METHOD FOR MORE SUCCESSFUL USAGE OF AIRBNB BY HOSTS AND GUESTS IN DEVELOPING COUNTRIES

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Abstract In this paper we aim to propose a method for more successful usage of Airbnb platform by the hosts and guests in North Macedonia. To achieve this, we have performed qualitative research and interviewed twenty individuals. The collected data was analyzed through grounded theorizing. Based on the analysis we identified that the dimensions under which the hosts have most control and through which can impact the value perception of the guests is the bargaining power they have. To increase the bargaining power, we have identified steps that the hosts should follow. These proposals are empirically based and practically useful.

Keywords: sharing economy, AirBnB, usage, challenges, developing countries.
1 Introduction

The sharing economy enables usage of goods and services without owning them. The sharing economy could be defined as “a closed socio-economic system facilitated by digital platforms which match peer-to-peer service demand and offer based on the rules and culture of the platform actors” (Miguel et al., 2022). However, sometimes these rules and participation practices are not clear and might become barriers for participation in the sharing economy. This could be a strong challenge for usage of these platforms by hosts in developing countries. As more and more international travel is organized through sharing economy platforms, for example Airbnb, it is important to explore how the hosts can improve their success on the sharing economy platforms.

According to Zervas and colleagues, the combination of supply flexibility and technological advancement by simplifying suppliers’ market entry and maintaining low transaction costs is taken as a major factor in the rapid growth and development of these platforms (Zervas et al., 2017). In fact, as Munger points out, these are goods and services for which there was previously no economic justification to mediate in sharing transactions because the costs associated with establishing them were high (Munger, 2018). In other words, the exponential development of technology as a whole and the Internet, with Tunca highlighting network effects as a crucial component (Tunca, 2019), play an important role in easy user access, rapid dissemination and global use. This provides opportunities for hosts in the developing countries to actively participate in the sharing economy. However, participation in the sharing economy also brings challenges and problems that are associated with risks for users in terms of their security, legal regulations, etc. that affect the intensity of use and user experience associated with sharing economy platforms. Identifying how these challenges can be overcome is important in stimulating international tourism in developing countries.

The aim of this paper is mapping the challenges and problems faced by users (hosts and guests) of the Airbnb platform in North Macedonia and propose a method for more successful application of sharing economy business models in North Macedonia by the hosts. Success is defined by taking the whole user experience into account when establishing the success rate KPIs. Starting from how the offer is communicated to the actual deliverables in terms of accuracy of what is promised.
The end goal is an increase in the booking rates, as well as an increase in the number of users/frequency of platform usage. To achieve this first, we discuss the sharing economy problems and challenges. Then we present the interview method and usage of grounded theorizing. After that we present the findings. This is followed by a presentation of the developed method that could be transferred to other developing countries. Finally, we provide the conclusions.

2 Sharing economy, challenges, and problems

The beginnings of the sharing economy are closely linked to the emergence of platform-based businesses in a variety of industries that mediate sharing and exchange of goods and services. One of the first widely known examples of exchange platforms we can detect is eBay (eBay, 2020). As eBay breaks through the market, the sharing economy becomes a direction with the emergence of the widely known and accessible platforms Couchsurfing, Airbnb, Uber, Lyft, etc. in the first decade of the 21st century.

Although the sharing economy includes the element of sharing, it is strictly different from the generally accepted phenomenon of sharing, because "sharing is a phenomenon as old as humanity, while collaborative consumption and the "sharing economy" are phenomena pervasive in the Internet age" (Belk, 2014, p.1595). According to Zervas et al. the combination of supply flexibility and technological advancement by simplifying suppliers' market entry and maintaining low transaction costs is taken as a major factor in the rapid growth and development of these platforms (Zervas et al., 2017). In other words, the exponential development of technology as a whole and the Internet, with Tunca highlighting network effects as a crucial component (Tunca, 2019), play an important role in easy user access, rapid dissemination, and global use. Considering that this is a relatively new direction in the economy that leaves its mark in various industries, most authors in determining this phenomenon focus on different aspects. Codagnone and Martens emphasize that there is no generally accepted definition and that the offered definitions are more extensive (representation through examples, from a practical point of view explain key elements with a realistic approach) than connotative (precise definition and categorization of the term) (Codagnone and Martens, 2016). Therefore, instead of presenting specific definitions, in order to understand the term Sundararajan identified five characteristics (market-defined, efficient use of excess capacity, peer
to-peer based networks, removing barriers between private and professional, as well as approximating the meaning of full-time work and contract work) as a starting point for accurately distinguishing a basic system of sharing economics (Sundararajan, 2016), while also including claims by other authors. On the other hand, Botsman and Rogers identify four principles of the sharing economy: critical mass, resting capacity, and belief in the common and trust between strangers (Botsman and Rogers, 2010).

Different authors take different views on the dilemma of whether sharing economy platforms are based solely on access to goods and services or involve the transfer of ownership of them. Hamari et al. include access through the possession or sharing of goods and services and access through the transfer of possession (which means donation, exchange or purchase) as categories of the sharing economy that can overlap (Hamari et al., 2015). In contrast to this classification, the European Commission emphasizes that "transactions in a collaborative economy generally do not involve a change of ownership" (DocsRoom - European Commission, 2016, p.3), although it is also stated that "it may involve some change in intellectual property" (DocsRoom - European Commission, 2016, p.3). There are also classifications in the literature where when determining the nature of activities they are limited to access without exchange of ownership (Bardhi and Eckhardt, 2012; Schlagwein et al., 2020). Interestingly, authors like Botsman and Rogers do not stop at including or excluding different types of sharing from the concept itself, but through different criteria such as the supply of platforms, the stage of maturity of the organization and the reasons for its existence differentiate the types of systems of sharing economy, such as: product service system, redistributive markets and collaborative lifestyle (Botsman and Rogers, 2010).

2.1 Sharing economy in the Republic of North Macedonia

According to Trajanov and his associates, in Republic of North Macedonia sharing is seen as a social norm led by a long tradition between acquaintances (friends, relatives, neighbors) and is widespread in everyday communication. Although sharing is a routine habit between individuals, the classic form of sharing economy is in its early stages in R.N. Macedonia. Despite the barriers that these authors identify as a lack of trust and a sense of cooperation in order to develop a sharing economy, the use of services of this type has a positive growth trend. They also
predict that these services will play an important role in our country's economy in the near future mainly through a better understanding of the people for the benefits they can receive at the individual level (Trajanov et al., 2018).

From the spectrum of platforms of the sharing economy represented on a global level, the Airbnb platform is widely used in R.N. Macedonia (Trajanov et al., 2018). An atypical form of sharing initiative in our market is intercity sharing organized between individuals through Facebook (Santa and Ciunova Shuleska, 2019).

Based on the research done, the number of papers on the sharing economy topic in R.N Macedonia are limited. While based on the statements in the text above we can conclude that the use of sharing economy platforms in R.N. Macedonia is in its beginning stage. The barriers mentioned while using these kinds of platforms states the need for further, deeper research on this topic. But, it is also clear that there is a potential for wider use of these kinds of platforms in our country based on the fact that there are sharing activities happening without any platform based mediation. That said, this paper is covering the types of difficulties the users have as well as provides a method for more efficient use of the sharing economy platforms throughout the method created. By taking the usage of only one platform in consideration we were able to bring more valuable, concrete findings and come up with specific deliverables to create the method in the focus of this paper which in the future could be modified to adapt different sharing economy platforms as well.

### 2.2 Challenges and problems of sharing economy

In this section we present the identified weaknesses on a global scale and how they will serve as a base for detecting problems that create barriers to the use of sharing economy platforms in the Republic of North Macedonia. Based on the analysis we have identified the following weakness: fluctuation or lack of regulation, providing benefits only to middle class individuals, lack of trust in digital platforms, and lack of trust in the other side users led by information asymmetry.

**Fluctuation or lack of regulation.** Innovative business solutions bring with them regulatory challenges that need to be addressed through consistent regulation of new forms of supply in order for them to bring economic benefits, benefits for the environment and for the participants themselves. However, as identified by von
Briel and Dolnicar through the years there is a fluctuation in the regulations (von Briel and Dolnicar, 2020). For example, with time the accommodation sharing regulation is relaxed. However, there is fluctuation thus sometimes certain cities have more relaxed and then more restricted regulation (as is the case of Vienna) (von Briel and Dolnicar, 2020).

**Providing benefits only to middle class individuals.** Schor (2017) explains that most of the service providers on these platforms are highly educated individuals with the goal of generating additional income by performing occasional manual work. As a result, the sharing platforms introduce additional competition to labor workers employed in the hospitality industry.

**Lack of trust in digital platforms.** One of the biggest barriers for users to use this type of platform according to research conducted in the EU is the ambiguity of who is responsible for the occurrence of a problem (PublicOpinion - European Commission, 2018, 2016). To mitigate this problem the platforms introduce rules based on algorithms and analysis of the available data. However, the access to personal data is one of the problems of these platforms that affect individuals' trust in digital platforms and the Internet as a whole (Calceterra and Kaal, 2020). To certain extent this is mitigated by dividing the personal data in public and private and introduction of security measures (Scassa, 2018).

**Lack of trust in the other side users led by information asymmetry.** These platforms are based on information asymmetry (Sundararajan, 2016). The problem with asymmetric information is the difference in information held by both parties in a particular exchange or sharing in the sharing economy, especially because of the nature of the goods (partially used) and the customized services provided by different individuals (Connelly et al., 2010). Boulding and Kirmani (1993) explain that sellers of high-quality products and services communicate the attributes of products and services in order to raise their price, while sellers of low quality send inaccurate information or conceal information about the quality of products and services to compete with the competition. Botsman refers to these signals as trust signals or indicators through which the other party decides to engage in a particular interaction (Botsman, 2017). The signals (or information offered online) have a significant function on the platforms of the sharing economy, this can be seen through the research of Xie and Mao (2017) by taking a specific example of a
platform, Airbnb. User behavior in previous transactions and ratings of the offered listings on the platform in the form of reputation and rating is taken as one of the factors for transmitting information to the other party as a signal of confidentiality (Xie and Mao, 2017) that helps the market to function by mitigating the risk of asymmetry in available information.

Using these problems as a starting base we want to explore what are the problems the participants from North Macedonia face during their activities on AirBnb as a accommodation sharing platform. To achieve this we performed empirical research with the following method.

3 Methods and data

To answer the research questions, we performed qualitative research. The purpose of qualitative research is to understand the human behavior within the real world which is primarily complex (Price et al., 2015). Interviews are taken as the primary method of gathering information for qualitative research (Qu and Dumay, 2011). As a result, interviews were performed with twenty individuals (ten hosts and ten guests) from Skopje and Ohrid. When selecting respondents from the host group, the focus is on individuals renting apartments, not hotels or hostels. The questions (adapted for both groups) focused on covering the experiences and knowledge of both categories of users and they are open type (even if a question of yes / no type arises, they were followed by why so that the respondent has the opportunity to further elaborate and to express themselves in their own terminology). Due to the Covid-19 pandemic interviews were conducted online, via Zoom (online communication tool) with subsequent transcripts of answers. The performed interviews vary in an average time frame of 54 minutes for the respondents - guests and 80 minutes - interviews with the hosts of accommodation on this platform. For a small number of respondents, who refused to communicate via Zoom call, the interview was done by using a written questionnaire. By noticing shortcomings in the data after the revision of the transcripts (small number), the respondents were additionally contacted to supplement, further explain their claims.

The interview questions were divided into 6 groups of questions: introductory questions, usage process, strengths, weaknesses, suggestions for improvement and possibility for addition. Categorization of the phases and processes as well as
strengths and weaknesses, including recommendations for improvement, the plan was used to develop a method for more successful hosts participation on Airbnb platform.

The collected data was analyzed through the grounded theory approach. Grounded theory falls into the category of empirical, qualitative research because it supports systematic data analysis and continuous interaction between the data collection and analysis process (Urquhart et al., 2010). After conducting the interviews, a classification of the original codes was made, through which the data was categorized into broader topics (preliminary categories) followed by second-instance coding (dimension development). Based on developed codes and identifying the relations between them we moved towards identification of key concepts. By following this process, we made sure that the link between the empirical data and the identification of key concepts is done without omitting information (Parks et al., 2017).

4 Findings

4.1 Guest

Using the 3-level coding method, an analysis of the data from the interviews with groups of respondents, guests was implemented and 3 main characteristics related to the use of the Airbnb platform from the category of guest users were summarized. The three characteristics are valuable perception, technology and consistency of supply. In addition, the logic behind the created elements and what they have will be elaborated.

Value perception. This dimension reflects the value of the listings that guests see when choosing accommodation. Guests rely on information in the form of signals provided by the listing itself. For the guest to get a sense of the value of the accommodation they are observing, it is generally based on five components: validation, visual perception, information relevance, communication, and personalization.

Consistency of offer. While the first dimension refers more to the offer that the listing provides for the guest, the second dimension includes the offer on the platform itself which is consistent with the promise of the brand, which it offers continuously so that the guest decides to first consider Airbnb's choice before
another alternative option. This dimension is defined by five categories including mediation, quality, interaction, price sensitivity and supply diversity.

**Technology.** Given the fact that platforms of this type require the incorporation of technologically advanced, innovative solutions for their effective functioning, it was not surprising to point out the features of the platform and suggestions for improvement in that direction. The main categories of this dimension are intuition, functionality, pre-selection, accessibility, and flexible approach.

### 4.2 Hosts

For the hosts, through the process of grounded theorizing, four dimensions that play a crucial role in sharing services through Airbnb were identified. Those dimensions are bargaining power, platform mediation, technology and regulation.

**Bargaining power.** Bargaining power as a dimension is primarily composed of categories that allow hosts to display the value of the listing, including the full scope of their offer. By summarizing and analyzing the statements of the respondents, five categories of data were derived: interaction, relevant information, price competitiveness, visual perception, and current changes.

**Platform mediation.** By classifying the possibilities that the platform provides for easier and more efficient use of it for hosts, this dimension encompasses the components are focused on easiness and efficiency. The categorization includes protection, support, rivalry, validation, and access.

**Technology.** The smart technological solutions offered can be singled out as an important dimension when using the platform. The components of this dimension are intuition, functionality, assistance, and availability that the platform establishes or needs to improve.

**Regulations.** The dimension of regulations refers to state laws, rules and restrictions established by the Republic of North Macedonia. The remarks and suggestions of the hosts move in the direction of structuring appropriate, official regulations for this type of rental and simplifying the necessary processes related to this type of rental accommodation through their full online implementation, without exceptions.
Determining the basic dimensions and components for both sides of the Airbnb platform provide a base for elaboration of specific challenges faced by both sides of the users of the sharing economy platforms through the prism of use of the Airbnb platform. This provides the information that the proposed method for improving hosts participation on Airbnb will take into account the needs of the guests.

5 Proposed method

To propose a method through which the challenges can be overcome by the hosts and guests we compare the identified dimensions through the claims they make and compare them in the form of positive experiences, perceived weaknesses, and suggestions for improvement. The result is that we have identified that three dimensions are the same for both types of users: technology, platform mediation and consistency of efforts. These dimensions act as intermediaries between the hosts’ bargaining power and guests’ value perception. They are also provided by Airbnb and cannot be changed by the hosts or the guests. However, when compared the hosts’ bargaining power and guests’ value perception, we identified that they are different description for the same situations, as presented in Table 1:

<table>
<thead>
<tr>
<th>Hosts</th>
<th>Guests</th>
</tr>
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<tbody>
<tr>
<td>Bargaining power</td>
<td>Value perception</td>
</tr>
<tr>
<td>Bargaining power as a dimension is primarily composed of categories that allow hosts to display the value of the listing, including the full scope of their offer.</td>
<td>Value perception is the value of the listings that guests see when choosing accommodation. Guests rely on information in the form of signals provided by the listing itself.</td>
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</tbody>
</table>

Table 1: Hosts’ bargaining power vs guests’ value perception table

<table>
<thead>
<tr>
<th>Dimensions matching</th>
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<tbody>
<tr>
<td>interaction</td>
</tr>
<tr>
<td>relevant information</td>
</tr>
<tr>
<td>visual perception</td>
</tr>
<tr>
<td>current changes</td>
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<tr>
<td></td>
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<tr>
<td>price competitiveness</td>
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When we combined this match with the analysis of the problems and proposals for improvement of the usage of Airbnb we were able to identify the following relations between both dimensions and present them in Figure 1.

![Figure 1: Matching dimensions with activities](image-url)
Based on the above, we theorize that the process of improving the participation of the hosts in AirBnB from North Macedonia is impacted by increasing their bargaining power. By increasing their bargaining power, the hosts will increase the value perception of the users and as a result could attract more hosts. We present this relation in Figure 2.

Based on the results, in order hosts to increase their success on Airbnb they should:

- Improve their interaction by using tools for fast and consistent responses and creation of relations with the customers
- Provide relevant information by providing detail description of the accommodation and its environment (security, arrivals, transportation)
- Improve the visual perception by adding enough pictures
- Keep the information up to date to match the actual offer and
- Adjusting the prices, manual and on time, by following the trends on the platform

6 Implications

The aim of this paper, as mentioned above, is by mapping the challenges and problems faced by hosts and guests in using the Airbnb platform in North Macedonia to propose a method for more successful usage of Airbnb platform by the hosts.
The established research helped us to determine the dimensions that have the greatest impact on the success of the use of platforms from the sharing economy (bargaining power and value perception), as well as dimensions that play an accompanying role (technology, platform mediation and consistency of the offer). A direct proportional relationship is seen between the two most influential dimensions, with the increase of the bargaining power of the hosts, the value offered for the guests increases and vice versa. Therefore, as these two dimensions essentially represent the way and the level of user involvement, the practical part of the method is focused on going into more detail on the factors that have an impact and how they can be properly applied.

By precisely defining the basic dimensions and factors that have the greatest impact on the use of the Airbnb platform in our country, we have successfully laid the foundation for what users should devote the most impact to and how it should be implemented in a wider range of platforms in the sharing economy in R.N Macedonia.

On theoretical, aspect our model provides additional insight how the factors that impact quests behavior on sharing platforms is matched with the factors that impact host behavior. We demonstrated that these factors are complementary and demonstrated a positive feedback.

7 Conclusion

In this paper we aim to propose a method for more successful usage of Airbnb platform by the hosts in North Macedonia. To achieve this, we have performed qualitative research and interviewed twenty individuals. The collected data was analyzed through grounded theorizing. Based on the analysis we identified that the dimensions under which the hosts have most control and through which can impact the value perception of the guests is the bargaining power they have. To increase the bargaining power, we have identified activities that the hosts can make. These proposals are empirically based and practically useful. However, we also faced some limitations in this study. First, the number of participants could be higher, but due to the Covid-19 we faced practical limitations in identifying and interviewing individuals. Second, we focused our research on North Macedonia and there is a
need for additional studies to evaluate the transferability of these suggestions to another context. These limitations open avenues for future research.

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