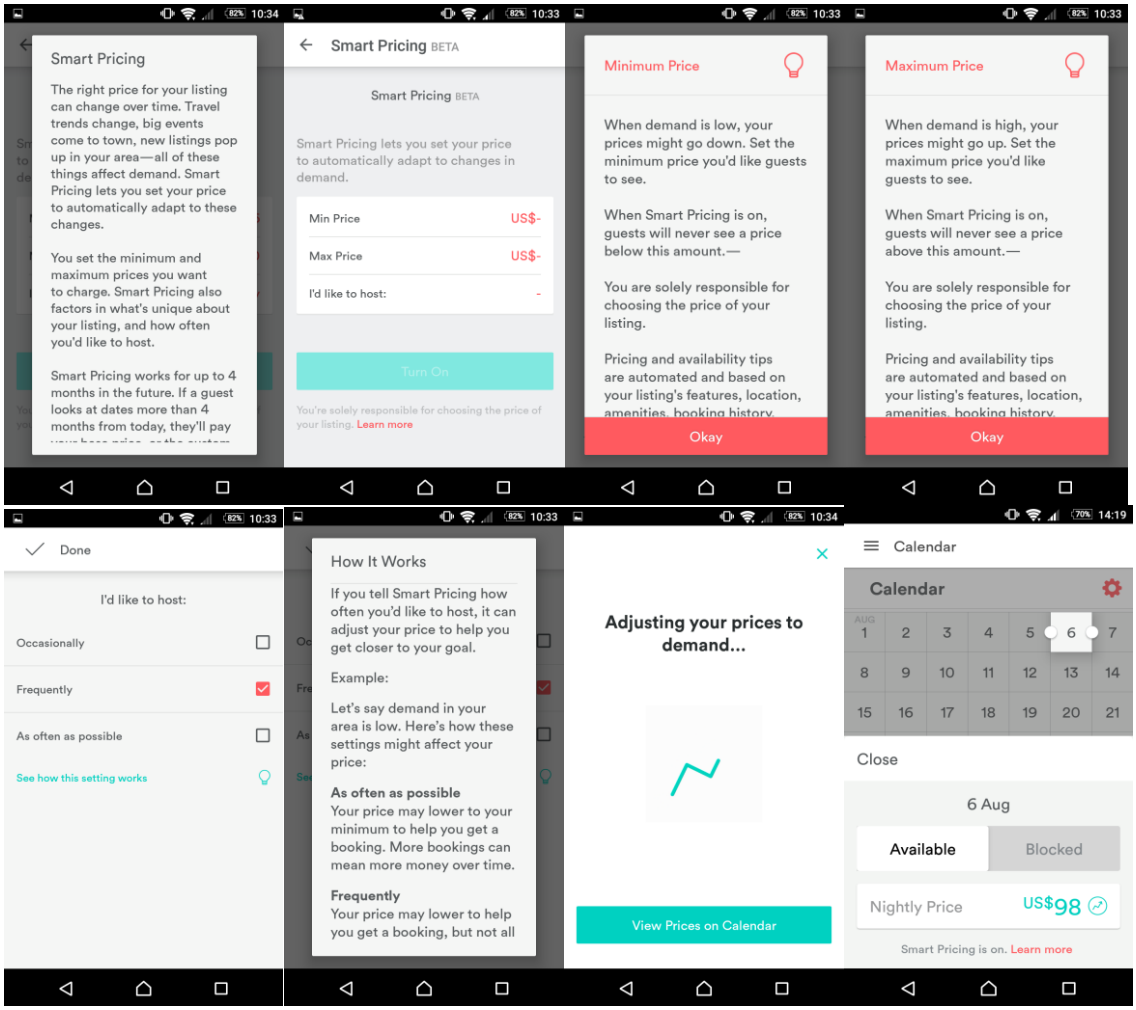
Alternatively, providers can select the **"smart pricing" option** which automatically adjusts prices to fluctuations in demand over time, within a range given by the peer provider. This pricing mechanism, shown in Figure 11, considers the overall demand in the neighbourhood and raises or lowers the price according to the market equilibrium price observed on the platform. The mechanism behind smart pricing calculates how likely a guest is to book a specific listing on specific dates and for a specific price.

Airbnb have not released the specific algorithm used to calculate its Pricing Tips, but the platform has informed that the following factors are considered in providing pricing recommendations for hosts[12]:

- Listing type;
- Location;
- Current Price;
- Current availability;
- Time until date;
- Historical guest activity;
- Property reviews;
- Peak / low season;
- Weather;
- Nearby hotel prices; and
- Special events in the area.

12 Information available at: https://www.quora.com/Are-Airbnb-pricing-tools-effective-Which-one-works-the-best, accessed on 15/12/2016.

Figure 11: Smart pricing option for listings (Android app version)



It is not clear to what extent following the pricing guidance or smart pricing influences the visibility of the offer on the platform, but smart priced offers appear to be rented out more frequently than others.

AirBnB claims that peer providers setting a price within a 5% range from the platform's recommended 'smart 'price are four times more likely to receive guests[13]. Other sources[14] suggest that the Pricing Tips *may tend* to lower prices because platform revenue is based on the transaction fees which are higher for peer consumers than for peer providers. There is no further information available about the use of recommended or 'smart' prices on the visibility of listings or filter criteria.

13 Information available at: http://blog.airbnb.com/using-data-to-help-set-your-price/, accessed on 15/12/2016.
14 Information available at: https://www.quora.com/Are-Airbnb-pricing-tools-effective-Which-one-works-the-best, accessed on 15/12/2016.

Figure 12: Pricing guidance mechanisms on AirBnB (Android app version)

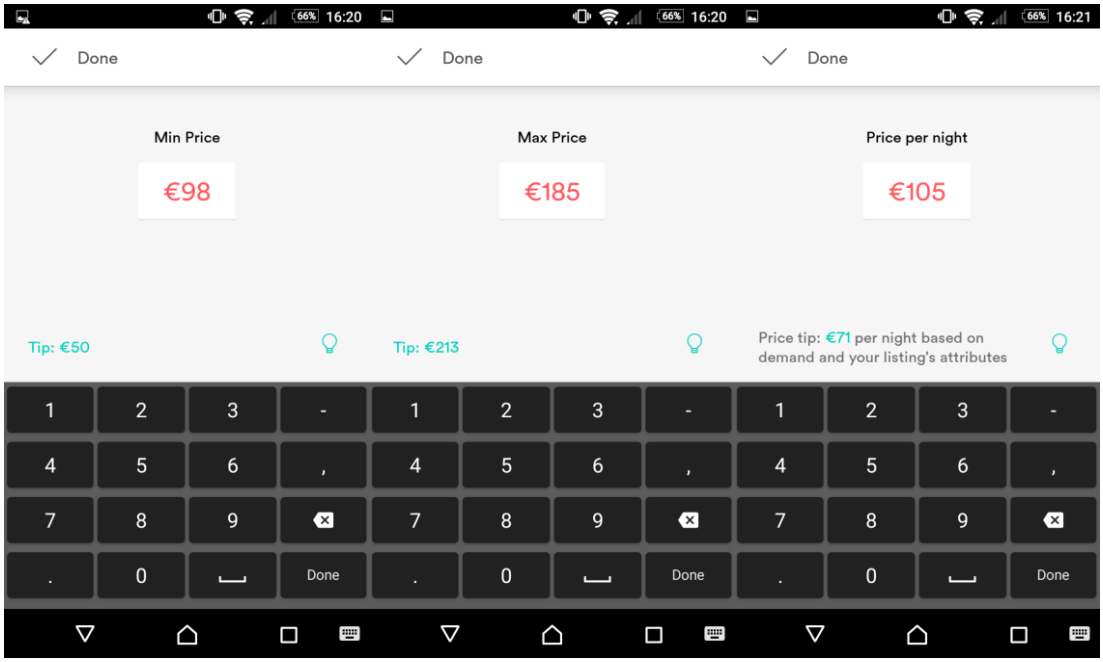
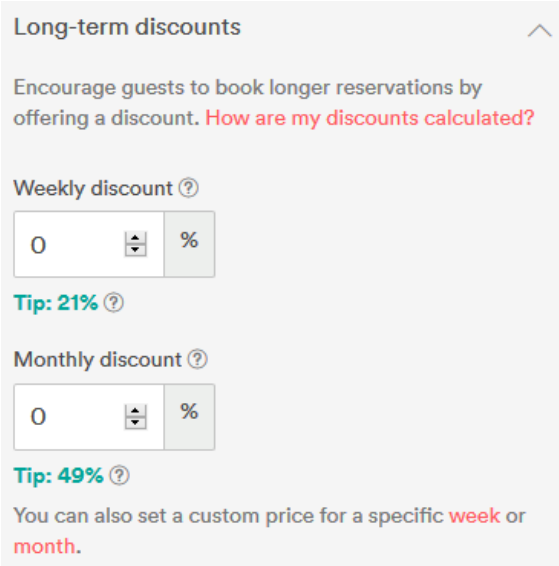


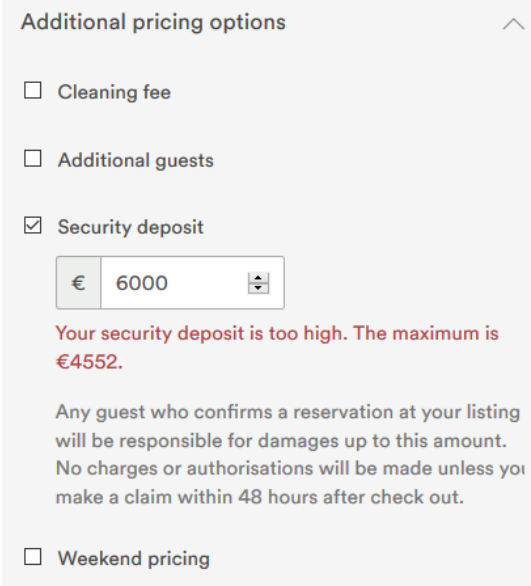
Figure 13: Pricing guidance mechanism for long-term stays (desktop version)



A **security deposit** can be set between EUR 5 and EUR 4,552 (Figure 14)[15]. This is done through the Pricing Settings and the Additional pricing options tools available to peer providers. Peer consumers can be held liable for damages up to the indicated amount. The process of claims against the security deposit is mediated by the platform, which retains the deposit. The process of claiming compensation through the security deposit is detailed in sub-section 2.6.3.

15 Information available at: https://www.airbnb.co.uk/help/article/140/how-does-airbnb-handle-security-deposits, accessed on 15/12/2016.

Figure 14: Option to add a security deposit (desktop version)



Terms for the property rental are pre-set through the mandatory standards and expectations for hosts and travellers (see sub-section 0)[16]. Peer providers can, however, choose to add a security deposit, set when their property is available, the type of cancellation policy applicable (see section 2.6), or add additional charges (for cleaning or for additional guests).

The option of introducing **charges for cleaning** or **additional guests**, or **weekend pricing** is displayed in Figure 14. Cleaning charges are included in the listing price, and are a one-off charge (the same price is charged regardless of how many nights the guests stay). Charges for additional guests can be set per each additional guest after a specified number of guests. Finally, weekend pricing allows peer providers to charge different prices on Fridays and Saturdays.

1.2.3 Add-on services

AirBnB allows **peer consumers** to customise their account, which gives valuable data to the platform about their plans and interest. These include a personal **wish list** of listings, and a personal **trips list for** past and upcoming trips.

Airbnb proposes **weekend suggestions** (e.g. fairy-tale cottages, windmills, etc.), free **guidebooks with** popular sights, restaurants or activities at the destination[17] and, as of November 2016, offers of local activities at destination ("**experiences"**) from local providers.[18]

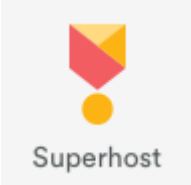
AirBnB offers **peer providers** in several large cities the services of professional photographers for free[19]. Peer providers can also benefit from temporary promotions, such as free smoke and carbon monoxide detectors[20] or discounted code-enabled locking systems or key storage boxes[21]. Peer providers can find tips and advice on how to make their listing more attractive in the platform's Help section.

Peer providers can obtain **"Super Host" status**, described by the platform as "*experienced hosts who provide a shining example for other hosts, and extraordinary*

16 Information available at: https://www.airbnb.co.uk/help/article/1199/what-are-airbnb-s-standards-and-expectations?topic=250, accessed on 15/12/2016.
17 Interview with AirBnB, 26/07/2016.
18 Information available at: https://www.airbnb.co.uk/experiences, accessed on 15/12/2016.
19 Information available at: https://www.airbnb.co.uk/info/photography, accessed on 15/12/2016.
20 Information available at: https://www.airbnb.co.uk/help/article/515/i-m-a-host--am-i-required-to-have-a-smoke-and-co-detector-installed?topic=359, accessed on 15/12/2016.
21 Information available at: https://www.airbnb.co.uk/host-assist, accessed on 15/12/2016.

experiences for their guests."[22] Super hosts are awarded a badge as shown in Figure 15 and they are included in the Super Host search filter. They get a $100 (~EUR 95) travel coupon (if they maintain their status for one full year), benefit from priority customer support and they get invitations to AirBnB exclusive events.

Figure 15: Super Host badge on AirBnB



The platform verifies Super Hosts' activity four times a year to check whether they meet the eligibility criteria to keep their status. The criteria are specified in the Super Host section of the Terms and Conditions[23], and in the Super Host section of the website[24]. To qualify as Super Hosts, peer providers must:

- Have hosted at least 10 bookings within the last year,
- Have a response rate to booking requests of 90% or higher,
- Have at least 80% of their reviews rated five stars, and
- Not have cancelled confirmed reservations unless there were extenuating circumstances.

The AirBnB "Business Travel" service has separate terms and conditions[25], which specifies the conditions under which a listing can get the business travel badge. **Peer providers can become a "Business travel"** listing if they list an entire home or apartment (house, apartment, bed & breakfast, townhouse, loft, condo), that is non-smoking, without pets, - has wireless internet, a laptop-friendly workspace, 24-hour check-in, smoke detector, carbon monoxide detector, and household essentials (toilet paper, clean towels, fresh linen, an iron, hangers, a hair dryer, shampoo). To become a "Business Travel "listing the platform further requires[26]:

- at least three star-rated reviews, with at least 60% of these reviews (primary reviews but also ratings for cleanliness and accuracy) being five star-reviews, and
- a response rate to booking requests of 90% within 24 hours over the past year. Peer providers cannot cancel bookings within seven days of the booking if they want to keep the Business Travel badge.

In November 2016, AirBnb started a new "**co-host service"**. This service gives peer providers the possibility to recruit other peers to acts as "hosts" and take over the hosting responsibilities, rather than do it themselves. Co-hosts typically earn 10-20% of each transaction, and can manage the bookings, deal with the guests and take care of the accommodation preparation and maintenance[27]. To register as a co-host, peers must create a profile and be added to the AirBnB co-hosting directory. Peer providers can find co-hosts for their listings by looking for them in the directory. This service is not yet available in all cities or neighbourhoods[28].

22 Information available at: https://www.airbnb.co.uk/help/article/828/what-is-a-superhost, accessed on 15/12/2016.
23 Information available at: https://www.airbnb.co.uk/superhost/terms, accessed on 15/12/2016.
24 Information available at: https://www.airbnb.co.uk/superhost, accessed on 15/12/2016.
25 Information available at: https://www.airbnb.co.uk/terms/business-travel-ready, accessed on 15/12/2016.
26 Information available at: https://www.airbnb.co.uk/business-travel-ready , accessed on 15/12/2016.
27 Information available at: https://www.airbnb.co.uk/help/article/1534/what-can-a-co-host-do, accessed on 15/12/2016.
28 Information available at: https://www.airbnb.co.uk/help/article/1539/how-can-i-become-a-co-host?topic=908, accessed on 15/12/2016.

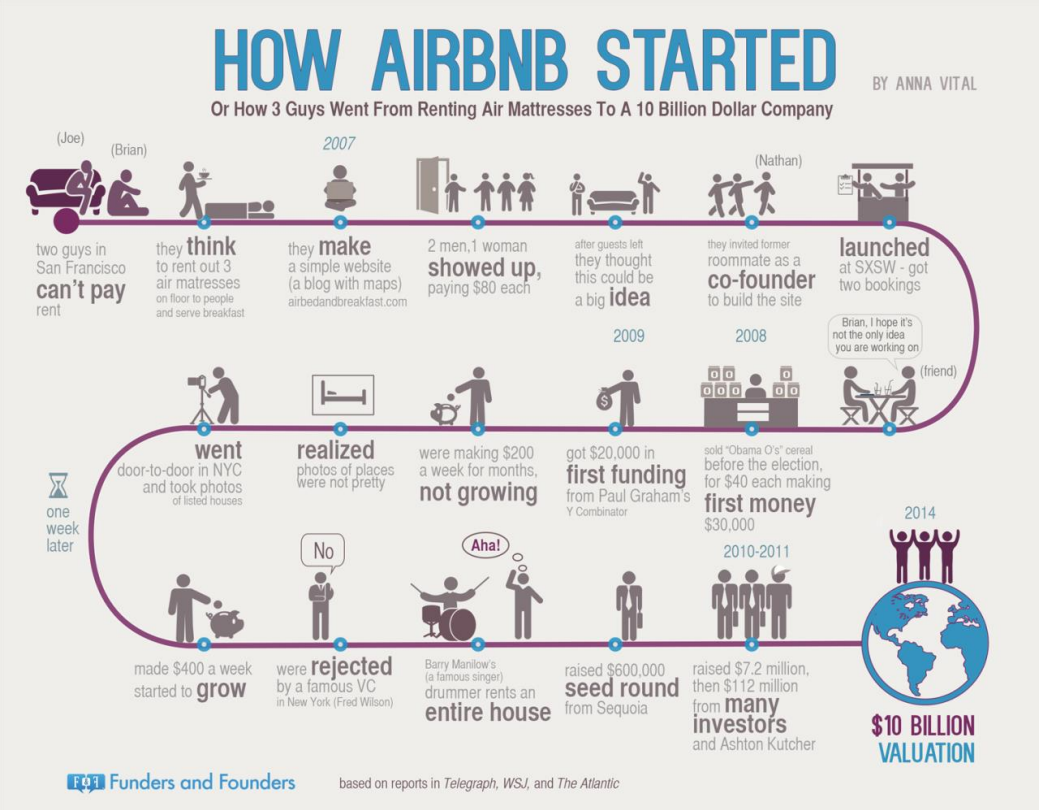
2 Assessment of the platform

2.1 Evolution of the platform business model

2.1.1 Development of the platform

AirBnB is a privately owned and operated company, based in the US. It was founded in 2008 in San Francisco, USA by Joe Gebbia, Brian Chesky and Nathan Blecharczyk[29]. It started when Gebbia and Chesky wanted to earn additional revenue by renting out three air mattresses and serving guests breakfast in their flat. This was done through a simple blog website, which later became AirBnB. Their initial business idea was to tap into existing, underused assets, and they saw accommodation sharing as a good opportunity for this. This evolved into a "mission to change the way people travel", as an alternative to "mass produced tourism"[30]. The trajectory is illustrated in Figure 16.

Figure 16: Timeline of the creation of AirBnB



Source: http://notes.fundersandfounders.com/post/82297315548/how-airbnb-started

The founders raised their first funds ($30,000) through the sale of 1,000 boxes of breakfast cereals themed for the autumn 2008 national convention of the US' two largest parties[31]. In January 2009 Airbed & Breakfast (as it was then called) joined a start-up incubator and received $20,000 in funding from venture capital firm "Y Combinator"[32]. This helped the platform launch a new website, AirBnB.com, in March 2009 and expand their product from airbeds to almost all types of rental properties.

29 Information available at: https://www.airbnb.co.uk/about/founders, accessed on 15/12/2016.
30 Information available at: https://www.airbnb.co.uk/press/news/airbnb-launches-new-products-to-inspire-people-to-live-there, accessed on 15/12/2016.
31 Information available at: https://growthhackers.com/growth-studies/airbnb, accessed on 15/12/2016.
32 Information available at: https://techcrunch.com/2009/03/04/y-combinators-airbed-and-breakfast-casts-a-wider-net-for-housing-rentals-as-airbnb/, accessed on 15/12/2016.

In November 2010, the platform received $7.2 million from Greylock Partners and Sequoia Capital, two venture capital firms[33]. Further funding worth $112 million was raised in July 2011 from venture capital firm Andreessen Horowitz[34], and $450 million in August 2014 from TPG Capital[35]. AirBnB raised $1.5 billion in June 2015[36], bringing the total amount of funds raised to $2.3 billion. The number of bookings worldwide is reported as reaching one million bookings in February 2011, and 5 million in January 2012[37].

In Europe, AirBnB started expanding in May 2011, when the platform acquired a similar small company called Accoleo in Hamburg[38]. Through Accoleo, AirBnB became available in Hamburg and in 10 cities across Germany, Switzerland and Austria. In October 2011, the platform launched an office in London[39], and in early 2012, AirBnB opened offices in Paris, Milan, Barcelona and Copenhagen, as well as in Moscow and Sao Paulo[40]. Throughout the year, the platform expanded further with offices in Australia and Singapore[41].

In September 2013, AirBnB located its European Headquarters in Ireland. It should be noted that that Ireland's low corporate tax rate, at 12.5%, is due exclusively on profits made in Ireland, while no tax is due on profits made elsewhere in the EU[42].

In August 2011, following reports of incidents of damages to rented-out property[43], Airbnb **introduced a $50,000 Host Guarantee** for peer providers along with a 24-hour customer hotline, and increased its efforts to promote trust and safety[44]. In 2014, the platform raised its guarantee to $1 million, and it extended the scheme to landlords[45].

In July 2014, the website, app and logo were re-designed[46].

In the US, AirBnB partnered in 2014 with external companies for cleaning services and for travel expense services for business travellers. They also concluded voluntary agreements with local authorities for tax collection: in San Francisco in 2014, and Chicago, Washington and San José in 2015.

In Europe, AirBnB signed tax arrangements with local authorities for **tourist tax** collection in the following cities/regions:

- Amsterdam (since January 2015), where the tourism tax is 5% of the listing price including any cleaning fee[47].
- Paris (since October 2015) and 18 other French cities, where peer consumers pay AirBnB a tourist tax, unless they are exempted [48]. In Paris, the tourist tax is EUR 0.83/night/person[49].
- Catalonia (since July 2015), where AirBnB collects EUR 0.45/night/person in the region and EUR 0.65/night/person in the city of Barcelona[50]).

33 Information available at: http://bits.blogs.nytimes.com/2010/11/10/airbnb-books-more-cash-to-connect-travelers-with-cheap-digs/?_r=0, accessed on 15/12/2016.
34 Information available at: https://gigaom.com/2011/07/24/airbnb-gets-112-million-in-new-investment/, accessed on 15/12/2016.
35 Information available at: http://online.wsj.com/news/articles/SB10001424052702304626304579509800267341652, accessed on 15/12/2016.
36 Information available at: https://techcrunch.com/2015/02/27/airbnb-2/, accessed on 15/12/2016.
37 Information available at: http://www.fastcompany.com/3017358/most-innovative-companies-2012/19airbnb, accessed on 15/12/2016.
38 Information available at: http://www.ft.com/intl/cms/s/2/9051978c-8baf-11e0-a725-00144feab49a.html#axzz2DeVTZk9R, accessed on 15/12/2016.
39 Information available at: http://www.telegraph.co.uk/finance/newsbysector/mediatechnologyandtelecoms/8801030/Airbnb-set-to-expand-with-London-office.html, accessed on 15/12/2016.
40 Information available at: https://techcrunch.com/2012/01/26/airbnb-5-million-nights-booked-opening-6-new-international-offices-in-q1-2012/, accessed on 15/12/2016.
41 Information available at: http://thenextweb.com/asia/2012/11/02/airbnb-launches-in-australia-coming-soon-to-thailand-and-indonesia/, accessed on 15/12/2016.
42 Information available at: http://www.forbes.com/sites/timworstall/2013/09/13/what-a-surprise-airbnb-chooses-dublin-as-european-headqaurters-here-comes-the-2-tax-rate/#41af2046274e, accessed on 15/12/2016.
43 Information available at: http://www.digitaltrends.com/social-media/why-airbnbs-future-is-in-serious-trouble/, accessed on 15/12/2016.
44 Information available at: http://blog.airbnb.com/our-commitment-to-trust-and-safety, accessed on 15/12/2016.
45 Information available at: http://techcrunch.com/2014/11/20/airbnb-rolls-out-million-dollar-liability-insurance-program-for-hosts/, accessed on 15/12/2016.
46 Information available at: http://thenextweb.com/dd/2014/07/16/airbnb-updates-design-introduces-new-belo-logo/, accessed on 15/12/2016.
47 Information available at: http://www.amsterdam.nl/belastingen/ondernemers/toeristenbelasting/, accessed on 15/12/2016.
48 Information available at: http://taxesejour.impots.gouv.fr/DTS_WEB/UK/, accessed on 15/12/2016.
49 Information available at: https://techcrunch.com/2015/08/25/airbnb-daccord/, accessed on 15/12/2016.
50 Information available at: http://fortune.com/2015/07/16/airbnb-taxes-spain-catalonia/, accessed on 15/12/2016.

- Florence (since January 2016), where AirBnB collects EUR 2.5/night/person[51].
- Lisbon (since May 2016), where AirBnB collects EUR 1/night/person up to a maximum of EUR 7[52].

In 2015, AirBnB focused on further product development, funding and acquisitions. In April, the platform released an app for iPad[53], and in June it added "Price Tips", a price recommendation tool offering suggestions to peer providers on what type of prices they should charge[54]. An app for Apple Watch was introduced in September 2015[55], and a "Business Travel Ready" badge was introduced in November[56].

2.1.2 AirBnB today

In 2016, the platform introduced **additional services** such as city guidebooks[57], experiences hosted by peer providers[58], the co-hosting option[59] or improvements to its mobile features[60]. In addition, in September 2016, AirBnB added a Non-Discrimination policy in response to concerns from the community regarding racial profiling among some peer providers.

As of late 2016, AirBnB began introducing services that expand its scope from simply hosting to creating a "customised travel experience", including offers of activities ("experiences") at destination. Another example of business model diversification is the business travel option, expanding AirBnB's target group from leisure travellers to include business travellers. Finally, the co-hosting service also generates new revenues for peers and the platform.

AirBnB has been criticized for misleading consumers when publicizing itself as a homesharing platform while in reality harbouring commercial operators and facilitating illegal hotels and tax avoidance[61,62]. To counteract the criticism, the platform released in 2016 detailed economic data on 22 cities, of which 7 in the EU[63], and in September 2016 it released a law enforcement transparency report[64], but these efforts are not considered as giving full transparency about key issues[65]: activist websites such as InsideAirBnB.com or AirBnBvsBerlin.com, as well as commercial websites like AirDNA.Co complement official data with statistics on earnings and listing concentration.

Finally, in December 2016, AirBnB concluded agreements with Amsterdam and London regarding the compliance of peer providers with local rules. Under the agreements, the platform would take full responsibility for ensuring that peer providers do not rent out their accommodation for more than 60 days in Amsterdam or 90 days in London per year, unless they have a license to do so. According to The Guardian, AirBnB is the first accommodation platform to sign such a deal[66].

51 Information available at: http://www.theflorentine.net/news/2016/01/airbnb-and-florence-sign-tourism-tax-agreement/, accessed on 15/12/2016.
52 Information available at: https://nalle.pt/2016/04/12/airbnb-to-collect-tourist-tax-in-lisbon/, accessed on 15/12/2016.
53 Information available at: http://techcrunch.com/2015/04/29/airbnb-on-ipad/, accessed on 15/12/2016.
54 Information available at: https://techcrunch.com/2015/06/04/airbnb-adds-a-pricing-recommendation-tool-for-renters/, accessed on 15/12/2016.
55 Information available at: https://techcrunch.com/2015/09/03/airbnb-rolls-out-an-apple-watch-app/, accessed on 15/12/2016.
56 Information available at: https://techcrunch.com/2015/11/12/airbnb-announces-new-business-travel-ready-badge-host-tools/, accessed on 15/12/2016.
57 Information available at: https://www.airbnb.co.uk/places, accessed on 15/12/2016.
58 Information available at: https://www.airbnb.co.uk/experiences, accessed on 15/12/2016.
59 Information available at: https://www.airbnb.co.uk/co-hosting/start, accessed on 15/12/2016.
60 Information available at: http://blog.airbnb.com/new-mobile-app/?utm_source=website&utm_campaign=AO_Landing_Page&_ga=1.143149045.1303144477.1476097662, accessed on 15/12/2016.
61 Information available at: http://www.bbc.co.uk/news/business-35574971, accessed on 15/12/2016.
62 Information available at: http://lodgingmagazine.com/airbnbs-unregulated-commercial-activity/, accessed on 15/12/2016.
63 Information available at: https://www.airbnbcitizen.com/data/, accessed on 15/12/2016.
64 Information available at: http://transparency.airbnb.com/, accessed on 15/12/2016.
65 Information available at: http://qz.com/571165/airbnb-is-sharing-more-data-but-in-a-really-convoluted-way/, accessed on 15/12/2016.
66 Information available at: https://www.theguardian.com/technology/2016/dec/03/airbnb-regulation-london-amsterdam-housing, accessed on 15/12/2016.

2.2 Current business model

2.2.1 Business model and pricing

The platform's business model can be represented through a **business model canvas** (Table 2), which graphically captures the current strategic landscape and the prospects of the company.

Table 2: Business model canvas for AirBnB

<table>
<tr><td rowspan="2">Key partners

-Community

- Investors</td><td>Key activities

- product development/

management

- network building

- payment/ insurance

- customer service

- verification of identity documents</td><td rowspan="2">Value proposition

- Generating trust among peer users

- Affordability

-Resource optimisation

- Accessibility

- Setting terms of P2P transactions</td><td rowspan="2">Customer relationship

- Co-creation (reviews and ratings)

- Automated services</td><td rowspan="2">Customer segments

- Mass market

- Multi-sided platform (targeting both providers and consumers)</td></tr>
<tr><td>Key resources

- Community

- Technology</td></tr>
<tr><td colspan="3">Cost structure

- Technological setup

- fixed costs: insurance, lobbying, advertising/PR, salaries,

- variable costs</td><td colspan="2">Revenue streams

- Transaction fee for peer providers (3%)

- Booking fee for peer consumers (6-12%)

- Currency conversion fee (3%)

- investors

- Data use/reuse</td></tr>
</table>

Like other accommodation platforms such as Wimdu, **AirBnB does not own the accommodation listed on the platform,** but it creates a marketplace where peer providers and peer consumers can transact with one another. The cost structure, therefore, differs from conventional accommodation providers: AirBnB incurs technological setup costs (i.e. software development and maintenance), fixed costs such as staff salaries, insurance, lobbying or advertising, and variable costs for promotions/discounts, settling legal disputes or collecting taxes. Capital investment is low and mainly concerns software development, Public Relations (PR) and community trust-building. Marginal costs are much lower than conventional accommodation businesses, since the platform does not own, and therefore does not need to maintain any properties.

One of the most relevant aspects of AirBnB's business model is that it must attract both peer providers and peer consumers. One of its unique selling points to peer consumers is the "guest experience", but a major element for peer consumers are the lower prices.

AirBnB therefore maximises the number of transactions by actively matching demand and supply through search functions/filters and additional features such as an instant messaging system.

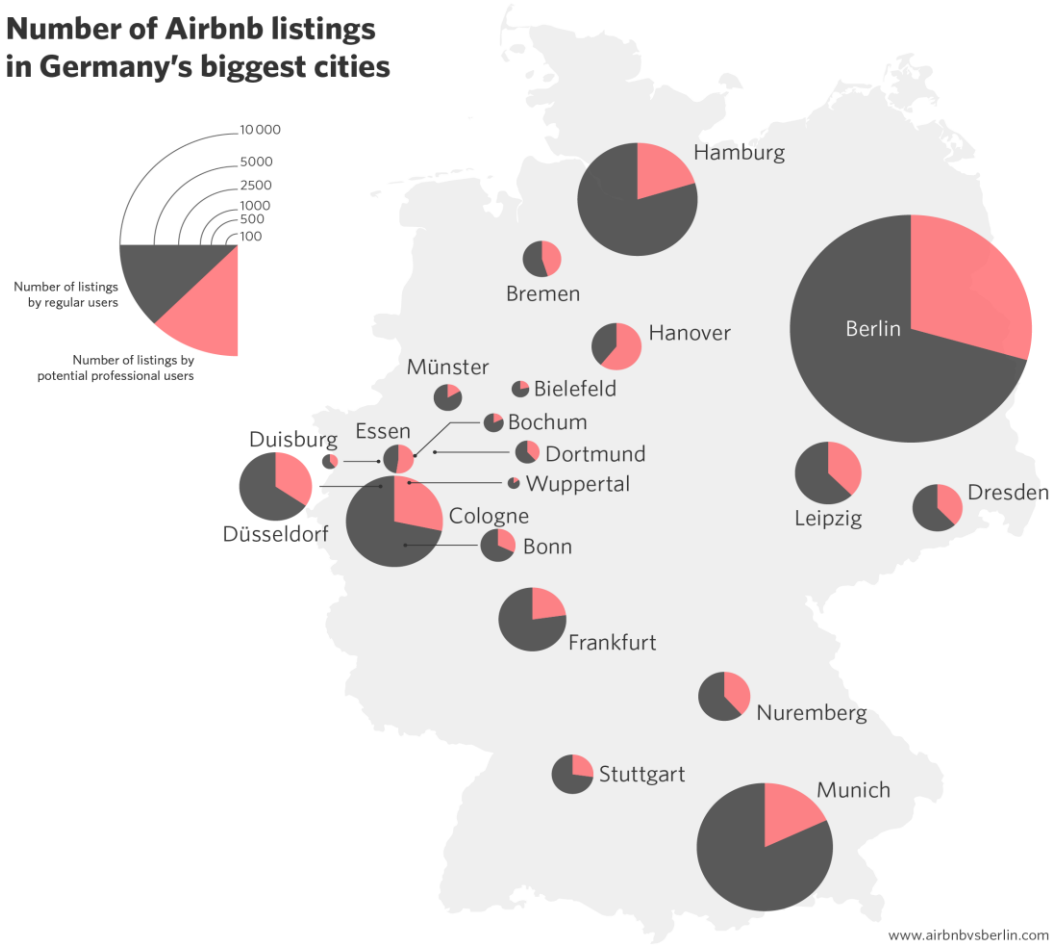
AirBnB deploys various **marketing strategies** to attract peers to the platform. Initially AirBnB used events[67] to create a sense of community and help build links between peers. Now, AirBnB provides promotional offers to attract travellers, such as the EUR 45 travel credit for using the business travel services[68]. The AirBnB referral programme awards peers' credits to be used for Airbnb bookings[69]. The platform further confirms that it is partnering up with travel agents like Carlson Wagonlit Travel to expand its peer base, especially for business travellers[70].

The expansion of the platform has incentivized an increasing number of commercial providers to list their properties on AirBnB. This is transforming the platform's nature, from the initial sharing of underutilized private resources to revenue-generation from real estate. The website InsideAirBnB[71] points out that the majority of listings on the platform are "*entire homes, many of which are rented all year round - disrupting housing markets and communities*".

In Berlin, 0.4% of flats were listed on AirBnB in early 2015, and 10% of users offered multiple listings (up to 44 listings per single peer), with similar situations in other big German cities like Munich or Hamburg[72]. This may contribute to driving up rents in the affected areas, and push out residents who cannot afford them anymore[73] [74]. Figure 17 presents data retrieved from AirBnB via an application programme interface (API) between January and February 2015, visualised using tools from the Design Faculty of FH Potsdam University.

67 Information available at: http://blog.airbnb.com/events/, accessed on 15/12/2016.
68 Information available at: https://www.airbnb.co.uk/business-travel?s=footer, accessed on 15/12/2016.
69 AirBnB credit is a virtual currency used on the platform to pay for its various services. It is awarded through referral schemes. See more details at https://www.airbnb.co.uk/invite?r=6
70 Interview with AirBnB, 26/07/2016.
71 Information available at: http://insideairbnb.com/, accessed on 15/12/2016.
72 Information available at: http://airbnbvsberlin.com/, accessed on 15/12/2016.
73 Information available at: http://www.slate.com/articles/business/moneybox/2014/02/airbnb_gentrification_how_the_sharing_economy_drives_up_housing_prices.html, accessed on 15/12/2016.
74 Information available at: http://www.nytimes.com/roomfordebate/2015/06/16/san-francisco-and-new-york-weigh-airbnbs-effect-on-rent , accessed on 15/12/2016.

Figure 17: AirBnB listings in Germany per user type in January-February 2015



Source: AirBnBvsBerlin.com, based on data retrieved from AirBnB.

The platform creates value by **fostering trust among peers** and by **governing the transactions** between them. Trust is fostered through peer reviews and ratings (see sub-section 2.5.1), community tools such as the blog and the AirBnBCitizen.com portal, insurance policies protecting peer providers and peer identity documents verification mechanisms (see sub-section 2.5.2).

AirBnB sets terms for P2P transactions through its Community Standards and Expectations[75], as well as through its terms and conditions. In addition, features such as its pricing guidance (see sub-section 1.2.2), escrow services (see sub-section 2.5.2) or redress mechanisms (see section 2.6) consolidate the platform's role in governing transactions and as a facilitator of transactions and mediator between peers.

The platform generates revenues mainly through **transaction fees**[76] and fees for add-on services. The fees are based on the price of the listing. On AirBnB, fees are:

- 6 - 12%[77] **transaction (or "service") fee** for peer consumers, withheld from the funds that peer consumers pay to peer providers. As further explained in section 0 this fee is not refundable in case of a cancellation. The fee is added on top of the peer provider's listed price.
- 3%[78] **booking fee** for peer providers, subtracted from their listing price.
- 3% **currency conversion fee** representing 3% of the converted amount that peer consumers pay to cover the listing price and transaction fees.

75 Information available at: https://www.airbnb.co.uk/standards, accessed on 15/12/2016.
76 Interview with AirBnB, 26/07/2016.
77 Information available at: https://www.airbnb.co.uk/help/article/104/what-are-guest-service-fees, accessed on 15/12/2016.
78 Information available at: https://www.airbnb.co.uk/help/article/63/what-are-host-service-fees, accessed on 15/12/2016.

- The platform does not charge a specific **cancellation fee,** but the AirBnB transaction (service) fee of 6-12% is not refundable in case peer consumers cancel a booking.

The following table summarises the different price components for peer consumers when booking a property on AirBnB. The ensuing revenue is split between the peer provider and the platform:

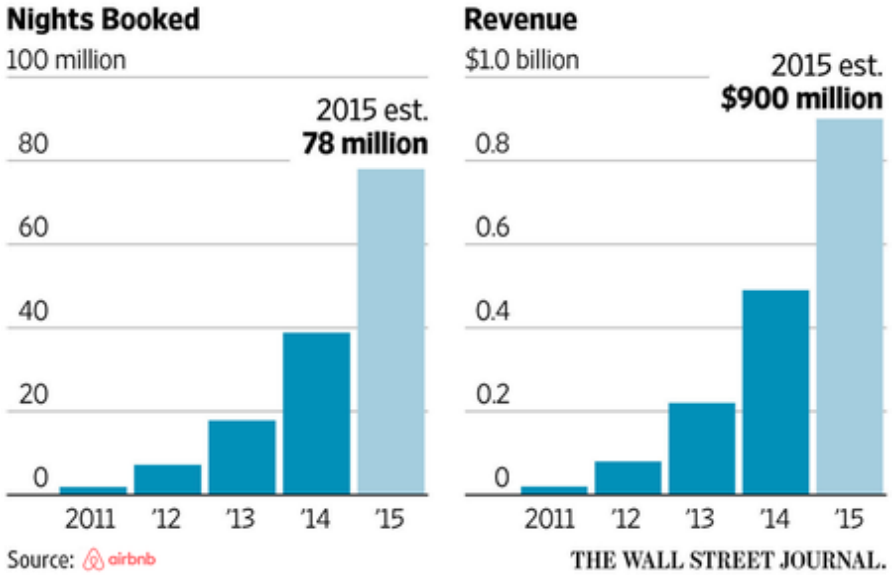
Table 3: Price components for peer consumers on AirBnB

Price element	Revenue for peer provider	Revenue for platform
Listing	Listing price minus 3%	6-12% booking fee from peer consumer and 3% from peer provider
Additional charges	Deposit, cleaning, on-site (electricity, water, heating)	3% currency conversion
Cancellation	100%, 50% or 0% of listing price depending on the selected cancellation policy	6-12% booking fee from peer consumer

In the EU, the platform pays **value-added tax** (VAT) on the transaction fee charged to peers. The VAT is included in the transaction fee and is clearly indicated in the cost breakdown to both peers[79].

The Wall Street Journal estimates that, in the first quarter of 2015, AirBnB projected revenues of $340 million on bookings worth $2.2 billion[80], meaning that the average total transaction fee is around 15.5%. Figure 18 shows the trend in revenues over the period 2011-2015. Fortune Magazine states that the company expects to become profitable in 2020, when its estimated revenues would reach $10 billion[81].

Figure 18: AirBnB number of nights booked and revenue, 2011-2015



Source: *http://www.wsj.com/articles/airbnb-raises-over-100-million-as-it-touts-strong-growth-1448049815*

79 Information available at: https://www.airbnb.co.uk/help/article/436/what-is-vat-and-how-does-it-apply-to-me, accessed on 15/12/2016.
80 Information available at: http://www.wsj.com/articles/airbnb-raises-over-100-million-as-it-touts-strong-growth-1448049815, accessed on 15/12/2016.
81 Information available at: http://fortune.com/2015/06/17/airbnb-valuation-revenue/, accessed on 15/12/2016.

To conclude, AirBnB fits into the "**platform governed transaction**" business model identified in the Final Report, but it also has characteristics of the "**active management**" model. The platform imposes terms and conditions on the P2P transaction through its T&Cs, mandatory standards of service (including super host and business travel standards), payment and escrow services and its refund and insurance mechanisms. AirBnB collects revenues through transaction fees, from the peer provider and peer consumer. The platform also provides services typical of the "actively-managed transactions" business model, such as trust-generating tools, pricing suggestions or active matching of demand and supply.

2.2.2 Payment

AirBnB allows peers to use different **payment methods.** The platform does not disclose whether the payments are processed through a third-party firm. However, there is some evidence that a third-party, BrainTree, a PayPal subsidiary, facilitates payment transactions on Airbnb[82].

Peer consumers can pay with major credit cards, debit cards and pre-paid cards, as well as PayPal and other online payment systems like Alipay, Apple Pay and Google Wallet. Some methods are country-specific, such as: PostePay in Italy, SOFORT in Germany and iDeal in the Netherlands)[83]. **Peer providers** can receive payment through PayPal and bank transfer. These options also vary per country.

The payment system works as follows: peer consumers pay immediately when booking an accommodation, even if they book months in advance. The platform holds the funds in escrow, releasing the part due to the peer provider 24 hours after the guests check in[84]. According to the platform, the delay in paying the host is a measure introduced to avoid complications in getting money back from providers in case of problems.

There is no information on whether the platform, or the third-party service provider that handles payment, earns interest on the funds held in escrow.

82 Information available at: https://www.braintreepayments.com/blog/build-a-marketplace-on-braintree/, accessed on 15/12/2016.
83 Information available at: https://www.airbnb.co.uk/help/article/126/what-methods-of-payment-does-airbnb-accept, accessed on 15/12/2016.
84 Information available at: https://www.airbnb.co.uk/help/article/51/how-does-airbnb-process-payments, accessed on 15/12/2016.

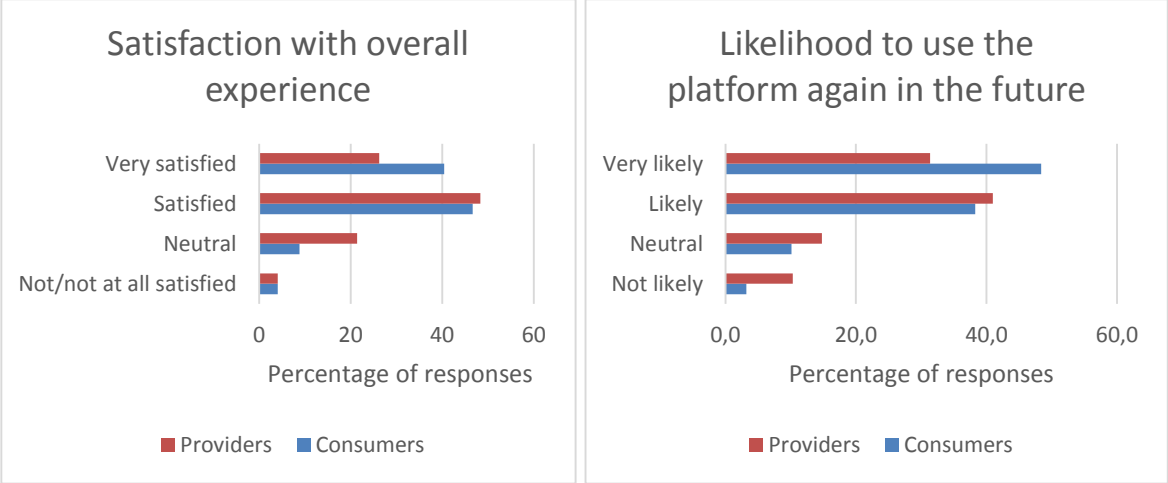
2.3 Consumer experience

2.3.1 Satisfaction with overall experience and likelihood to use the platform again

Overall, a large majority of both peer consumers and peer providers on AirBnB report being either satisfied or very satisfied with their experience. 40% of current peer consumers and over a quarter (26.2%) of peer providers are very satisfied with their experience. Only a small minority of users report they are unsatisfied or very dissatisfied (4.1% of peer consumers and peer providers).

87.1% of peer consumers and 74.5% of peer providers are satisfied or very satisfied with their experience on AirBnB, as indicated below.

Figure 19: Satisfaction with overall experience on AirBnB and likelihood to use the platform again in the future



Source: GfK survey, Task 2 (sample of 736 respondents, of which 465 peer consumers and 271 peer providers)

Given that peer consumers and peer providers are broadly positive about their experiences of using AirBnB, it is not surprising that large majorities, over 86.7% of peer consumers and 72.3% of peer providers intend to use the platform again. Very few peer consumers or peer providers say they are not likely (at all) to use platform again. The results are visualised in Figure 19 for both satisfaction levels and the likelihood to use the platform again.

Satisfaction levels of peer consumers using AirBnB are slightly higher than average in the sharing/renting accommodation market and the average of the five sectors: 87.1% were satisfied or very satisfied on AirBnB, compared to the sharing/renting accommodation market average of 82.8% and the all sector average of 83.4%. For peer providers using AirBnB, satisfaction is slightly lower than the average for all sectors: 74.5% on AirBnB, 77.2% in all sectors, but slightly higher than the average in the sharing/renting accommodation market of 72.7%.

The incidence rate of peer consumers who are likely or very likely to use AirBnB again (86.7%) is higher than that recorded in the sharing/renting accommodation market (84.9%) but similar to that recorded over the five sectors covered in this study (86.6%). It is important to note that the incidence rate for AirBnB peer providers who are likely or very likely to use the platform again (72.3%) is considerably lower than the average value over the five sectors (82.4%), although it is similar to the average value recorded in the sharing/renting accommodation market (72.8%).

2.3.2 Frequency of problems encountered on the platform

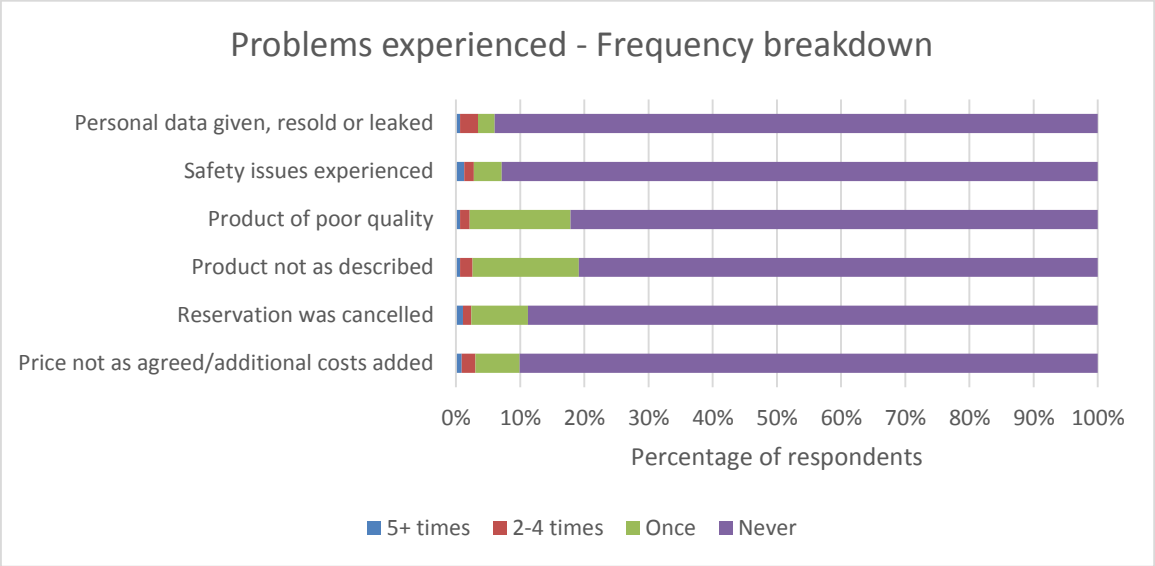
The Task 2 survey asked AirBnB users whether they have experienced problems when using the P2P platform, and if so, what kind of problems ranging from technical problems in using the platform, cancellations, safety issues and data leaks to problems with price, the quality of the accommodation or the accommodation not fitting the description in the listing.

More than 40% of the peer consumers (42.6%) using AirBnB had experienced one or more of these problems at least once. This is slightly lower than the average of 47.9% in the sharing/renting accommodation sector and the average for all P2P platforms (55%).

The most common problems are that the service was not as described, and that the service was of poor quality. Almost a fifth of users of AirBnB reported that this happened to them at least once.

Other problems experienced by peer consumers are unexpected price changes (9.9%) or cancelled reservations (11.2%), safety issues (7.1%) and data leaks (6%), as shown in Figure 20.

Figure 20: Problems experienced on Airbnb – Frequency breakdown (Peer consumers)



Source: GfK survey Task 2 (sample of 465 peer consumers)

The incidence of problems of peer consumers on AirBnB is lower than the average in the sharing/renting accommodation market and the average of all five sectors covered in the study. AirBnB users are less likely to experience problems regarding the price (9.9% on AirBnB versus 16.3% sharing/renting accommodation sector average, and 15.5% all platform average), product description (19.1% on AirBnB versus 25.8% sharing/renting accommodation sector average and 27.8% all platform average), product quality (17.8% on AirBnB versus 21.2% sharing/renting accommodation sector average, and 28.7% all platform average), safety issues (7.1% on AirBnB versus 11% sharing/renting accommodation sector average, and 11.6% all platform average), or data issues (6% on AirBnB versus 9.5% sharing/renting accommodation sector average, and 9.9% all platform average). Just over 10% (11.2%) of peer consumer using AirBnB experienced problems with cancelled reservations compared to 13.6% average in the sharing/renting accommodation sector, and 17.6% across all platforms.

Peer providers were also asked if they experienced a problem with the person to whom they were renting out accommodation. The results show that 11.1% of AirBnB providers

experienced a problem with the other peer. The incidence of problems is lower than for all platforms (14%) and the sharing/renting accommodation sector average of 16.4%.

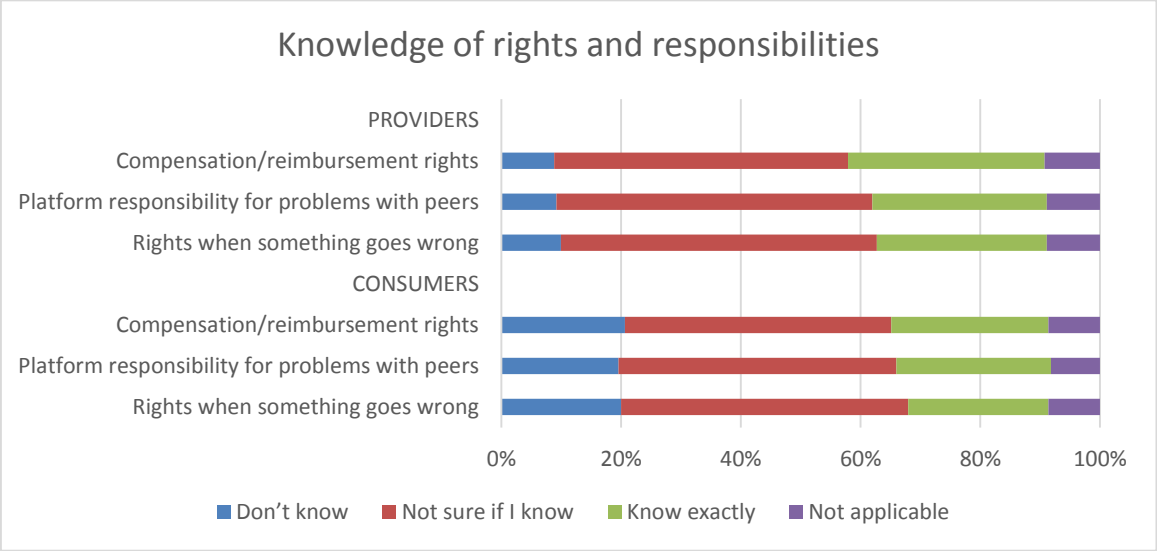
2.3.3 Knowledge of rights and obligations

This sub-section explores whether peer consumers and peer providers think they know their rights and responsibilities on AirBnB. It is important to note that the results presented in this section are based on respondents' self-reported or perceived knowledge of their rights and responsibilities.

Two thirds of **peer consumers** acknowledge they do not know or are not sure what their rights are on AirBnB: rights when something goes wrong (68%), the responsibility of the platform in case of a problem with a provider (66%), or the right to compensation or reimbursement if something goes wrong (65.2%). This is slightly higher than the average for all P2P platforms (respectively 59.8%, 62.6%, 59.8%) and the average for the renting/sharing accommodation market (respectively 64.9%, 65%, 63.4%).

About 60% of **peer providers** on AirBnB indicated they are not sure or do not know their rights and responsibilities. About 30% indicated knowing their responsibility in case of a problem with a customer (29.2%) or consumers' rights for a compensation or reimbursement (32.8% exactly). A lower proportion of peer providers, 23.4%, claim they know their rights when something goes wrong exactly.

Figure 21: Knowledge of rights and responsibilities on AirBnB



Source: GfK survey Task 2 (sample of 736 respondents, of which 465 peer consumers and 271 peer providers)

2.4 Transparency aspects

2.4.1 Information to platform users (clarity, easy accessibility)

AirBnB has its EU headquarters in Dublin, Ireland, and its global headquarters are in San Francisco, USA. In Ireland, it is registered the for-profit entity "AirBnB International", but also as "AirBnB Ireland" and "AirBnB Payments International"[85].

The platform **allows both private and commercial or professional peer providers** to operate on the platform, but it does not distinguish between them and it does not require professional providers to identify themselves as such. This contrasts with its European competitor Wimdu, which sets clear criteria and obliges peer providers to

declare their status to the platform. On AirBnB professionally managed properties are subject to special Hosting Standards which require them to have 25 or fewer rooms and a full-time manager or owner available on site[86]. These standards also require professionally managed properties to offer "*unique spaces and personal hospitality to the Airbnb community*".

Upon registering as a new user on the platform, AirBnB requires peers to tick a box agreeing that they have read and accepted the Terms and Conditions. In its Terms and Conditions[87], **the platform refuses any responsibility** for tax compliance by peers including VAT, income tax, tourist taxes or any other taxes. AirBnB Help pages give some advice regarding taxes for both peer consumers[88] and peer providers[89]. As indicated in sub-section 1.2.2, AirBnB informs peer providers when listing their property, that they must abide by local tax rules. Its Help Centre explains that, in some cities (see sub-section 2.2.1), the platform automatically "*collects **tourist tax** from guests and sends it to the tax authority on hosts' behalf*". The tourist tax amount is listed by the platform on the peer provider's and on the peer consumer's receipt[90].

Value-added tax (VAT) for the platform's services is included in the transaction fees and clearly indicated in the cost breakdown to both peers[91].

The platform excludes all liability for peer behaviour, and treats peers as independent, third-party contractors without any links to the platform itself. In its Terms and Conditions, AirBnB also denies peers the right to hold the platform liable, stating that peers "*agree not to attempt to impose liability on or seek any legal remedy from Airbnb*", and that peers agree to assume all risk from using the platform. This exclusion of liability is not applicable to claims by peer providers against the platform regarding the remittances of payments[92].

The platform's Help Centre also includes information on how **prices are set**[93] (see sub-section 1.2.2), how reviews work[94] (see sub-section 2.5.1), how to edit one's profile[95] and many articles on **trust and safety**.

The **total price shown to the consumer** when viewing a specific listing and at the time of booking includes the rental price of the accommodation, the transaction ("service") fee and the cleaning charge (if any). However, in the search results, the AirBnB transaction fee is not included in the listing price. This has raised complaints about "hidden fees"[96]. There is no information about whether use of recommended 'smart' prices by peer providers influences the order in which search results are presented and the visibility of a listing to peer consumers.

Peers are only identified by first name on the AirBnB platform. Once a peer consumer books accommodation, the platform shares the address, as well as the peer providers' phone number. The full identity of peer providers is not communicated to peer consumers. The information the platform has about the peer provider is based on the data used for registering – which can be a link to a Google or Facebook account, or simply an email address, as indicated in section 1.1.

86 Information available at: https://www.airbnb.co.uk/help/article/1526/what-are-hosting-standards-for-professionally-managed-properties-on-airbnb?topic=206, accessed on 15/12/2016.
87 Information available at: https://www.airbnb.co.uk/terms, accessed on 15/12/2016.
88 Information available at: https://www.airbnb.co.uk/help/article/318/how-do-taxes-work-for-guests, accessed on 15/12/2016.
89 Information available at: https://www.airbnb.co.uk/help/article/481/how-do-taxes-work-for-hosts, accessed on 15/12/2016.
90 "Occupancy tax is a tax on the rental of rooms that your state or locality may require. In many places, this is known as an occupancy tax, but may also be known as a lodging tax, a room tax, a sales tax, a tourist tax, or a hotel tax." Source: https://www.airbnb.co.uk/help/article/654/what-is-occupancy-tax--do-i-need-to-collect-or-pay-it
91 Information available at: https://www.airbnb.co.uk/help/article/436/what-is-vat-and-how-does-it-apply-to-me, accessed on 15/12/2016.
92 Information available at: https://www.airbnb.co.uk/terms, accessed on 15/12/2016.
93 Information available at: https://www.airbnb.co.uk/help/article/125/how-is-the-price-determined-for-my-reservation, accessed on 15/12/2016.
94 Information available at: https://www.airbnb.co.uk/help/topic/203/reviews, accessed on 15/12/2016.
95 Information available at: https://www.airbnb.co.uk/help/topic/196/your-profile, accessed on 15/12/2016.
96 Information available at: https://www.washingtonpost.com/lifestyle/travel/one-thing-the-sharing-economy-wont-share-transparent-pricing/2016/03/31/7080628a-df06-11e5-846c-10191d1fc4ec_story.html, accessed on 15/12/2016.

In case something goes wrong, peers have to search the website for advice, such as the Help Centre (see section 2.6.) and are directed to sections with standardized answers. It is difficult to find contact details for personal assistance on the website.

In conclusion, the platform's website acts as the main source of information, clarifications and problem solving, but relevant information is not always easy to find, despite the existence of the Help Centre. Warnings and links to information about tax obligations are included in the process for listing a property. Information about redress options is not included during the listing or booking process, but standardized information can be found when searching the website. Information about the (non)liability of the platform is only included in the Terms of Conditions. The identity of peers, including peer providers, are never fully revealed to the other peers, and it is based on unverified information. There is no transparency about which listings are operated by a private host, and which are managed by a professional or an absent landlord.

2.4.2 Terms and conditions

AirBnB's **terms and conditions** are 37 pages long, and include the following sub-titles:

1. Key terms
2. Terms of Service
3. Modification
4. Eligibility
5. How the Site, Application and Services Work
6. Account registration
7. Accommodation Listings
8. No Endorsement
9. Bookings and Financial Terms
10. Taxes
11. Currency Conversion
12. Damage to Accommodations and Security Deposits
13. Overstaying without the Host's Consent
14. User Conduct
15. Privacy
16. Intellectual Property Ownership and Rights Notices
17. Additional Terms
18. Application License
19. Airbnb Content and Member Content License
20. Member Content
21. Links
22. Feedback
23. Copyright Policy
24. Term and Termination, Suspension and Other Measures
25. Disclaimers
26. Limitation of Liability
27. Indemnification
28. Export Control and Restricted Countries
29. Accessing and Downloading the Application from iTunes
30. Entire Agreement
31. Assignment
32. Notices
33. Controlling Law and Jurisdiction
34. Dispute Resolution
35. General
36. Third Party Beneficiary
37. Additional Clauses for Users Contracting with Airbnb Ireland
38. Additional Clauses for Users Contracting with Airbnb China
39. Contacting Airbnb

Furthermore, the platform's rules are spread over several various documents. These are mostly concentrated in the "Terms of Service" section[97] (including T&Cs for platform use, T&Cs for payments and privacy policy) as well as AirBnB's "Terms and Policies"[98]. The table below lists the elements contained in each of these sections:

97 Information available at: https://www.airbnb.co.uk/terms, accessed on 15/12/2016.
98 Information available at: https://www.airbnb.co.uk/help/topic/250/terms---policies, accessed on 15/12/2016.

Table 4: Terms and conditions on AirBnB, divided by website section

Terms of Service	Terms and Policies
a) T&C for platform use	d) Standards & Expectations
b) T&C for payments	e) Extenuating circumstances policy
c) Privacy Policy	f) Guest Refund policy
	g) Host Guarantee
	h) Non-Discrimination policy
	i) Content policy
	j) Extortion policy

In addition to the documents described above, other conditions apply, depending on the type of hosting, as follows:

- Super Hosts need to respect Super Host Terms and Conditions (see sub-section 1.2.3);
- Business Travel is subject to a supplementary set of Terms and Conditions (see sub-section 1.2.3);
- Additional Hosting Standards are set for professional peer providers (see sub-section 2.4.1).

A distinction can be made between the terms and conditions applicable to the use of the platform, and the terms and conditions regulating peer-to-peer interactions.

The terms and conditions for platform use are mostly indicated in the Terms of Service section of the website. They include, among others, information on the platform's liability, account creation, listings, bookings, taxes, security deposits, etc. The T&Cs for payments[99] discuss taxes at length, while the Privacy Policy describes how the platform stores and uses peer data.

The terms and conditions for peer to peer interactions are spread out over various documents, indicated in

99 Information available at: https://www.airbnb.co.uk/terms/payments_terms?hide_nav=true, accessed on 15/12/2016.

Table 4. The T&C for platform use include a section on "user conduct", explaining that peers are entirely responsible for their actions on the website, and are forbidden to inter alia violate laws, disseminate false information, steal data, take advantage of other users, incite peers to close transactions outside the platform, or be disrespectful.

Platform policies are rules which give the platform the right to intervene in peer-to-peer transactions and they include the extenuating circumstances policy, guest refund policy, anti-discrimination policy, content policy and extortion policy. Their main provisions are:

- **Extenuating circumstances policy**: the platform can intervene and alter a booking already made between two peers in extraordinary circumstances.
- **Guest refund policy**: the platform can accept claims for refunds from guests who cannot complete their booking because the host did not provide reasonable access to their accommodation, the booking was misrepresented or the listing was not clean/safe. The refund claim is evaluated by the platform, which makes a final decision.
- **Non-discrimination policy**: the platform informs hosts that they must abide by applicable anti-discrimination laws the same way as hotels do. In addition, it sets standards for what peer providers can or cannot do. The policy is enforced through controls and peer reports by the AirBnB team, which can remove listings or even ban peers[100].
- **Content policy**: peers are expected to follow certain rules regarding the content they post on the platform, including the listing description, peer feedback and groups.
- **Extortion policy**: the platform defends peers from potential extortion by banning the offenders from the platform.

The **platform's standards** for peer-to peer interactions are a set of internal rules called Standards and Expectations[101]. They are constantly evolving and revolve around five main topics: safety, security, fairness, authenticity and reliability. In addition, the platform sets non-binding hospitality standards for hosts[102], and many other tips related to personal and home safety[103] or trust[104]. The standards include rules such as:

- Do not harm or threaten anyone,
- Do not create hazardous situations,
- Do not violate other people's rights,
- Do not engage in discriminatory behaviour or hate speech,
- Do not bully, harass or disturb the community and other peers.

While the platform claims that these standards are binding and enforced, no enforcement mechanism is presented. It is therefore likely, based on the information provided on the platform, that such standards are enforced only when peer consumers report wrongdoing[105].

The rules, guidance documents and policies listed above are often referenced on pages within the platform's Help Centre. The Help Centre could provide consumers an easier way to search for the information they need using its search function. However, while this is the case for the most common concerns, not all the text of AirBnB's policies is indicated in the Help Centre, and in order to fully understand all the applicable provisions, consumers must rely on the documents themselves, rather than the Help Centre.

100 Information available at: https://www.airbnb.co.uk/terms/nondiscrimination_policy, accessed on 15/12/2016.
101 Information available at: https://www.airbnb.co.uk/standards?_ga=1.190749739.1670373458.1461765002, accessed on 15/12/2016.
102 Information available at: https://www.airbnb.co.uk/hospitality, accessed on 15/12/2016.
103 Information available at: https://www.airbnb.co.uk/home-safety, accessed on 15/12/2016.
104 Information available at: https://www.airbnb.co.uk/trust, accessed on 15/12/2016.
105 Information available at: https://www.airbnb.co.uk/help/article/1199/what-are-airbnb-s-standards-and-expectations, accessed on 15/12/2016.

To sum up, the use of the platform and its services is governed by a set of 10 documents. Some policies apply to the use of the platform, while others govern the P2P interaction. The length of the T&Cs, the technical legal language and the multiple documents do not contribute to transparency for peers about key responsibilities, rights and obligations. Although an effort is made to easily group the most commonly requested information in the Help Centre, the tool does not address in-depth concerns regarding liability or consumer rights and obligations.

2.4.3 Data protection

The platform describes its use of data in the Terms & Privacy section of its website, in its Terms of Service, as well as in its Privacy Policy. The spread of information across multiple document could cause confusion to peers who want to look for specific information.

The Privacy Policy contains headings like "*Information we get from your use of our Platform*", "*How AirBnB uses and processes the information that you provide or make available*" or "*When AirBnB discloses or shares your personal information, and to whom*".

The Terms of Service section only sporadically refers to data use, but include the following provision:

"For any jurisdiction in which we facilitate Opt-in for Host Remittance, Hosts and Guests expressly grant us permission, without further notice, to store, transfer and disclose data and other information relating to them or to their transactions, Bookings, Accommodations and Occupancy Taxes, including, but not limited to, personally identifiable information such as Host or Guest's name, Listing addresses, transaction dates and amounts, tax identification number(s), the amount of taxes received by Hosts from Guests, or allegedly due, contact information and similar information, to the relevant Tax Authority."

Regarding **data protection**, the platform's Privacy Policy states that all user content can be used by the platform unconditionally for all types of activities, including marketing and promotional campaigns. AirBnB also has the right to modify such information or sell it, and states that it cannot guarantee the safety of its storage or transmission.

Personal data is collected[106]:

- When peers use the website, such as through IP address, cookies recording the date, time and length of visit, how the platform is used (Log Data), etc. Data can be retrieved from mobile devices, third-parties' social plugins or other tracking technologies. The collection of such information occurs regardless of whether the user is registered or not.
- After registration, such as email address, first name, surname, payment details, picture, etc.

The Privacy Policy also describes **what the data is used for**. The platform claims it uses data for improving services to peers including analysing traffic information for website optimisation and using metadata for monitoring fraud. Its Privacy Policy also enables the platform to use the data it gathers for marketing purposes, sending peers promotional material, invitations to contests, surveys and so forth.

The platform's Privacy Policy indicates the **types of third parties that it can share user data with**. These parties include public authorities, affiliates, AirBnB employees, technology services, payment services and **any third party** that AirBnB hires for the purpose of providing its services. The platform has so far not had any data leakage

106 Information available at: https://www.airbnb.co.uk/terms/privacy_policy, accessed on 15/12/2016.

scandal, but mentions in its Privacy Policy that it takes no responsibility in case of such an event.

To conclude, information on data protection is mainly available within the platform's Privacy Policy, and key information is in its T&Cs. The platform reserves its right to collect user data through various means, and to use it for both operational and promotional purposes. The platform does not assume any responsibility for the safety of user information. Although the wording of the Privacy Policy is less technical than that of the T&Cs, further efforts could be made to make the document easier to understand.

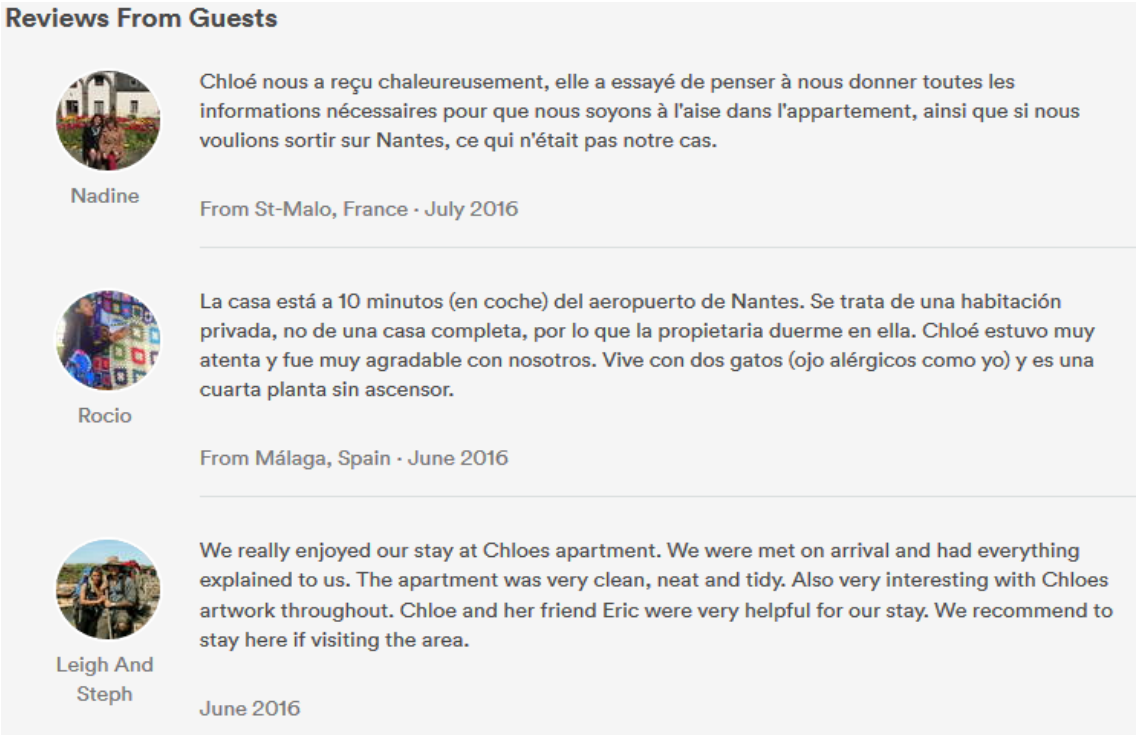
2.5 Trust building and verification of information

2.5.1 Peer reviews and ratings

AirBnB's **peer review system** consists of written feedback from other peers. These can be provided within 14 days from the end of the transaction, and can be written in any language, as shown in the example in Figure 22below. Peers cannot post a review once the 14 days passed[107], as the platform uses an automated system for managing such feedback.

The reviews are used to build peer reputation and to provide more transparency to peer consumers about peer providers' quality of service. In line with the characteristics of the second business model of actively-managed transactions, AirBnB uses peer reviews and ratings to award "Super Host" badges as indicated in sub-section 1.2.2, and to promote or relegate listings with good or bad reviews in the search results that peer consumers see[108].

Figure 22: Example of peer reviews in different languages (desktop version)



AirBnB has devised **review guidelines** for peers to consider before rating one another. **The platform states that it will not censor, edit or delete reviews unless they violate its content policy**[109]. The content policy, in turn, lists certain guidelines that

107 Information available at: https://www.airbnb.co.uk/help/article/995/can-i-write-a-review-after-the-14-day-review-period-has-ended, accessed on 15/12/2016.
108 Information available at: https://www.airbnb.co.uk/help/article/39/how-are-search-results-determined, accessed on 15/12/2016.
109 Information available at: https://www.airbnb.co.uk/help/article/262/what-are-airbnb-s-review-guidelines?topic=203, accessed on 15/12/2016.

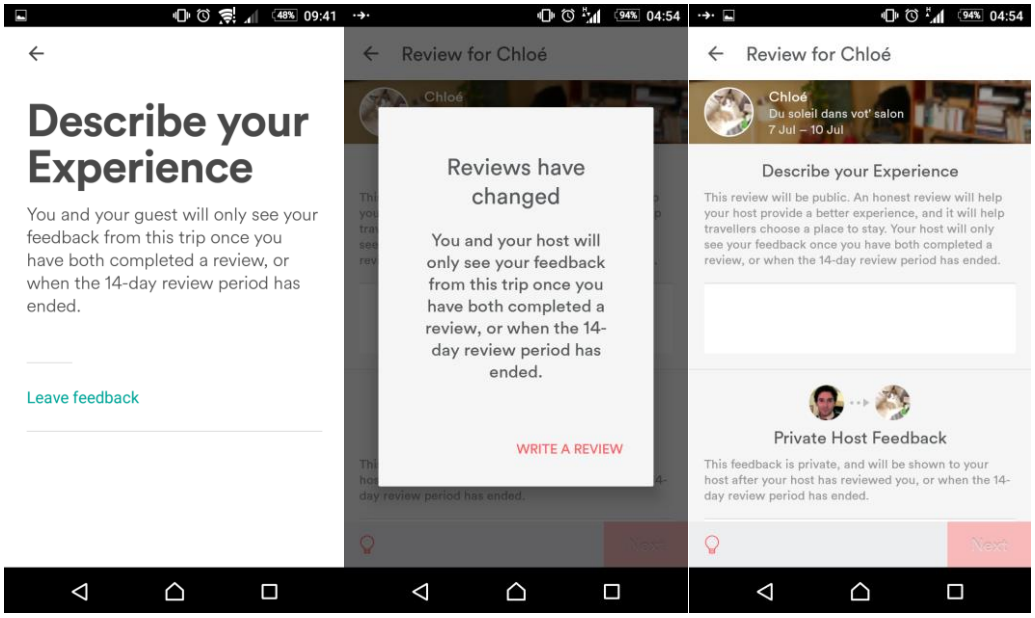
peers should abide by, such as being honest, polite and considerate[110]. The platform also has the right to remove:

- *"Reviews that do not represent users' personal experience.*
- *Reviews unrelated to the actual reservation (ex: political, religious, or social commentary).*
- *Content that endorses or promotes illegal or harmful activity or violence, or is profane, vulgar, obscene, defamatory, threatening, or discriminatory.*
- *Content that violates another person or entity's rights, including intellectual property rights and privacy rights (ex: publishing another person's full name, address or other identifying information without permission).*
- *Content that is proven to be used as extortion.*
- *Content that refers to an Airbnb investigation."*

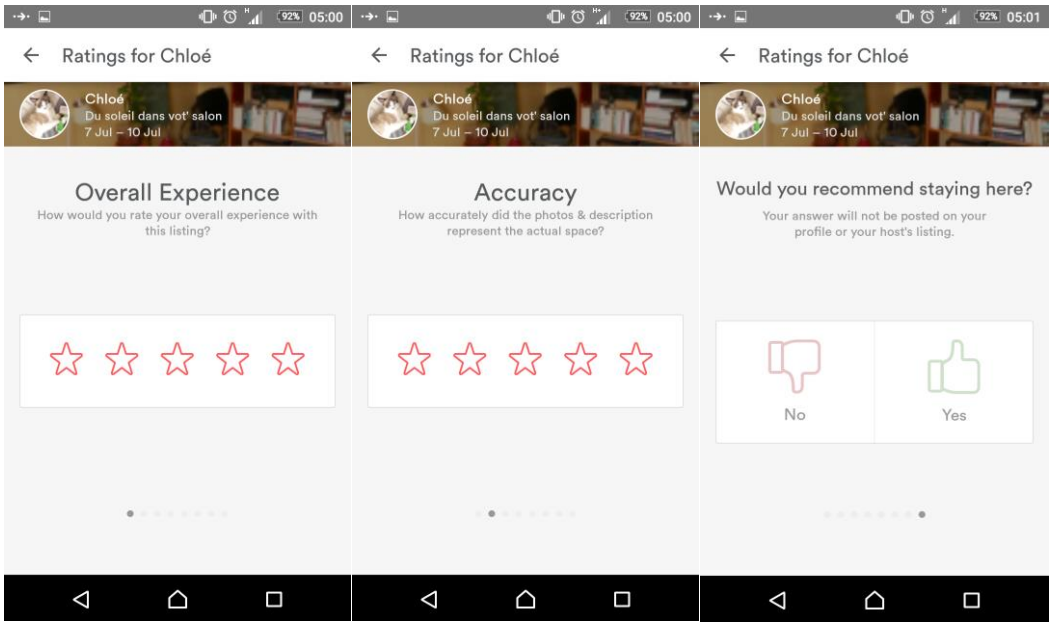
It is not clear how the platform monitors reviews, and how long the process of removing reviews that do not respect the rules takes.

The process of leaving a review is straightforward, and consists of a written feedback as well as star-based ratings for certain criteria: overall experience, accuracy, cleanliness, arrival, communication, location and value. This is shown in Figure 23 below.

Figure 23: Process of posting a host review on AirBnB (Android version – excludes star-based responses for cleanliness, arrival, communication, location and value)

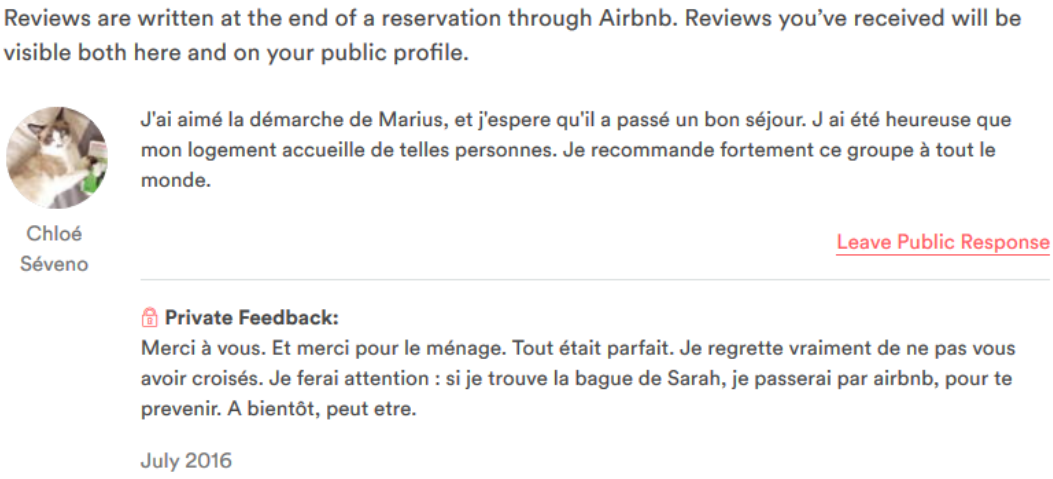


110 Information available at: https://www.airbnb.co.uk/help/article/546/content-policy, accessed on 15/12/2016.



Peers can reply to comments, and have their responses displayed publicly, for example if they find comments unfair or in response to a complaint or to an improvement suggestion. The platform itself, however, does not remove peer reviews unless they do not comply with the rules above[111]. Figure 24 shows this option.

Figure 24: Public response option to peer reviews (desktop version)

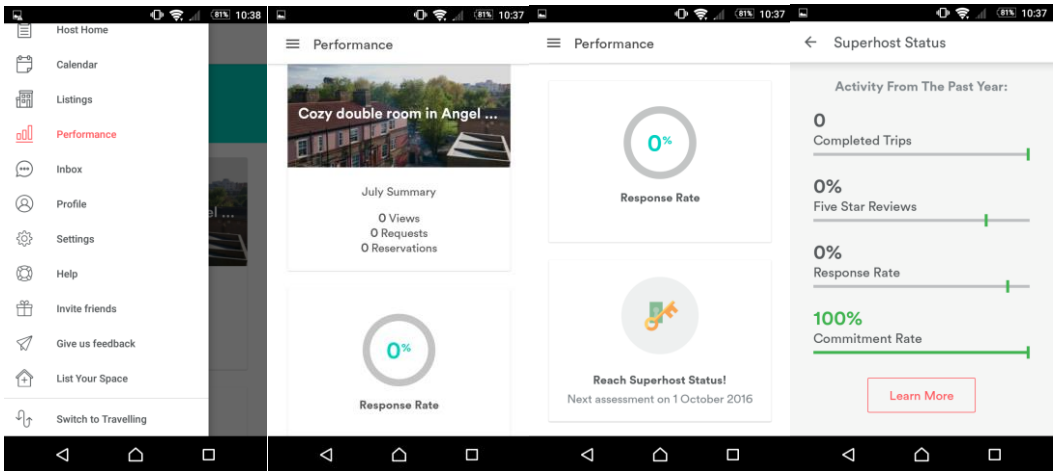


In addition to peer reviews and ratings, the platform itself rates the **performance of peer providers** based on several indicators:

- the response rate (the proportion of received messages that are replied to),
- the commitment rate (the proportion of bookings confirmed without cancelling),
- the number of completed tasks, and
- the rating received from peer consumers.

111 Interview with AirBnB, 26/07/2016.

Figure 25: Performance indicators for listings (Android app version)



2.5.2 Verification of peer information by platform

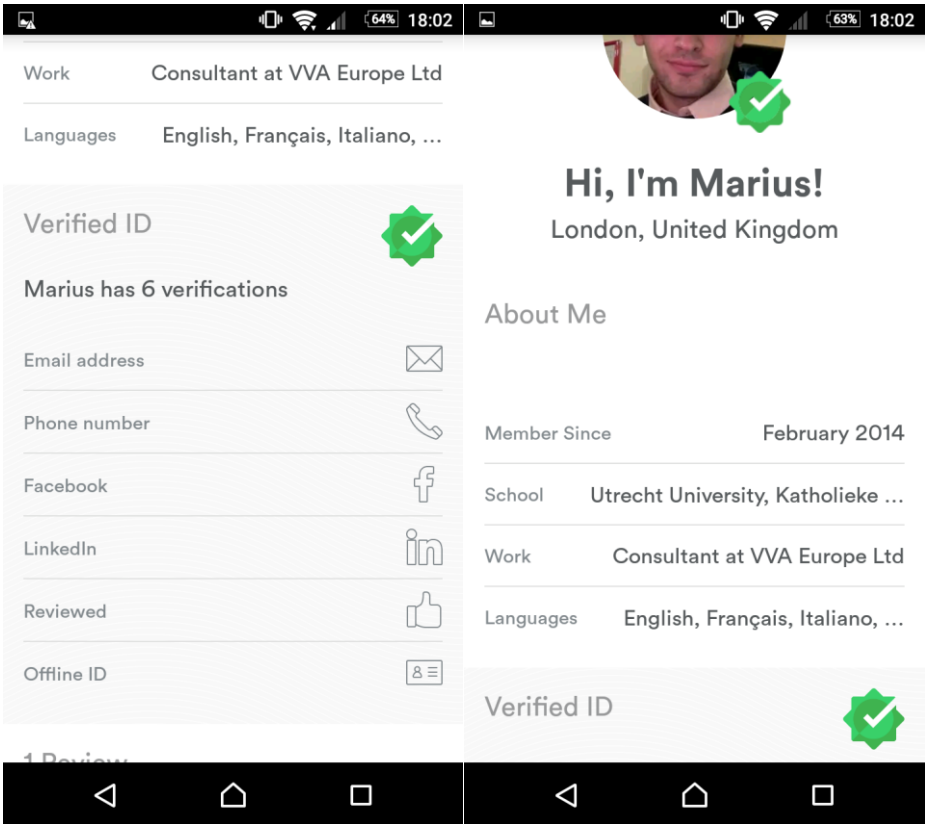
The platform fully relies on the information shared by peers to register them as platform users. No additional verification of identity documents is done by default upon registration. Any such pre-screens are optional if the relevant information is provided by the peer. The platform specifies[112] that, for US-based peers, it can run **criminal records checks** against public and state criminal records databases, if it has enough information (i.e. at least the peer's first and last name, and date of birth). For EU-based peers or peers living outside the US, the platform can verify the peers against the US Treasury's Office of Foreign Assets Control list of Specially Designated Nationals. In addition, the platform states that, for non-US-based peers, it "may, to the extent permitted by applicable laws and to the extent available, obtain the local version of background or registered sex offender checks."[113] Any such background checks are performed by "approved background checks providers". It is not clear, however, who these third parties are and on which profiles background checks have been done.

The platform rewards peers that submit identity information with a **"Verified ID" badge** placed next to their profile picture. Such identity information includes email address, phone number, social media accounts (Facebook, LinkedIn or Google), and offline identity documents. An example of a "Verified ID" badge, as well as the types of identity verification options available is displayed in Figure 26.

For the "Verified ID badge", the platform suggests that third parties **verify the identity documents sent by peers**. In order to have a "Verified ID" badge, the platform requires peers to upload a profile picture, a photograph of a government-issued ID (e.g. passport, driver's license, national ID or visa), connect another social media account to the peer's AirBnB profile, answer certain questions and, depending on the case, take a selfie during the process. Through an automatic photo matching software, AirBnB checks whether the selfie matches the government ID photo. It is not clear what percentage of peers have their identity documents checked. When the ID verification badge was introduced, the platform stated that it would verify the identity documents of 25% of randomly selected US-based peers[114]. A similar commitment was not made with regards to EU-based peers.

112 Information available at: https://www.airbnb.co.uk/help/article/1308/does-airbnb-perform-background-checks-on-members, accessed on 15/12/2016.
113 Information available at: https://www.airbnb.co.uk/help/article/1308/does-airbnb-perform-background-checks-on-members, accessed on 15/12/2016.
114 Information available at: http://blog.airbnb.com/introducing-airbnb-verified-id/, accessed on 15/12/2016.

Figure 26: AirBnB ID verification features (Android app version)

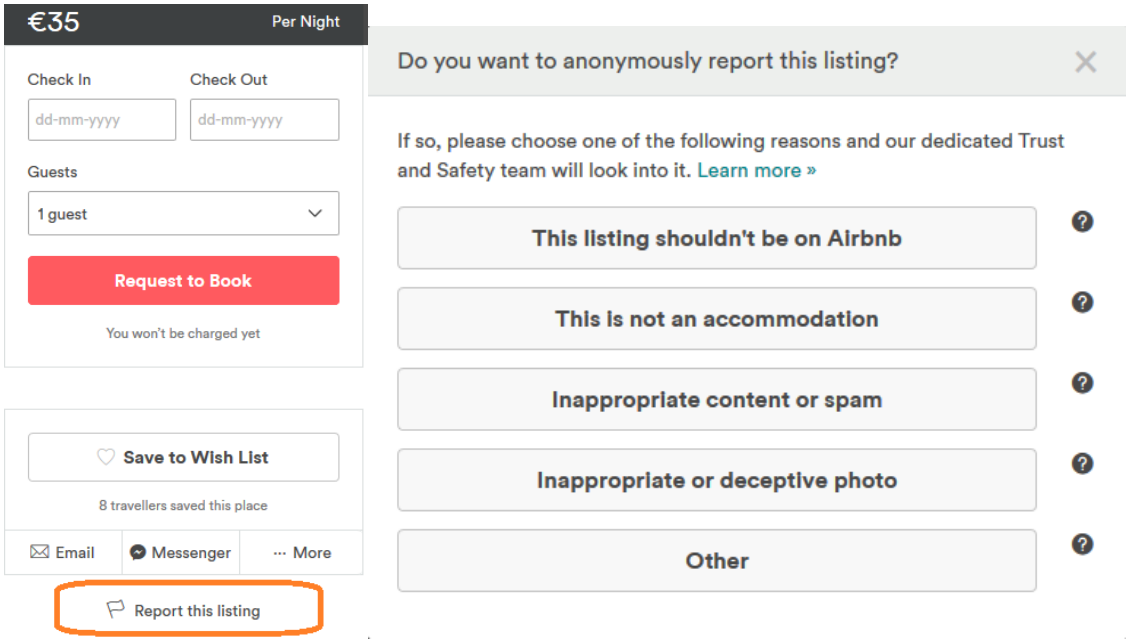


Peer providers can ask peer consumers to verify their identity document, before accepting to host them. If this is the case, the same process as for "Verified ID" badge applies. Upon completion, the peer provider will receive from AirBnB the peer consumer's profile name and photo, their full name from their government-issued ID, whether they are over 25 years old, and whether they successfully passed the process.

Peers have the option to report mistakes or incorrect information in profiles, listings or messages. This 'flagging' option is only available on the desktop version and it appears on listings and peer profile pages. Once selected, peers are given a choice of reasons for reporting including among others if the listing is not for accommodation, includes inappropriate content or spam, has an inappropriate or deceptive photo (see Figure 27). In addition to flagging listings, peers can also report discriminatory behaviour by filling out a form in the platform's Help section[115].

115 Information available at: https://www.airbnb.co.uk/help/article/1433/how-do-i-report-discrimination-to-airbnb, accessed on 15/12/2016.

Figure 27: Option to report a listing on AirBnB (desktop version)



It is unclear what type of actions the platform takes once an issue is flagged, in a similar way as it is unclear how the platform detects and removes inappropriate reviews (see sub-section 2.5.1). Some of its **anti-fraud monitoring actions** are indicated in its Privacy Policy, which states that the platform may use user data or metadata to prevent peers from being scammed into sending money directly to peer providers[116], but no further details are provided with regard to inappropriate listing.

To conclude, there is a significant lack of transparency regarding AirBnB process of verifying information provided by peers, even though the Help Centre describes parts of the process. It is unclear, who verifies peers identify documentation and how. It is also unclear whether a "Verified ID" badge means the identity is verified by a third party, or whether it is a mere indication that the peer shared a copy of identity document with the platform. Although the platform states it runs criminal checks on some of its US-based peers, this is not the case for EU-based peers.

2.6 Complaints, redress and insurance

AirBnB's **Help section** gives advice and information about its policies in case of complaints and problems. Peers can search the help section of the website and app to look for an answer to their question or problem[117]. Through the help section, peers can also access the Resolution Centre to resolve disputes they might have with other peers or with the platform[118] (see sub-section 2.6.1 for more details).

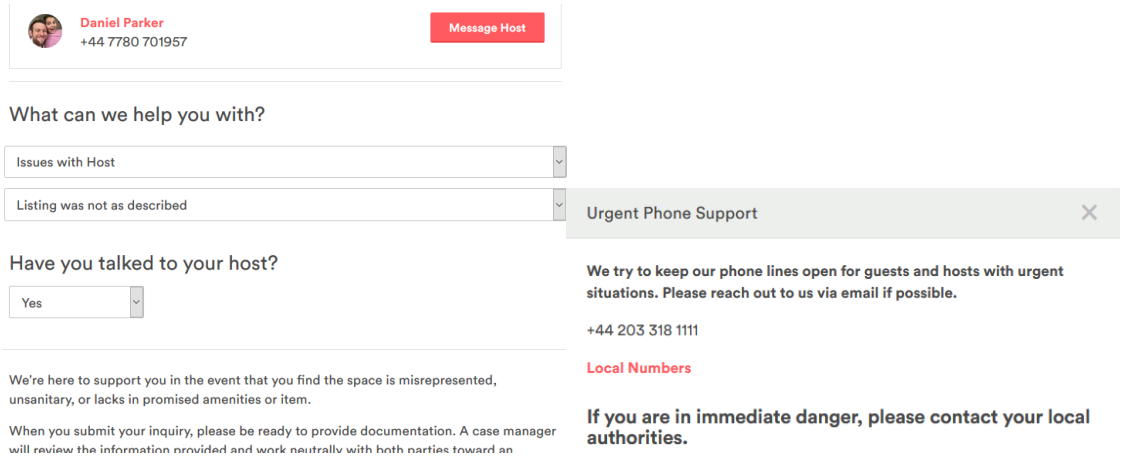
2.6.1 Complaints handling mechanisms

If something goes wrong, peers can **submit a complaint** through two channels: the virtual Help Centre[119] and the virtual Resolution Centre[120]. The Help Centre provides standardised advice on the most common problems peers encounter. If peers still need help, the platform offers email and, in emergency situations only, telephone contact with its staff. According to the platform, during the summer of 2015, while 17 million people

116 Information available at: https://www.airbnb.co.uk/terms/privacy_policy, accessed on 15/12/2016.
117 Information available at: https://community.airbnb.com/t5/Community-Center/ct-p/community-center, accessed on 15/12/2016.
118 Information available at: https://www.airbnb.co.uk/resolution_center, accessed on 15/12/2016.
119 Information available at: https://www.airbnb.co.uk/help?from=footer, accessed on 15/12/2016.
120 Information available at: https://www.airbnb.co.uk/help/article/767/what-is-the-resolution-center, accessed on 15/12/2016.

travelled, the platform received only 300 calls qualified as "urgent" situations[121], but there are no means of verifying this information. Figure 28 shows two contact channels.

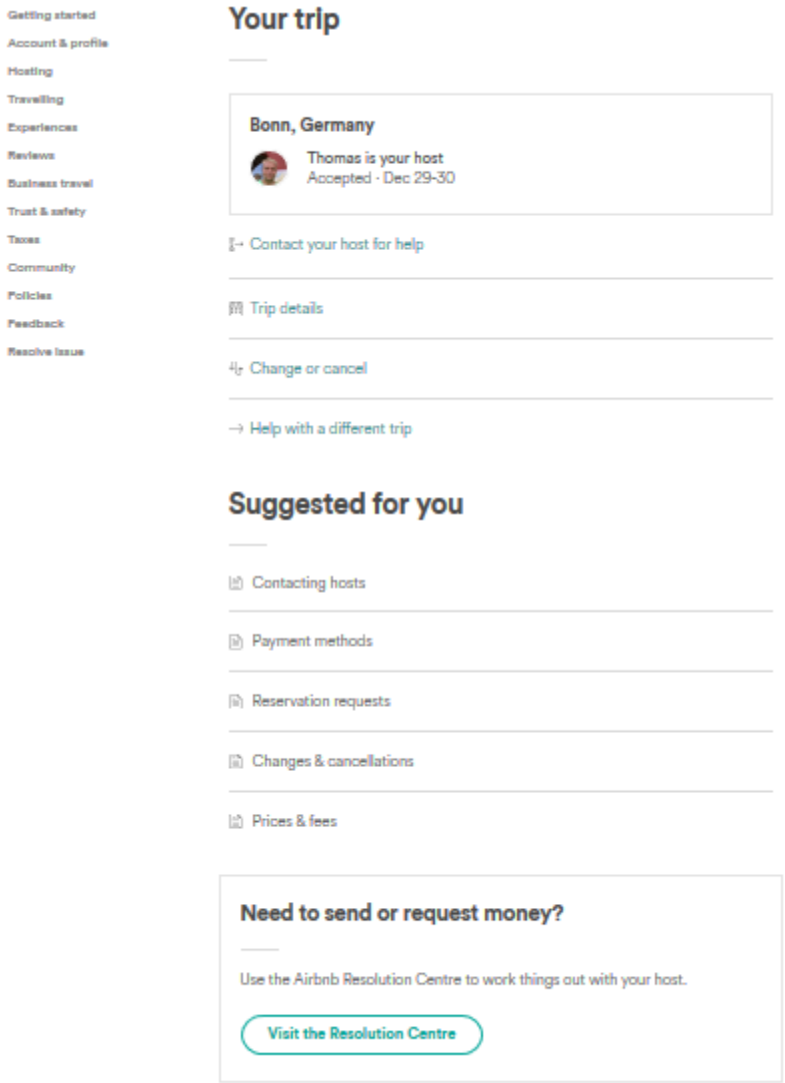
Figure 28: Issue resolution through Help Centre – email and phone assistance (desktop version)



The Help Centre section lists several past and current listing reservations, and offers suggestions on how to solve them. The options are shown in Figure 29.

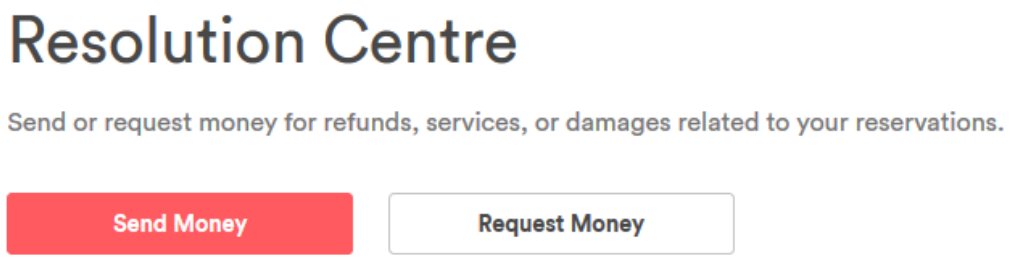
121 Interview with AirBnB, 26/07/2016.

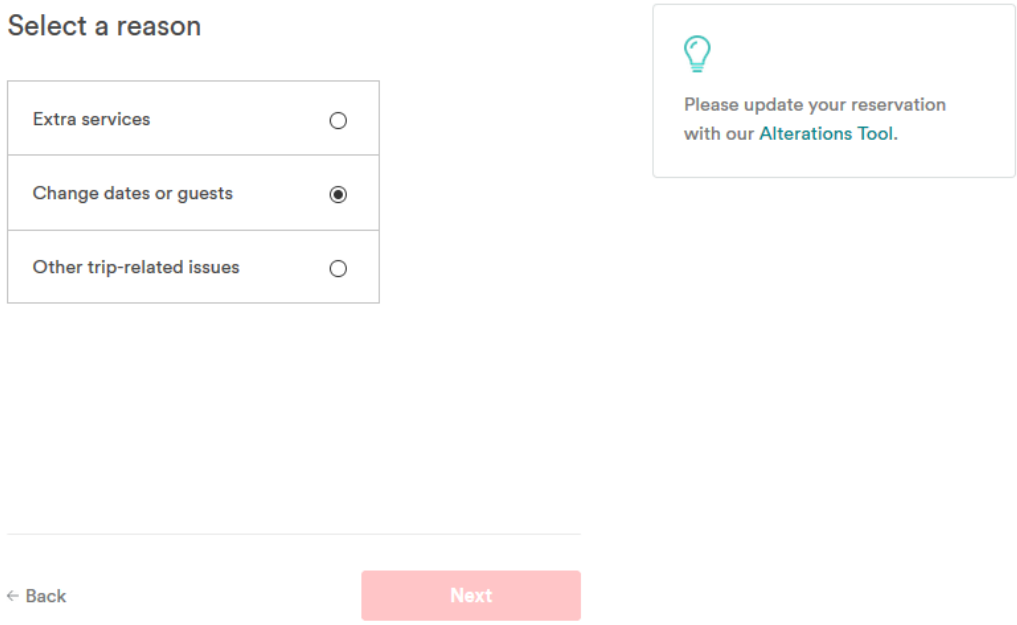
Figure 29: Details of the Help Centre options for resolving issues among peers



In case the Help section does not resolve the issue and if the issue relates to sending or requesting money, the platform recommends the Resolution Centre. The virtual Resolution Centre only handles issues related to sending/requesting money, and guides peers throughout these processes. During the resolution process, the platform may display tips on the right-hand side, as shown in Figure 30.

Figure 30: Resolution Centre main page and resolution process example (Desktop version)





There are regular reports of problematic incidents for peer consumers on Airbnb, either in the press[122,123] or on websites such as AirBnBHell.com, on online forums[124] or on blogs[125,126]. Most relate to instances of bad hosting experiences, of property damage[127] or of discriminatory practices. There are also a few reports of casualties due to host negligence[128] or sexual assaults[129]. The Task 2 survey data (see section 2.3) indicate that 7% of peer consumers experienced safety issues at least once on AirBnB over the past year. While this was lower than the 16.6% who signalled safety problems on Wimdu, one of AirBnB's main competitors on the EU market, it does suggest that there is inconsistency in the quality of services contracted by peer consumers through the platform.

2.6.2 Access to redress

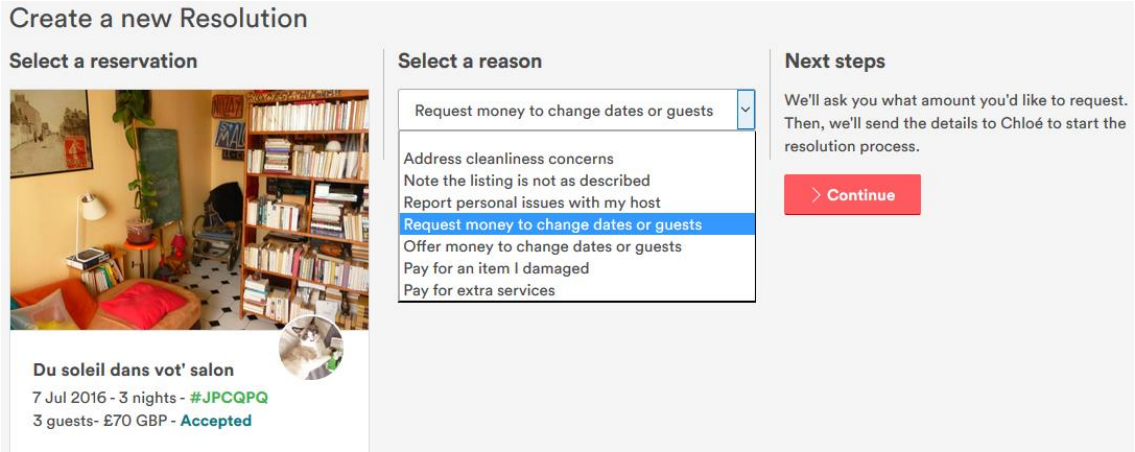
Access to some form of **redress** from other peers or the platform itself is possible through the platform's Resolution Centre, according to the platform's rules.

AirBnB's Resolution Centre fosters dialogue between the two and helps them resolve their issues[130]. It can make use of security deposits, guest refund policies, host insurance policies or cancellation policies to resolve a dispute between peers.

Peers can submit a complaint or "resolution request" up to 60 days after the booking's checkout date, to the platform's Resolution Centre. In case the peers fail to reach an agreement within 72 hours, the platform can take a final decision. As illustrated in Figure 31, standardized reasons for complaints include cleanliness, the listing not fitting the description, damages and extra payments.

122 Information available at: http://www.huffingtonpost.com/2014/07/29/airbnb-horror-stories_n_5614452.html, accessed on 15/12/2016.
123 Information available at: http://www.foxnews.com/travel/2014/05/08/10-incredible-airbnb-horror-stories.html, accessed on 15/12/2016.
124 Information available at: http://www.fodors.com/community/united-states/bad-experience-using-airbnbcom.cfm, accessed on 15/12/2016.
125 Information available at: http://rootofgood.com/bad-experience-airbnb/, accessed on 15/12/2016.
126 Information available at: https://www.thrillist.com/culture/airbnb-horror-stories-the-worst-airbnb-experiences-ever, accessed on 15/12/2016.
127 Information available at: http://ejroundtheworld.blogspot.co.uk/2011/06/violated-travelers-lost-faith-difficult.html, accessed on 15/12/2016.
128 Information available at: http://www.huffingtonpost.com/entry/a-death-at-an-airbnb-rental-puts-the-tech-company-in-the-hot-seat_us_5640db66e4b0b24aee4b18f7, accessed on 15/12/2016.
129 Information available at: www.dailymail.co.uk/news/article-3199338/American-tourist-Jacob-Lopez-claims-transexual-Airbnb-host-Madrid-sexually-assaulted-him.html, accessed on 15/12/2016.
130 Information available at: Interview with AirBnB, 26/07/2016.

Figure 31: Creating a new resolution on AirBnB's Resolution Centre (desktop version)



Refunds by the platform are based on the **guest refund policy**[131]. The policy entitles guests to receive their money back in case they do not have appropriate access to the property, in case the host unexpectedly cancels the reservation, if the listing booked is inaccurately described or if it is not clean/safe.

The guest refund policy, is directly handled by AirBnB and guests need to contact the platform within 24 hours of check-in with photographs or other evidence for the complaint. Guests need not to have caused the issue themselves, and must have tried to solve the issue with the host before filing the claim for a refund. If the refund is approved by the platform, the platform also helps the peer consumer find another place to stay. However, there are no statistics showing how often the guest refund policy is used, what are the total/average pay-outs or what is the ration of dismissed complaints. There is no further information for peer consumers unsatisfied with the redress provided and mediated by the platform.

Finally, there are three types of **cancellation policies** on AirBnB, which peer providers choose when listing their accommodation and apply in case the peer consumer cancels a reservation. The options are:

Table 5: AirBnB's cancellation policy

Cancellation policy	Characteristics
Flexible	• Refund of the total price minus AirBnB service fee if the booking is cancelled **at the latest one day** before check-in
Moderate	• Refund of the total price except the AirBnB service fee if the booking is cancelled **at the latest 5 days** before check-in
Strict	• Refund of 50% of the total price except the AirBnB service fee if the booking is cancelled **at the latest one week** before check-in

There are reports from peer consumers that the **information presented to them is not clear**, especially regarding the strict cancellation policy[132]. If peer providers choose a strict cancellation policy, peer consumers are only entitled to 50% refund if they cancel at least seven days in advance. This means in other words that the peer consumer loses 50% and the transaction fee even if they cancel months before the date of the

131 Information available at: https://www.airbnb.co.uk/help/article/544/guest-refund-policy, accessed on 15/12/2016.
132 Information available at: http://www.airbnbhell.com/strict-cancellation-policy-dangerous-neighborhoods/, accessed on 15/12/2016.

booking[133]. Peer consumers often complain that this is not fair and that they should have the right to cancel within a short time after booking if they made a mistake or due to family problems[134,135].

Formal **redress options** are indicated in the platform's Terms of Service, under the section "Dispute Resolution"[136]. However, this document is targeted to peers living in the USA, whereas nothing is mentioned about how non-US based peers can have access to redress, except by taking their matter before Irish courts.

To sum up, AirBnB provides information and handles complaints mostly via standardized online processes, and it has transparent policies on cancellations and entitlement to refunds. Refunds are decided by the platform on the basis of its assessment of the veracity of the complaint. The platform also directly mediates and resolves disputes between peers, but there is no information on what criteria are used to judge complaints or any advices for peer consumers unsatisfied with redress provided through the platform.

2.6.3 Access to Insurance

On AirBnB, peer providers are automatically covered by **insurance** through two funds set up by the platform to cover damages related to the transaction. These are the:

- **Host Guarantee**, entitles peer providers to make claim for damages by peer consumers to their property from a fund worth GBP 600,000 (or $1 million[137]. The platform states that in 2015 there were only 500 instances of property damage (mostly water leaks) from 30 million stays[138]. A typical situation where the host guarantee can be triggered is when guests accidentally flood the host's bathroom.
- **Host Protection Insurance**[139] entitles peer providers to make claims for costs they may incur due to claims by third parties such as neighbours or peer consumers for example for bodily injuries or property damages during an AirBnB stay. This fund is also set at GBP 600,000 ($1 million). If in the previous example the flooding damaged the downstairs neighbour's ceiling, the host can present a claim under the host protection insurance. Within the EU, this is available only in France, Germany, Ireland, Italy, the Netherlands, Portugal, Spain and the UK.

The host guarantee and the host protection insurance programme (where it applies) are both free of extra charges and included in the transaction fee.

The **host protection insurance programme** is handled by a third-party claims administrator. In cases where hosts want to use this fund, they must file claims via AirBnB to this administrator. The insurance is provided by an insurer participant in the Lloyd's of London insurance market.

The **host guarantee programme** is directly handled by AirBnB through its Resolution Centre. Hosts can fill out an online form, and the platform handles the process in accordance with the terms of the Host Guarantee programme. The platform requires that hosts first try to resolve the issue with the guest, and requires a police report for all damages exceeding $300[140]. Hosts need to provide pictures, the police report if applicable, receipts or alternative evidence for the costs of the damage, proof of ownership etc. when making claims for payment of damages.

133 Information available at: https://www.reddit.com/r/AirBnB/comments/2w8ybf/i_need_clarification_on_the_strict_airbnb/, accessed on 15/12/2016.
134 Information available at: http://elliott.org/the-troubleshooter/cant-get-refund-airbnb-rental/, accessed on 15/12/2016.
135 Information available at: http://www.complaintsboard.com/complaints/airbnb-strict-cancellation-c818361.html, accessed on 15/12/2016.
136 Information available at: https://www.airbnb.co.uk/terms, accessed on 15/12/2016.
137 Information available at: https://www.airbnb.co.uk/guarantee, accessed on 15/12/2016.
138 Interview with AirBnB, 26/07/2016.
139 Information available at: https://www.airbnb.co.uk/host-protection-insurance?_ga=1.111522820.1670373458.1461765002, accessed on 15/12/2016.
140 Information available at: https://www.airbnb.co.uk/guarantee, accessed on 15/12/2016.

When a host guarantee claim is made, the platform's Trust and Safety team reviews the submission and checks whether it meets the platform's terms. The claim must be made within 14 days from the end of the booking, or in any case before new guests check in[141]. The responsible guest must be identified by the peer provider, and the platform will check their profile and possibly remove them from the website[142].

Apart from these two programmes, peer providers can also claim damages using the **security deposit** indicated in section 1.2.2. To make a claim for this deposit, peer providers must use the platform's online Resolution Centre, and request compensation for damages by filling out a form[143]. Peer consumers then have 48 hours to respond, and can choose to agree, not agree or to involve AirBnB. If they choose to involve AirBnB, the platform will ask them for clarification, after which peer consumers have 48 hours to reply. However, if peer consumers do not reply within 72 hours or refuse the claim, peer providers can also involve the platform in their dispute. AirBnB then mediates between the two peers, helping them reach common ground. If found responsible, the platform can charge the peer consumer for the cost of the damages up to the amount of the security deposit.

Despite the availability of insurance, issues remain regarding the coverage that they afford. For instance, in November 2016, a group of peer consumers were injured following the collapse of their host's balcony structure. The platform suggested they apply for compensation under the host protection programme, but it denied liability as it does not provide accommodation, but only links peer providers with peer consumers[144]. At the time of writing, it is unclear what measures the parties will take in this matter.

2.7 Cross-border dimension

As indicated in section 1.1, AirBnB operates in over 34,000 cities and in over 191 countries. The platform is available in 26 languages[145] and supports 44 different national currencies. Peer users can access and identify themselves as residents of 240 different countries or territories on the platform.

Cross-border interactions rest on various regulatory frameworks, languages and cultural habits of the different countries. The platform's services, however, remain broadly the same. Some features change in cross-border transactions:

- Some payment methods (e.g. iDeal in the Netherlands, SOFORT in Germany or PostePay in Italy) are only available in certain EU Member States.
- The Host Protection Insurance is only valid in certain EU Member States, namely France, Germany, Ireland, Italy, Portugal, Spain and the UK.
- Formal redress outside the US is available only through Irish courts,
- Criminal records checks are done on hosts from the USA (see sub-section 2.5.2) for whom information is available, while they are done outside the USA only when possible and permitted by the law.
- AirBnB sets its own currency conversion rate in case two countries have different currencies (see sub-section 2.2.1).
- Assistance and support is provided in the 26 languages covered by the platform.

To facilitate cross-border accounting, the platform has put in place an option whereby peers can download invoices for their expenses. These are handled by AirBnB's Irish office, where the platform pays VAT. The platform also allows companies to register on

141 Information available at: https://www.airbnb.com/support/article/361, accessed on 15/12/2016.
142 Information available at: https://www.reddit.com/r/AirBnB/comments/36mdt6/airbnb_million_dollar_host_guarantee_is_worthless/, accessed on 15/12/2016.
143 Information available at: https://www.airbnb.co.uk/help/article/264/how-do-i-make-a-claim-on-the-security-deposit, accessed on 15/12/2016.
144 Information available at: http://www.thetimes.co.uk/edition/news/airbnb-faces-court-over-four-injured-in-balcony-collapse-tkxvrpwsh, accessed on 15/12/2016.
145 The languages include English, Danish, Dutch, German, Spanish, Greek, French, Italian, Hungarian, Norwegian, Polish, Portuguese, Finnish and Swedish.

the platform so that their employees can simplify their cost reimbursement declarations when booking AirBnB accommodation.

Finally, the diversity of legislation applicable to Sharing/Renting Accommodation platforms across Europe[146] is a concern in cross border transactions. As many cities, have put restrictions on P2P apartment rental in different ways (see also section 2.2.1), this brings uncertainty for peer consumers about how to comply with local laws when booking accommodation across-borders. For instance, they may not be aware that peer providers need to get a permit from the city before listing accommodation in some cities, and – as a result – they may book accommodation that does not comply with the law. As of today, it is unclear if the platform takes any responsibility for this type of situation[147].

146 Information available at: https://www.iwkoeln.de/en/studies/beitrag/vera-demary-barbara-engels-collaborative-business-models-and-efficiency-potential-efficiency-gains-in-the-european-union-286855, accessed on 15/12/2016.
147 EC, op. cit, p. 16.

3 Conclusions

3.1 Main findings

3.1.1 Contribution to the business model typology

In the scope of this study, AirBnB shows features of the second business model ("**active management**") identified in the Final Report, as the platform:

- Actively matches demand and supply through search functions/filters and instant messaging system
- Provides guidance for posting listings
- Provides user information checks (through email or social media)
- Facilitates optional pre-screening through verification of identity documents
- Monitors user activity and controls access to platform
- Provides non-binding pricing guidance
- Offers guidance for P2P interactions
- Manages peer review and reputation system (ratings and badge)
- Monitors peer reviews with the right to delete them
- Provides add-on services (professional photographer)

In addition, many of the platform's characteristics belong to the third type of business model identified in the Final report (**platform governed peer transactions**). For instance, the platform:

- Sets standardised T&Cs that define interaction between peers
- Imposes rules and fees for cancellations
- Sets prices (optional "Smart Pricing")
- Manages payments and monitors success of transaction before releasing payment to peer provider
- Governs security deposits
- Manages complaints and refunds of P2P transactions
- Provides insurance for peer providers as part of the transaction fee

Revenues are mainly generated through transaction fees charged to peer consumers and providers on each transaction, but also from currency conversion fees. Data are monetised for marketing and other purposes and possibly through sale to third parties.

3.1.2 Consumer experience

User satisfaction with AirBnB is high; it is slightly higher than the peer consumer satisfaction across all accommodation platforms covered in the survey, and slightly lower than average peer provider satisfaction in the accommodation sector: 87.1% of peer consumers and 74.5% of peer providers are satisfied or very satisfied with their overall experience, compared to 82.8% and 72.7% for all renting/sharing accommodation platforms. Similarly, 86.7% of peer consumers and 72.4% of peer providers indicated that they are likely or very likely to use AirBnB again in the future.

Over 40% of the users (42.6%) of AirBnB experienced one or more problems at least once over a 12-month observation period, compared to 47.9% across the sharing/renting accommodation sector. The most frequent problems related to the accommodation not being as described (19.1%), the poor quality of rentals (17.8%), or cancelled reservation (11.2%). This compares favourably with the average of 25.8% of rentals not being as described, 21.2% of poor quality accommodation, and 13.6% of cancelled reservations found across sharing/renting accommodation platforms.

Peers on AirBnB are not sufficiently aware of their rights and obligations, or the platform's responsibilities in case something goes wrong, and AirBnB performs below the average of the renting/sharing accommodation market in this respect: about two third of peer consumers and 60% of peer providers either do not know or are not sure what their rights on the platform are.

3.1.3 Transparency of the platform, including information provided to peers

Information is provided to peers through the platform's Terms and Conditions, which peers need to accept before using its services, as well as via a help section or information boxes throughout their usage of the platform. The platform provides tips and advice such as warnings about local tax obligations, service charges or booking rules to peer providers throughout the listing process of an accommodation.

The price peer consumers see when booking accommodation is the full price, but the search results give only the listing price without the transaction fee. The full identity of the peer provider is not known to the peer consumer. It is often not clear whether the accommodation is real homesharing with a resident host, or a rental from an absent landlord or professionally managed property.

AirBnB does not distinguish clearly between real homesharing and professionally managed rentals, and does not require private and professional providers to indicate their legal status. In addition, there is little clarity about the identity of peer providers, or the verification of peer identity as undertaken by the platform.

Information for users about how the platform works can be found on the website through the Help Centre pages or the Terms and Privacy Section. The Terms and Privacy section is divided into several documents such as the Terms and Conditions for platform use or for payments, Privacy Policy, Non-Discrimination Policy, Content Policy, Extortion Policy, Guest Refund Policy, Host Guarantee Policy, Extenuating circumstances policy or Standards and Expectations. These documents are divided into paragraphs with clear headings. However, transparency and clarity are limited by the fact that the terms, conditions, standards and rules are fragmented and spread between multiple documents, each containing a substantial number of pages written in technical legal language. The Help Centre provide a partial solution, but does not contain in-depth details on consumer rights and obligations and liability issues.

Finally, there is a lack of transparency regarding the transfer and/or sale of data to third parties, the influence of following recommended or smart prices on the ranking of search results and visibility of listings, and the mechanism used to monitor and delete problematic or unlawful postings, listings or peer reviews.

3.1.4 Trust building and verification of information

On AirBnB, trust building relies on efforts undertaken by both peers and the platform itself. Peers contribute to building trust by:

- Leaving reviews, made up of star-based scores for aspects such as overall; experience, accuracy, cleanliness, arrival, communication, location and value - only the overall score is publicly displayed;
- Leaving written reviews about their experience, which are publicly displayed;
- Flagging or reporting problematic listings, profiles or conversations; and
- Submitting evidence for verifying their identity.

The platform contributes to building trust with:

- Ad hoc checks to verify identity information provided voluntarily by peers themselves;
- Super Host and Verified ID badges displayed on peers' profiles;
- A blog and a community website where the platform and its peers can describe their experiences;
- Checks of user profiles, listings or messages based on notifications or "flagging" by peers,
- Complaint handling and refunds; and
- Insurance for peer providers.

Although the platform claims to run background (including criminal record) checks in the USA, in the EU this is done only on ad-hoc basis.

3.1.5 Access to complaints, redress and insurance

There are several ways for peer users to make a complaint, request a refund or other redress, or to make claims to benefit from insurance.

Peer consumers can claim refunds through the AirBnB resolution centre and, for urgent situations, can call the AirBnB helpline 24/7 and get assistance from the platform to relocate to an alternative property. Peer consumers can report any problems they have with the accommodation within 24 hours and, in case they do not get solved, may be entitled to a refund.

Peer providers are encouraged to ask for a security deposit in case of damages, and they are protected by the Host Guarantee and Host Protection Insurance policies. All three mechanisms enable peer providers to claim against damage to their property.

The platform has a team for handling complaints and claims and it claims to act as a mediator between peers and if necessary decides how to resolve the complaint or claim. There are no further details regarding the management of the complaints: how many complaints are made, what are the outcomes, what are the total pay-outs or what is the ration of dismissed complaints. There is also no further information for peer consumers on what are their rights in case they are unsatisfied with the mediation provided by the platform.

3.1.6 Cross-border issues

From a, cross-border perspective, potential issues include taxes and payment services. As mentioned, AirBnB provides extensive warnings to peer providers and information about the cost of applicable local rules. It uses secure and country-specific payment systems.

Another issue concerns the diversity of local regulations, but this is an external factor over which the platform has little influence.

3.2 Good practices

The platform’s practice to hold payments for bookings by peer consumers and release such payments to peer providers only 24-hours after the start date of the accommodation rental is a useful tool enabling the platform to check and control the performance of the service by the host, and gives an opportunity to resolve peer consumer issues with the rented accommodation.

This "payment delay" is combined with the guest refund policy, which entitles guests to receive their money back in case the host cancels the reservation. If the listing is inaccurately described or if it is not clean/safe within the first 24 hours of stay guest may also be entitled to a refund, at the discretion of the platform.

The super host **badge system** is also a good practice to foster trust in the community. By awarding hosts a “super host” badge, potential guests can spot higher quality accommodation provided by more reliable hosts. The same applies to hosts where guests with a “verified ID” badge can elicit greater confidence.

The separate **business section and invoicing option** made available free of charge by the platform is a good practice for business travellers.

The platform's **two-way review system** allows both peer providers and peer consumers to post a review of each other's activity. Feedback remains undisclosed until both peers have reviewed each other, or until 14 days have passed.

3.3 Elements of concern

Transparency about rights and obligations is insufficient for most peers. Transparency issues could be due to the length and readability of the terms and conditions, which is 37 pages long, and the spread of information across 10 documents and sections of the website.

For peer providers, a major concern is the uncertainty of their legal status, in a fast-changing legal environment with new regulations passed in some of the most popular destinations at Airbnb (e.g. Berlin, Amsterdam or Paris).

For **peer consumers**, the main elements of concern are the risk of cancellation by the peer provider, and problems with the description and quality of the accommodation.

From a consumer policy perspective, since Airbnb includes listings from both professional and non-professional providers without distinction, the main issues relate to lack of clarity regarding the actual nature of the rental experience (home-sharing or not), the contractual nature of the peer to peer transaction (B2C or C2C) and the applicable legal framework in case of a conflict between the peers. There is a lack of transparency about responsibilities, rights and obligations in case the mediation by the platform is unsatisfactory.

There is a significant lack of transparency regarding the process for verifying identity information provided by peers. It remains unclear who verifies peers identify documentation and how and whether a "Verified ID" badge means the identity has been verified. In addition, the platform's reliance on peer notifications (the "flagging" option) for monitoring reviews after publication is an element of concern. Lack of clarity about data use and reuse and selling or sharing of information with third parties is an element of concern, as well as lack of price transparency in search results and lack of clarity about ranking criteria of search results.

Finally, Airbnb's multiple interventions governing peer-to-peer transactions, including its control over payments, complaint and refund management, insurance etc. are not consistent with the exclusion of liability for the peer to peer transaction set out in the platform's terms and conditions.

3.4 Future developments

The platform is evolving to supplying not only accommodation but also other travel-related services. It will be important to monitor these and their legal implications.

Data use and reuse policies and selling and sharing of information with third party providers should be brought in line with new EU rules that apply as of May 2018.

The platform has recently started to impose limits on how long private peer providers can rent out their properties in Amsterdam and London, in line with agreements concluded in December 2016 with local authorities in Amsterdam and London. These agreements do not grant local authorities access to peer information. This indicates the platform may have to take responsibility for ensuring peer compliance with local regulations when or where it decides not to transfer data requested by local authorities.

The analysis of the cost structure of AirBnB indicates that the business model has the potential to be highly profitable once it benefits from network effects as setup costs and fixed costs (notably staff salaries) are relatively low, and above all marginal costs are much lower than in conventional accommodation businesses, since the platform does not own, and therefore does not need to maintain any properties.