Chapter 4
Pricing Rental Tourist Accommodation: Airbnb in Barcelona

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ABSTRACT

Digital marketplaces are rapidly flourishing, especially in travel and tourism services. Airbnb is providing one of the most evident examples of this successful evolution. Prices are a crucial factor to understand the business model and the economic performance in hospitality businesses. This chapter studies how prices are formed in Airbnb, focusing the analysis on a wide sample of accommodations listed in Barcelona (Spain). Contextual factors, lodging amenities and some hosts’ attributes critically influence pricing in the digital platform. The accommodations located closer to the main tourist amenities concentrate most of the supply of rental services whereas consumer preferences for privacy and host identification give rise to higher prices. The research also confirms that commercial hosts exacerbate the upward movement of rental prices in the central districts of the city.

INTRODUCTION

The development and spread of information technologies has enabled the advent of highly-competitive digital platforms that promote user-generated content, sharing of goods and services and collaboration among members of the network (Kaplan & Haenlein, 2010). In particular, the sharing economy has emerged as a wide and diverse set of activities developed in digital platforms, facilitating the interaction between users and providers of goods and services to solve some market imperfections, regardless of whether they have commercial or unselfish purposes. These activities are addressing some situations...
that conventional markets do not adequately resolve, both from a merely economic perspective as well as from social interest. Richardson (2015) reflects extensively the complex diversity of movements and ventures developed in this context.

In recent years, we have seen a proliferation of these online peer-to-peer marketplaces accompanied by the emergence of different business models. They are generating observable economic benefits associated with the decrease of transaction costs, the mobilization of idle resources or an increasing accessibility. Some of these digital intermediaries, promoting commercial networking activities through business models based on P2P, are transforming the market and tourist destinations, directly affecting the accommodation sector for tourism (Sundarajan, 2013). In particular, the emergence of Airbnb in many of the most populated destinations for tourism and leisure has disrupted the market for rental accommodation.

Although pricing is one of the most critical factors defining the business model and the economic performance in the hospitality business, the research on this topic is still scarce for rental accommodation services based on sharing economy models (Zhang et al, 2017). We focus our research on Airbnb listings in the city of Barcelona, one of the most successful tourist destinations in the Mediterranean region, to identify the key elements of price configuration.

AIRBNB IN THE UNIVERSE OF SHARING ECONOMY

Oskam and Boswijk (2016) represent the different types of value-generating networks that operate on the basis of digital platforms. Airbnb is placed in the field of network capitalism along with other major Internet operators, such as Facebook or Uber.

The company was created in 2008 and it has rapidly become a paradigmatic case of exponential organization, with a very fast evolution as its market was growing (Ismail et al, 2014). To understand this striking development, it is necessary to analyze the determining factors of economic success in networked accommodation. The platform acts like a two-sided market, facilitating transactions between

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**Figure 1. Typologies of networks operating as digital platforms**
*Source: Oskam and Boswijk (2016)*
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