

5-1-2017

Airbnb in Paris

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Bowers, Brittany, "Airbnb in Paris" (2017). *Global Manager Abroad*. 4.
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AIRBNB EXPANSION EFFORTS IN PARIS, FRANCE

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SUMMARY

This manuscript follows the international expansion of Airbnb in Paris, France as one of the corporation's first international ventures in 2012. When I discuss Airbnb's "entrance" or expansion, I am referring to Airbnb's establishment of offices in Paris in 2012. Airbnb is a private organization with its most recent round of funding currently valuing the organization at 30 billion dollars, making it the second-most-valuable tech startup after Uber.¹ This manuscript will start by examining the foundations of the organization that led up to its current valuation. It will underscore the organization's cultural challenges in its international expansion to Paris. Section two will give contextual background for the venture and delve further into motivations, challenges and strategies. Section three will take a closer look at the available data and begin to define the macroeconomic effects of Airbnb's presence. To conclude, the manuscript will give retrospective recommendations for how Airbnb could have entered Paris differently and recommendations going forward to ensure future success.

1. INTRODUCTION

Airbnb is an online marketplace that connects those looking for accommodations with those looking to rent a room, apartment, full house or even castle. This significantly branches off from the original single-room model. The organization currently operates in 191 countries and in over 65,000 cities across the globe.² For the traveler, the corporation strives to create the local experience of living in a city and fully embracing the culture as opposed to just visiting. Hosts

¹ Rosoff, Matt. "Airbnb Is Now worth \$30 Billion." *Business Insider*. Business Insider, 06 Aug. 2016. Web. 26 Apr. 2017.

² "About Us." *About Us - Airbnb*. Airbnb, n.d. Web. 26 Apr. 2017.

are encouraged to give guests advice regarding the local transportation, the most unique attractions, and the best food in town. Airbnb now focuses more intensely on connecting people to unique travel experiences. Offering additional products in select cities, Airbnb has introduced experiences and neighborhood reviews. The former offers tours and activities hosted by locals while the latter provides localized travel guides and reviews for certain neighborhoods. With the growth of product offerings and city presence, Airbnb self-projected EBITDA sits at \$3.5 billion a year by 2020.³ Of the 65,000 cities, Paris serves as one of the single largest markets for the corporation. This manuscript will examine the process through which Paris has adopted this position and popularity within the framework of Airbnb's claim that their "service provides an easy way for homeowners to monetize extra space".

1.1 Company Background

Airbnb was founded in August 2008 by three friends: Joe Gebbia, Brian Chesky, and Nathan Blecharczyk. While the latter received a computer science degree from Harvard, the two former met at Rhode Island School of Design while pursuing degrees in Industrial Design. However, the idea doesn't find its beginnings until after college, when Joe met a stranger readying to join the peace corps, passing through town and looking for a place to stay. Joe subsequently offered him somewhere to crash for the night, and this simple exercise of trust stayed with him from then on. Two years later, Joe took that experience and, with his roommate Brian, devised a scheme intended to help them pay rent. They decided to rent out three air mattresses on the floor of their apartment to travelers in town for a design conference. With the demand for lodging high, as most hotels were sold out, the duo could charge eighty dollars per person. As the stay included a homemade breakfast, so the name Airbnb found its origins in the

³ Gallagher, Leigh. "Here's How Much Airbnb's Management Believes the Company's Profit Will Grow." *Airbnb Profits to Top \$3 Billion by 2020* | *Fortune.com*. Fortune, 15 Feb. 2017. Web. 26 Apr. 2017.

concept of an air bed and breakfast. From there, Joe and Brian invited Joe's former roommate Nathan to be a co-founder, and the three hit the ground running.

They worked diligently to figure out logistics and break down barriers of trust and insecurities associated with opening your home to a stranger. Having difficulty expressing the ingenuity of their idea to investors, the co-founders transformed cereal boxes into customized Obama O's and Cap'n McCain's – selling them for 40 dollars each. The boxes contained basic information about the company and ultimately raised 30,000 in capital. They were subsequently invited to join the prestigious startup accelerator Y Combinator. Ditching the name Air Bed and Breakfast for a sleeker Airbnb in March 2009, the company began to polish their site, its listings, and the organization as a whole – a process which has proven long and continuously evolving. Providing high quality photos of listings, including post-visit rankings for both parties, and tweeking the process for commenting to ensure honesty are just some of the beginning processes towards betterment. Additionally, the organization has faced issues with guests throwing parties and various legal battles with city officials concerned with the influx of evictions and commercial rentals. Despite various setbacks, Airbnb experienced unexpectedly rapid growth. Co-Founder Brian Chesky actually spent several months in the beginning visiting various hosts as their personal apartment filled with company employees.

1.2 International History

With its early success, Airbnb looked to expand internationally. Through the acquisition of a small German company Accoleo in May of 2011, Airbnb inaugurated their first global expansion just three years after its initial website launch. Shortly thereafter, a London office opened in October 2011. Early in 2012, Airbnb realized a large surge in international users and continued to open offices outside of the United States in Paris, Milan, Barcelona, Copenhagen,

Moscow, and Sao Paulo. These additional offices added to the existing four in San Francisco, London, Hamburg, and Berlin. With only 16 percent of their listings coming from the United States as of June 2016, Airbnb has proven to be a truly internationally focused business. New York and San Francisco serve as the only two US markets in the corporation's list of top ten, with Paris as number one.



Figure 1.1 – Most popular Airbnb listings – StatistaCharts

1.3 Research Motivations

I was originally drawn to Airbnb's seemingly flawless ability to transcend social and cultural differences that normally threaten an organization's international expansion. The home is one of the most personal, intimate spaces; some might even argue it serves as an extension of the self. Yet Airbnb has been able to overcome differences associated with the culture of one's home in their rapidly growing markets. Who inhabits these homes? What are the family structures that allow for these constructions? On a more complex level, how is the concept of "home" constructed? How are homes paid for? Chosen? Valued? How do guests interact with

the homes of others? All these questions would seem to have served as major threats to Airbnb's ability to expand. Nevertheless, somehow they have been able to navigate these issues and push forward.

While Airbnb's cultural and social successes within the context of a "shared economy" originally attracted me to its explosive presence in Paris, this manuscript will uncover the intricacies of this supposed "shared economy" Airbnb operates in. The regulatory backlash from various cities serves to highlight some of the structurally flawed concepts pushed forward either inadvertently or deliberately by the corporation's existence. Going forward, this manuscript will examine Airbnb's expansion into Paris from two perspectives: the company's and the city's. Through the lens of the company, it will analyze motivations, strategies, successes, and microeconomic effects of the venture. It will also take a look at how they have interacted with lawmakers and governmental agencies to ensure relatively smooth operations. From the city's perspective, the manuscript will examine what macroeconomic effects Airbnb has had on the city, specifically on the housing and tourism markets.

2. CONTEXTUAL INFORMATION

2.1 Expansion Motivations

In response to being asked in an interview why Airbnb decided to expand internationally, Brian Chesky co-founder and CEO replied, "us not being international is like your phone not having email, it's not very functional"⁴. Although Airbnb had only been three years old at the time, and recently recorded its one millionth booking in February, it launched its first international offices in May 2011 through acquisition⁵. In 2008, Airbnb was only registering nights of travel at a rate of once per day. By 2011, the rate had increased to one booking every 10

⁴ "Airbnb Co-Founder On International Growth And Expansion." *TechCrunch*. TechCrunch, 27 Sept. 2013. Web. 21 Mar. 2017.

⁵ Escher, Anna, and Jordan Crook. "A Brief History Of Airbnb." *TechCrunch*. TechCrunch, 28 June 2015. Web. 21 Mar. 2017.

seconds and just one year later, the rate dropped further to one booking every two seconds⁶. The exponential growth in users pushed Airbnb to match this user surge with an increase in its administrative presence. Thus, Airbnb introduced six more international offices, one of those located in Paris⁷. Chesky points to Airbnb's need to have a local presence. Directly from their blog, Airbnb explained, "we realize that we need to be there with you: to support you, to share in your celebrations, to speak your language, to understand your needs". They point to the communities' demonstration of "inherent social, economic, and cultural value in the sharing economy". While Airbnb never explicitly clarifies why they chose Paris among one of the six cities worldwide to host an office in 2012, Paris' massive tourist industry can be understood as a major driver. Hotel occupancy rates in 2012 of nearly 80% indicate a healthy and highly active pool of travelers throughout the city⁸. Due to its large pool of potential customers, Airbnb recognized massive potential for market penetration and expansion.

Chesky reiterated Airbnb's international outlook at its early stages. He mapped out two options: retain a global network by acquiring or nothing. They explained they had no option b, as they preferred escaping the adoption of a company that didn't share the same mission. However, they did enter Germany, their first international venture, through the acquisition of a small yet competitive corporation. In evaluating office destinations, they also considered what cities were known for hospitality, later motivating their 2013 establishment of a Dublin hub.⁹

⁶ "Airbnb Celebrates Record Growth With 10 Million Guest Nights Booked." *Marketwire*. Airbnb, 19 June 2012. Web. 21 Mar. 2017.

⁷ Footnote 3

⁸ "Tourism in Paris - Key Figures 2012 - Paris Tourist Office." *Press.parisinfo.com*. Official Website of the Convention and Visitors Bureau, 2013. Web. 21 Mar. 2017.

⁹ Times, The Irish. "Airbnb to Open European HQ in Dublin." *The Irish Times*. The Irish Times, 13 Sept. 2013. Web. 21 Mar. 2017.

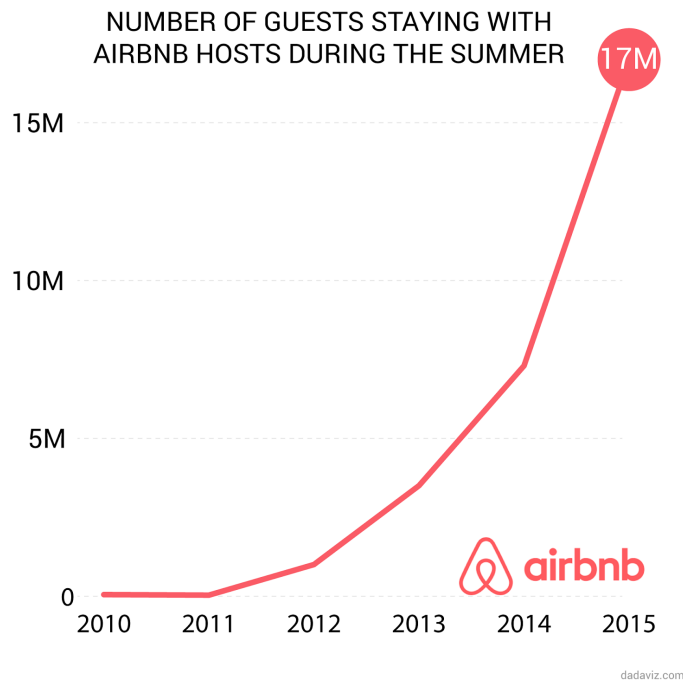


Figure 1.1 – Airbnb’s Growth

2.2 Cultural Challenges

While the launch of an office in Paris doesn’t mark Airbnb’s first occurrence or first hosts in France, it does indicate a strengthened commitment to expanding and developing the French market. In doing so, Airbnb faces a few cultural obstacles. Decisions such as language translations, payment options and sign up methods become increasingly important. For example, if you are traveling to France from the US, you would probably want to see posts in English. However, Airbnb doesn’t want you to thus assume the listed hosts speak English due to behind the scene’s translation efforts. To solve this issue, Airbnb has elected to add an optional translation button. With respect to specific challenges associated with France’s culture, the home is very personal. With lower levels of dispensable income, French families demonstrate lower consumer spending and greater time spent together at home.¹⁰ While studying abroad and staying

¹⁰ Krugman, Paul. "French Family Values." *The New York Times*. The New York Times, 29 July 2005. Web. 21 Mar. 2017.

with a host family, I was not to invite friends over and my host sister only did so when her parents were out. The kitchen was particularly personal, as you were not to come and go for snacks or perusing. While these seem like large obstacles to overcome in a business of home sharing, France also proves a promising destination for Airbnb because the French culture highly values vacation. Large levels of travel by residents leave apartments and homes available to host Airbnb guests. The average French worker can expect 30 days of paid vacation time in addition to one paid holiday.¹¹ The holiday break for students rotates each year and is organized by geographic region – each region taking a two week block in the spring at a time. However, only fifty percent of French people own their homes, 30 percent of Parisians¹², posing potential issues for generating an ample supply of legal hosts.

2.3 Method for Market Entry

Now understanding why Airbnb expanded and some of the cultural challenges they faced, it is imperative to look at how they decided to adapt to the varying cultural, social and political climates. CMO Johnathan Mildenhall described, “We don’t want to bulldoze our way to success.”¹³ Airbnb opted to work directly with the local city government from the onset of their presence in France to ensure positive relations. Governmental support for Airbnb’s existence found its roots not only in a desire to redefine the tourism industry and keep it flourishing, but also in a recognition of Airbnb’s efforts to maintain the appearance of a symbiotic relationship. I will discuss later how genuine these efforts prove to be. Airbnb’s entrance into a market involves the complex relationship between politics, culture, supply and awareness. Airbnb is a two-sided

¹¹ Nardelli, Alberto. "The French Take More Holidays and Work Less – but Does It Matter?" *The Guardian*. Guardian News and Media, 05 June 2015. Web. 21 Mar. 2017.

¹² Paterson, Tony. "Why the Germans and French Prefer to Rent." *The Independent*. Independent Digital News and Media, 30 May 2011. Web. 21 Mar. 2017.

¹³ Perlberg, Steven. "Airbnb Says It Doesn't Want to 'Bulldoze Our Way To Success' Like Uber." *The Wall Street Journal*. Dow Jones & Company, 16 Oct. 2015. Web. 21 Mar. 2017.

marketplace, thus forcing them to grow both the demand side and the supply side more or less simultaneously. As discussed above, overcoming the supply side challenge did not appear too daunting due to the strong cultural significance of vacation among the French. With respect to demand and awareness, Airbnb employed two tactics. One highlighted the organization through Facebook posts and advertisements, while the other implemented a grass-roots strategy physically sending employees to increase company buzz. The ground work consisted of discussions with users, info sessions, flyers, and introductory parties. With a resulting cost per acquisition five times lower, the field work served as a far better and more effective tactic of introduction.¹⁴

3. DATA COLLECTION AND ANALYSIS

3.1 Airbnb Provided Information

Understanding how Airbnb entered Paris and the organization's reception proves critical to creating a full picture of their success and expansion. Objective, quantitative data would, however, allow for an ability to contextualize this qualitative, possibly subjective information. Unfortunately, Airbnb provides no public data with respect to listings, hosts or city presence. They did although recently begin offering a surface-level, analytical report of the corporation's environmental and economic impact in various popular destinations. This offering stemmed largely from a growing constituency of those calling for greater clarity and honesty. Paradoxically, the reports, however, almost add to the ambiguity of the organization's presence. For example, in Paris, a 2013 study claimed that "Airbnb generated 185 million euros of economic activity and supported 1,100 jobs¹⁵. Despite seeming transparent, Airbnb gives no contextual information to construct a full understanding. What types of jobs is Airbnb creating?

¹⁴ "Airbnb: The Growth Story You Didn't Know." *GrowthHackers*. N.p., n.d. Web. 21 Mar. 2017.

¹⁵ "Airbnb Economic Impact." *The Airbnb Blog Belong Anywhere*. Airbnb Inc, n.d. Web. 11 Apr. 2017.

How do they define economic activity? Where, or to who, is the nearly 200 million going? They also don't explain study methodology and reasoning behind their conclusions. To this note, the study claims that almost half of hosts indicate they rely on Airbnb income to pay for household expenses. After unpacking this claim, it will become obvious that the average host portrayed by Airbnb diverges greatly from the reality of who profits most as a "host". The study summation includes statistical evidence of the "popularity" of non-centrally located neighborhoods such as the 20th arrondissement. Yet, the list of study highlights does not include anything regarding the hyper-usage of Airbnb in popular neighborhoods such as the Marais. Furthermore, the study attempts to make the case for a causal relationship between hotel success and Airbnb growth while not acknowledging any other influential factors. They claim, "Hotel occupancy and average daily rates have grown to record highs as Airbnb has flourished". Lastly, I was not able to find a full "report" published by Airbnb anywhere. The economic impact reports, aptly labeled with the term "positive", simply consist of high level summations and highlights.

Apart from these misleading-surface level "reports" aimed at quelling consumer uneasiness and anguish, the private company provides nothing in the way of hard un-crunched numbers. Thus, one is forced to understand Airbnb through a piecemeal of studies serving the function of filling in the gaps - studies that attempt to uncover the truth behind the alluring story of trust, sharing, community and belonging. To the same end, NYC's attorney general's office, in 2014, ordered a subpoena to turn over Airbnb user data.¹⁶ Despite ultimate compliance, Airbnb's resistance and actions in the years following parallel its initial tight lip strategy. Since

¹⁶ Langfield, Amy. "Airbnb Will Comply with NY Subpoena for User Data." *CNBC*. CNBC, 21 May 2014. Web. 11 Apr. 2017.

publicizing New York City user data in 2016, Airbnb has been accused by various third party researchers of manipulating the data sets to skew and thus subdue the situation.¹⁷

3.2 Alternative Data Sources

Clearly demonstrating an untrustworthiness, Airbnb leaves the burden of understanding in the hands of consumers. Author Tom Slee collects and publishes data on Airbnb across the globe and has been doing so since 2013. He can ensure that the data collective gives a count of Airbnb listings in a city usually within ten percent of the correct number. Third party organization Inside Airbnb conducts and makes available similar information. Through these data sets on Paris, one can conclude, as of September 2016, that 85.7% of all listings in the metropolitan area constitute as entire home listings. Additionally, 20.8% of listings are held by hosts who hold multiple listings¹⁸ despite Airbnb's reported number of 7%.¹⁹ As mentioned previously, the collection of other statistical information consists of compiling and piecing together a variety of sources to create a comprehensive picture of the scope and depth of Airbnb's Parisian presence. Between 2008 and October 2015, 5 million tourists used Airbnb to find accommodations, half of those visitors booked in 2015 alone²⁰. Additionally, "Airbnb's pool of places to stay in Paris grew 64 percent, to 71,852 listings, between March 2015 and March 2016."²¹ Those in favor of stricter second-home legislation base their opinions on the findings that Paris holds 100,000 permanently unoccupied homes with an additional 92,000 second homes.²²

¹⁷ Kokalitcheva, Kia. "Researchers Say Airbnb Purged N.Y.C. Home Listings For Its P.R. Strategy." *Researchers Say Airbnb Manipulated New York City Listing Data* | *Fortune.com*. Fortune, 12 Feb. 2016. Web. 11 Apr. 2017.

¹⁸ "Paris. Adding Data to the Debate." *Inside Airbnb*. Inside Airbnb, 03 Sept. 2016. Web. 24 Apr. 2017.

¹⁹ "Airbnb Economic Impact in France: Paris." *The Airbnb Blog Belong Anywhere*. Airbnb, 12 Nov. 2015. Web. 24 Apr. 2017.

²⁰ O'Driscoll, Ellie. "In Numbers: How Airbnb Has Conquered Paris." *The Local Fr*. The Local, n.d. Web. 11 Apr. 2017.

²¹ Taylor, Harriet. "How Airbnb Is Growing a Far-flung Global Empire." *CNBC*. CNBC, 08 June 2016. Web. 11 Apr. 2017.

²² O'Sullivan, Feargus. "Europe's Crackdown on Airbnb." *City Lab*. The Atlantic, 20 June 2016. Web. 11 Apr. 2017.



Figure 1.2 – Airbnb listings in Paris provided by Inside Airbnb

3.3 Regulation

Airbnb's growth in Paris has clearly materialized exponentially, but what implications does this have for the city of Paris? While Airbnb provides no specific legal advice for hosts and guests alike, it has worked closely with the Parisian government helping to shape and influence housing legislation. As of 2014, it is legal to rent out a primary residence for up to 120 days without requiring permission from local city agencies. Renting a secondary home for less than a year at a time, conversely, is illegal unless registered as a commercial property with the city.²³ Being caught for breaking either of these stipulations can result in a fine of up to 25,000 euros.

²³ Cox, Murray. "Paris. Adding Data to the Debate." *Inside Airbnb*. Inside Airbnb, n.d. Web. 11 Apr. 2017.

Enforcement, nevertheless, is poorly funded and scantily applied. In Paris, Airbnb agreed to send letters informing and warning hosts of the potential illegality of their activity.²⁴ In congruence with a desire to work with the city of Paris, or to generate the appearance of shared interests, Airbnb agreed to begin collecting a tourist tax in 2015. During the last quarter of 2015, Airbnb gave city authorities nearly 1.2 million euros because of said tax.²⁵

3.3 Implications and Effects of Airbnb's Actions

In spite of an apparent effort to work in accordance with city interests, Airbnb fails to enforce previously agreed upon legislation. Airbnb possesses the confidential ability to know exactly who their hosts are but has no obligation to release said knowledge. The combination of this knowledge and the direct ability to virtually shut down hosts in violation of city regulations blatantly exposes Airbnb's true interests. Not to mention, the existence of commercial hosts, and knowledge of said existence, destroys any credibility relating to Airbnb's origin, foundation and mission. For example, an operation in New York City with 272 listings booked 6.8 million in revenue between the years of 2010 and 2014²⁶. Clearly not a host trying to make ends meet and pay for "household expenses", commercial hosts such as this reveal Airbnb's active role in the commercialization of its platform. This concerted neglect allows for the funneling of wealth into the hands of few. Steven Hill explains, "If 'belonging' is the idea that defines, Airbnb, it depends a lot on whether or not you belong to the right club" (42). Hill continues, "Airbnb is morphing into a giant loophole for professional real estate operatives" (55). Some Airbnb property management operations even have store fronts where guests check in to retrieve keys. Airbnb is

²⁴ Coldwell, Will. "Airbnb in Paris to Warn Hosts over Illegal Listings." *The Guardian*. Guardian News and Media, 31 Mar. 2016. Web. 11 Apr. 2017.

²⁵ Paris, Agence France-Presse in. "Airbnb Pays Paris €1.2m in Tourist Taxes." *The Guardian*. Guardian News and Media, 04 Feb. 2016. Web. 11 Apr. 2017.

²⁶ Hill, Steven. *RAW DEAL: How the Uber Economy and Runaway Capitalism Are Screwing American Workers*. Place of Publication Not Identified: GRIFFIN, 2017. Print.

buying into the commercialization of “home sharing” not only by neglecting to act, but also by offering cleaning services in certain cities. These services include cleaning, stocking linens, providing welcome packages and staging – strikingly resembling the process of a hotel maid.²⁷

Airbnb’s actions, and lack thereof, have great implications for the landscape of the city. Not only are neighborhoods becoming less and less local, tenants are being forced out of their apartments, allowing landlords to opt in as Airbnb hosts. In the center of Paris, short term rentals are 2.6 times more profitable than year-long rentals, jumping to 3.5 times in the most central districts of the city.²⁸ Additionally, 12 nights as an Airbnb host serves as the equivalent of one month’s rent, dropping to 9 nights in the city center. Encouraging seasonal and short term rentals, these drastic profits motivate landlords to empty their apartments of long term tenants. The landlords defend evictions through the guise of rehabilitation efforts.

In the absence of Airbnb enforcement and policing, Parisian officials began in January 2016 conducting apartment raids to crack down on the illegal rental of homes. Additionally, the city of Paris is beginning to recognize broader negative penalties associated with allowing Airbnb to take over. Between the years of 2009 and 2014, population in the 1st arrondissement fell by 5%. The Paris mayor’s office credited decreasing urban population to an analogous decrease in birthrates. Additionally, the office pointed to an increase in second homes rented out seasonally as a major contributing factor.²⁹ Although other influences help play a role in population change, Paris’ recognition of Airbnb’s contribution to the issue marks a preliminary understanding of the companies’ greater macro-economic effects on the city.

4. CONCLUSIONS AND RECOMMENDATIONS

²⁷ "Airbnb: The Growth Story You Didn't Know." *GrowthHackers*. Growth Hackers, n.d. Web. 11 Apr. 2017.

²⁸ Bartnik, Marie. "6 Chiffres Pour Savoir Ce Que Pèsent Airbnb Et La Location Touristique à Paris." *Le Figaro*. Le Figaro, 04 Jan. 2017. Web. 11 Apr. 2017.

²⁹ Griswold, Alison. "Paris Is Blaming Airbnb for Population Declines in the Heart of the City." *Quartz*. Quartz, 05 Jan. 2017. Web. 11 Apr. 2017.

4.1 Shortcomings in Macro Analysis

While the greater macro effects on a city of Airbnb's presence, operation and growth have been theorized and preliminarily analyzed, definitive and concrete connections between Airbnb and city changes are difficult to prove. For example, Mayor Jean-Francois Legaret of the first arrondissement has publicly blamed Airbnb for the population decrease in Paris.³⁰ The theory is that more profitable short-term rentals encourage landlords to use Airbnb instead of renting to long-term tenants. Reserving apartments for short-term bookings thus prevents residents from living in highly desired apartments in central Paris. Legaret noted that the first arrondissement, one of the most tourist heavy, experienced a decrease in residents. While sound, this logic taken alone doesn't acknowledge the decrease in birthrates, increase in second homes and increase in living costs as contributing factors. It is thus difficult to quantify what exact role Airbnb plays in contributing to this population decrease. On a similar note, a June 2016 study of New York by MFY Legal Services found that vacancy rates for rental apartments do in fact increase with just a slight increase in the availability of Airbnb rentals within popular neighborhoods.³¹

Similarly, Airbnb has been accused of driving property prices up, thus forcing families and other locals out of the city center and leading to gentrification. Yet, owner of Inside Airbnb Murray Cox states, "It's very difficult to prove given there are so many other impacts on housing."³² Other argued effects include the replacement of local businesses by tourist focused ones and Airbnb's takeover of low end hotels. An example of the former can be seen in

³⁰ "Paris. Adding Data to the Debate." *Inside Airbnb*. Inside Airbnb, 03 Sept. 2016. Web. 24 Apr. 2017.

³¹ "Short Changing New York City: The Impact of Airbnb on New York City's Housing Market." (n.d.): n. pag. MFY Legal Services Inc., June 2016. Web. 25 Apr. 2017.

³² Edwards, Jim. "Here's Exactly What Airbnb Does to Rent in Popular Cities." *Business Insider*. Business Insider, 20 Oct. 2016. Web. 25 Apr. 2017.

Amsterdam by the replacement of local grocery shops by bike rental companies.³³ It is argued that the latter results in a greater social unemployment rate as low-end hotels continue to close.³⁴ Conversely, Airbnb claims the tourism industry benefits due to its existence as travelers using Airbnb spend more days traveling.³⁵ Similarly, Airbnb reports that, “70 percent of Airbnb properties in Paris are located outside the central hotel corridor”.

It is clearly very difficult to discern and weed out the exact effects beyond theory and speculation. For example, when discussing my host family’s move to Paris from Tours this past winter, my host mom indicated difficulty finding a reasonably priced apartment in the city center, thus forcing them to live approximately 20 minutes outside of the city. Despite much frustration with the tourism industry, my host family’s difficulties and challenges cannot be directly attributed to Airbnb. However, As Airbnb’s growth has been rapid and unprecedented, with time, cities may find the tools to parse out more direct causal relationships. Until then, Airbnb is more or less free to operate as they please. As previously mentioned, the organization has had, and will continue to have, to make at least minimal concessions to show its “friendliness” and “collaborative efforts”. I put these terms in quotations marks as we have seen that these generally surface level commitments are only made for appeasement and only after some considerable feet dragging.

4.2 How Airbnb Could Have Entered Differently

With respect to recommendations on how Airbnb could have entered Paris differently, I am not sure I have many. Clearly faring better than their sharing economy counterpart Uber who is facing lawsuits in Paris, Airbnb created a relationship with the French government from the

³³ Van Der Zee, Renate. "The 'Airbnb Effect': Is It Real, and What Is It Doing to a City like Amsterdam?" *The Guardian*. Guardian News and Media, 06 Oct. 2016. Web. 25 Apr. 2017.

³⁴ Fang, Bin, Qiang Ye, and Rob Law. "Effect of Sharing Economy on Tourism Industry Employment." *Annals of Tourism Research* 57 (2016): 264-67. *ScienceDirect*. Web.

³⁵ "Airbnb Economic Impact." *The Airbnb Blog Belong Anywhere*. Airbnb, 2013. Web. 25 Apr. 2017.

beginning, thus creating room for respect and some degree of mutual understanding. This gives Airbnb more leeway to follow its true desires. It allows them to continue to pursue profits under the guise of belonging, to create a commercial host class while promoting the average home-sharer making ends meet. Campaigns promoting not doing but living in foreign cities reinforce the well-articulated idea of home, intrinsic to Airbnb's founding. The organization effectively dealt with translation challenges, consumer awareness and supply questions to grow at unprecedented speeds.

4.3 Recommendations for Future

While the organization does just enough with respect to city regulations, customer service and product quality assurance, I don't think their luck will last forever. We are beginning to see major backlash in cities such as San Francisco and New York, and it is my prediction that this unrest will grow with the expansion of consumer understanding. New York is currently considering a law banning the advertising of short term rentals, rendering Airbnb impossible, and San Francisco has passed legislation holding Airbnb responsible for enforcing laws pertaining to short term rentals³⁶. As Airbnb continues to be exposed, the organizations growth and success will suffer across international borders. Thus, it is my long-term recommendation for corporation to return to its roots and practice what they preach with respect to home sharing and belonging. Airbnb was founded on the need to make a little extra money by sharing inefficiently used assets and the desire to create new relationships and experiences. This is not the case for current commercial Airbnb managers and illegal rentals prevalent in popular cities. The organization has every tool to shut down hosts that are operating illegally, and while financially damaging in the short-term, Airbnb would return to its holistic wholesome image of facilitating travel. In

³⁶ Rosoff, Matt. "Airbnb Is Now worth \$30 Billion." *Business Insider*. Business Insider, 06 Aug. 2016. Web. 26 Apr. 2017.

addition, Airbnb should limit the use of whole home renting to encourage increased interactions between hosts and guests. I believe they should encourage and expand their experiential programs connecting tourists to non-tourist activities throughout various vacation locations. Lastly, Airbnb must be more forthcoming with their data and legal implications for hosts in different cities. Rehabilitating its image before it falls apart serves not only as an insurance policy but a pre-emptive risk management strategy that will benefit the organization in the long run.

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