Risk Perceptions among Potential Airbnb Hosts

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ABSTRACT

Airbnb has taken advantage of recent technological advances to emerge as a disruptive innovation in the tourism and hotel industry. Attracting millions of customers annually, it is present in over 65,000 cities in 191 countries. Its rapid success has attracted research, most focused on guests and their intention to use or recommend the service. This study assesses perceived risk among Airbnb hosts, focusing on hosts' perception of risks related to services offered, finances, safety and security, and psychological, political, and privacy issues. Ease of use is considered among factors that determine hosts' adoption intention. A survey of young adults in Dubai revealed a positive correlation between adoption intention and financial risk and time concern, and a negative correlation between safety and security risk, psychological, political, privacy risks, ease of adoption, and adoption intention. This study informs Airbnb management of concerns that might affect business continuity and recommends strategies to address the issues.

Keywords: Adaptation, Innovation, Research, Sci Tech, Scientific, Technical, Technology

RÉSUMÉ

Airbnb a profité des récentes avancées technologiques pour devenir une innovation de rupture dans l'industrie du tourisme et de l'hôtellerie. Il attire des millions de clients chaque année. Il est présent dans plus de 65 000 villes de 191 pays. Son succès rapide a attiré la recherche, la plupart du temps sur les clients ciblés et leur intention d'utiliser ou de recommander le service. Cette étude évalue le risque perçu parmi les hôtes Airbnb, en se concentrant sur la perception par les hôtes des risques liés aux services offerts, aux finances, à la sûreté et à la sécurité et aux problèmes psychologiques, politiques et de confidentialité. La facilité d'utilisation fait partie des facteurs qui déterminent l'intention d'adoption des hôtes. Une enquête auprès de jeunes adultes à Dubaï a révélé une corrélation positive entre l'intention d'adoption et le risque financier et le souci du temps, et une corrélation négative entre les risques pour la sûreté et la sécurité, les risques psychologiques, politiques, de confidentialité, la facilité d'adoption et l'intention d'adoption. Cette étude informe la direction d'Airbnb des préoccupations susceptibles d'affecter la continuité des activités et recommande des stratégies pour résoudre ces problèmes.

Mots clés: Adaptation, Innovation, Recherche, Sci Tech, Scientifique, Technique, Technologie

1. INTRODUCTION

The prominent rise of internet usage in the 21st century has caused an upsurge in cyber services replacing a plethora of traditional facilities, and accommodation is no exception to this change. This has meant that, quite recently, the world of hospitality experienced a major evolution with the introduction of the internet-based accommodation service: "Airbnb". Airbnb is a privately held global company with its headquarters in San Francisco. It consists of a globally operational online marketplace which includes a hospitality service available on social media websites and mobile apps. According to Guttentag's article titled "Disruptive innovation and the rise of an informal tourism accommodation sector", the company grew tremendously from its inception in mid-2008, rapidly transforming from a booking platform for single rooms in residences during events to more inclusive accommodation (including entire houses) on up to an almost year-round basis. Within a little under 3 years it had booked a total of one million nights' accommodation, and by mid-2012, 10 million. Hence Airbnb was then successfully renting out millions of nights annually; however, it started reporting not in terms of nights stayed but number of guests accommodated, 'probably due to regulatory pressure' (Guttentag 2016). Airbnb had rapidly become the leading sharing economy platform in the lodging sector (Guttentag, 2015). It presents a wide and diverse market for tourists and locals alike around the world to discover and explore different places conveniently through booking a room or an entire home for a touristic, cultural, or even comfort-based experience. Due to Airbnb's several online platforms and various domestic offerings around the world, its market share has drastically increased, by 2010 "making up a market estimated at over $100 B annually." (Lamberton & Rose, 2012). As a result, it is competing with several online travel agents such as the those of the Expedia Group and its brands (including travelocity, trivago) and TripAdvisor. However, as Airbnb was only established in 2008, it is still relatively new to the market and minimal research is available on the specifics of why consumers prefer it to other services. And the existing research takes an unfortunate homogeneous approach, failing to focus on the possible different segments of Airbnb users.

There exists a significant amount of research focusing on guest satisfaction, attitude, and intention to purchase via the service or use the service again. However, minimal to no research exists on concerns associated with the hosts and their intentions to adopt the service or even recommend it to others. In addition, the available literature on tourism and hospitality, especially that which focuses on negative risks associated with the behaviors of individuals makes the assumption that risk perceptions in the Airbnb business resulting from supply negatively impacts the relations between guests and hosts when it comes to online transactions. According to a study conducted by Lampinen and Cheshire (2016), risk is one of the main factors affecting the success of the sharing economy on which services like Airbnb are based. When it comes to online transaction platforms, research shows that perceived risk is an important factor that businesses must take into account. Lampinen et al. (2015) conducted a research study with an aim of determining the impact of perceived risk in online marketplaces. The study revealed that perceived risk in the sharing economy extends beyond the monetary aspect. According to the study, the mere act of renting out or sharing a home with a complete stranger is a risky move for the hosts. Many of the risks involved in

this sharing economy are associated with a lack of trust between the guests and the hosts. The risks involved may be a determining factor in the behavior intentions of the two parties, which impacts the experience of Airbnb services (Ikkala and Lampinen (2015). Also, both guests and hosts connect through the online platforms offered by Airbnb, which is not the same as interacting face-to-face. There are several studies that have examined issues in Airbnb relating to guests and hosts. However, studies relating to hosts' perceived risk are few, and the available studies do not provide an in-depth analysis of issues relating to risk. This study fills the existing gap by conducting a detailed risk assessment of perceptions by hosts in the Airbnb platform.

2. OBJECTIVE OF THE STUDY

To examine the antecedents of adoption and becoming a host on AIRBNB service for digital native.

Hypotheses

In this paper, a null hypothesis is a hypothesis that states the commonly accepted expectation of a relationship between two phenomena. The alternative hypothesis provides a counter expectation of the relationship between the two phenomena.

Hypothesis 1

Null hypothesis: Service risk negatively impacts adoption intention. Alternative hypothesis: Service risk positively influenced adoption intention.

Hypothesis 2

Null hypothesis: Financial risk negatively impacts adoption intention. Alternative hypothesis: Financial risk positively influences adoption intention.

Hypothesis 3

Null hypothesis: Safety and security risk negatively impacts adoption intention. Alternative hypothesis: Safety and security risk positively influences adoption intention.

Hypothesis 4

Null hypothesis: Psychological risk negatively impacts adoption intention. Alternative hypothesis: Psychological risk positively influences adoption intention.

Hypothesis 5

Null hypothesis: Political risk negatively impacts adoption intention. Alternative hypothesis: Political risk positively influences adoption intention.

Hypothesis 6

Null hypothesis: Ease of use negatively impacts adoption intention. Alternative hypothesis: Ease of use positively influences adoption intention.

Hypothesis 7

Null hypothesis: Privacy risk negatively impacts adoption intention. Alternative hypothesis: Privacy risk positively influences adoption intention.

Hypothesis 8

Null hypothesis: Time concern negatively impacts adoption intention. Alternative hypothesis: Time concern positively influences adoption intention.

3. LITERATURE REVIEW

"Disruptive innovation" refers to products or services whose main appeal or advantage is not derived from a better performance as per business standard practice, but rather in key attributes that give the products a competitive advantage. These attributes offer an "inferior" yet "better" version of the product or service (in terms of attraction to consumer) when compared to the benchmark; and these attributes are typically centered around the product or service being cheaper, more convenient, or disruptive with respect to the nature of the standard product or service. Disruptive innovation applies to Airbnb accommodation in the sense that they contain the standardized features of what is considered to be the benchmark in accommodation, namely a room or stay, while straying from the conventional version. Airbnb accommodations typically include space, cleanliness, security, and practical features as any hotel accommodation does, with the exception that Airbnb have specific location advantages, price differences (relatively cheaper according to demand), household amenities, and comfort (Guttentag 2015), yet at the expense of the metropolis-like structure of a hotel, which normally offers all the services a visitor might need within the hotel itself, from food and beverages, to gym and pool facilities, to gift shops and lobbies, to room service and other professional offerings. Ultimately, however, Airbnb offers what is limited in hotel/motel accommodation experience for travelers —an authentic, local stay as well as convenience both personally and financially. According to Guttentag, one of the main factors to be considered in the decision-making process of the consumers' use of Airbnb is the authentic and novel traveler experience offered by Airbnb, when compared to the conventional tourist experience. Airbnb provides its consumers with a sense of belonging and the space for familiar interaction with the community that surrounds them wherever it may be, as the experience is cultivated to be local and connected. Whether appealing to the population of digital natives or digital immigrants, disruptive innovation introduces a new share of demand. Given to the concepts being explored in this paper, Innovation Diffusion Theory (IDT), a theory that measures how individuals react differently to different practices, ideas and objects as a result of the difference in their innovativeness, is relevant.

"Innovativeness" in this context refers to the ease of adoption of an innovation, and how early one carries out this adoption. The term is used chronologically, starting with "early adopters", or innovators, and ending with "laggards" (Rogers 2003). Personal Innovativeness in Information Technology (PIIT) is a term derived from IDT and indicates "the willingness of an individual to sample new products and services" (Agarwal & Prasad, 1998). As an antecedent, PIIT predisposes individuals to increased use of technology, but the uptake of any innovation is moderated by a number of factors, including what that innovation offers in terms of "relative advantage, compatibility, complexity, observability, and trialability" (Rogers, 2003). When applied to the notion of Airbnb's consumer perception, PIIT is used as a metric for users' repurchase intentions and behavior. A positive perception using PIIT as a moderator translates to a smooth online booking through the Airbnb website (ease of use) to increased adoption. A defining feature is the "relative advantage" which places the product

or service above most others and is contingent on a variety of factors such as convenience, prestige/status, functionality, form, price and satisfaction. Innovativeness is also dependent on the characteristics of the adopters themselves, and their internal and external environment, traditions, beliefs and values which act as a lens through which they perceive an experience

There exists a limited amount of research on Airbnb, especially the adoption of the technology and becoming hosts. According to hotel industry reports (Guttenberg, 2016, 23 et seq (citations omitted)), Airbnb has been hosting millions of tourists annually since it was launched. In 2020, it claims to offer over 7 million accommodations and more than 40,000 activities curated by local hosts. Just four years earlier there were over 1.5 million listings in 190 countries (Airbnb nd, in Forrer, 2017)). Accommodation services continue to be facilitated by over hosts located in different cities, in over 220 countries and regions, who have accommodated over half a billion bookings "guest arrivals" to date (Airbnb, 2020). More hosts are signing up on the Airbnb as hosts and offering a apace in or their homes as accommodation. The company notes that it has assisted millions to "monetize their spaces and their passions while keeping the financial benefits of tourism in their own communities" (Airbnb, 2020).. The increasing number of tourists opting to use Airbnb accommodation services over the conventional hotels has been a motivating factor for the hosts. According to a research study conducted by Guttentag (2016), home benefits, local authenticity, novelty, and sharing economy ethos are among the factors that motivate more tourists to choose Airbnb. Guttentag argues that Airbnb comes as a disruptive technology that distributes earnings in the hotel industry to any willing host, a concept that has never been explored before. Although some countries are now regulating services like Airbnb due to the extensive impact on the hotel industries and sometimes negative impacts on neighboring residential properties and zoning implications, which have resulted in some hosts being limited in the number of days per annum their property can be let via airbnb (see, e.g., re New South Wales (Jamesons, 2018). Hosts in most countries, however, remain free to rent out their houses to guests throughout the year. In what could be described as a preemptive measure, Airbnb introduced (and rigorously enforces) a 90 day rule for letting entire homes in London (Mayor of London, 2019)). Oskam (2016) describes Airbnb as a networked hospitality business that has leveraged the power of a disruptive business model to overtake the major hotel chains in the industry. Oskam states that majority of hosts are attracted to the business because of the power to control the rentals of their apartments, unlike in the hotel industry where competition is a huge factor in pricing. In another study conducted by Guttentag (2017), hosts prefer to invest in listing their houses on Airbnb than investing in stocks or other business opportunities. This shows that the hosts enjoy favorable returns from the business, which is motivating more people to become hosts.

According to the available literature, the success of Airbnb in the hotel industry has attracted some unfavorable regulations in some countries. Majority of tourists now opt to use Airbnb accommodation services over the conventional hotels. According to a study conducted by Guttentag (2017), the rapid growth of Airbnb since it was launched has forced policy makers in various markets to rethink the applicable regulations on the industry. The policymakers assess the effects of Airbnb on the hotel industry including both the positive and negative impacts surrounding issues such as tourism, consumer protection, taxes, and on the local residents who may be priced out of accommodation. Various destinations have implemented

various regulatory approaches which include but are not limited to issuing renting permits, restricting renting, and introduction of new tax laws, among others. For example, in Singapore regulations have been enacted in order to retain a balance in the industry. Currently, hosts in Singapore are not allowed to rent out their homes for a period exceeding three consecutive months. Hosts around the world have seen this as a limitation that may affect their profitability of the services. Although the Airbnb business model seems attractive, the introduction of these regulations has scared some hosts into retracting their investments. In countries with no regulation of Airbnb, hosts remain uncertain of what the future of the business will be. However, in most cases (such as that of Singapore), regulations that have been implemented still guarantee profits for home owners.

4. RESEARCH DESIGN AND METHOD

4.1. Research design

A survey of 22 questions was written, dealing with the aspects of Airbnb (mentioned above) as a tool for local and international consumers, and inquiring about the specificities of the services which may drive certain consumer behavior to adopt the service. This survey takes into consideration aspects of gender, age, location, time, financial status, and more. The sample group given the survey was mainly a group of young adults situated in Dubai, most of whom were students, in order to get the perspective of a demographic which is often active online. The survey was sent as an online questionnaire with a link inviting the participants to answer the questions. These questions include multiple choice questions, as well as short-answer options under the "other" choice allowing us to track unforeseen data.

4.2. Methods

In the study, 333 respondent data was collected for further analysis. The data collected from questionnaire survey that utilized a 5 point Likert scale method ranging from 1 = Strongly Agree to 5 = Strongly Disagree. Of the respondents, 43.24% are male and 56.76% are female. The respondents were grouped in two age ranges: 18–24 years (70.27%_ and 25–34 years (29.73%). 91.89% of the respondents are single and 8.1% of the respondents are married/partnered. 40.54% of the respondents own (or are buying) their accommodation and rest own no accommodation. Of the respondents, 40.54% live in a house and 49.46% in an apartment.

The collected data were analyzed using IBM SPSS Statistics 20 and IBM SPSS AMOS 22. Cronbach's Alpha is calculated to determine the reliability and internal consistency for all the respondents' answers. Then a structure equation model is developed and path coefficients are determined.

5. RESULTS AND DISCUSSION

The questionnaire with group and Cronbach's Alpha is shown in the following table.

Question No.	Question	Group	Cronbach's Alpha
q0001	**Service Risk I worry guests experience a mismatched service with the descriptions given on the website.	Service Risk	0.658
q0002	I worry about providing a lower service quality than the guests expect.		
q0003	I worry about my qualification and skills for serving the guests.		
q0004	** Adoption intention I would be pleased to become Airbnb host.	Adoption Intention	0.689
q0005	I would enjoy doing Airbnb business.		
q0006	I would satisfied with my overall experience of being an Airbnb host.		
q0007	I would worry about currency fluctuations for my payment.		
q0008	**Financial Risk I would worry about failure to make proper payment systems.	Financial Risk	0.617
q0009	I would worry about guest bargaining for discount.		
q0010	I would worry about possibility of fewer payments than expected.		
q0011	I don't know how to report tax for government if it's required in my country.		
q0012	I would worry about receiving payments without written agreements.		
q0013	I don't know how to receive a payment through online services.		
q0014	**Safety and Security Risk I would worry about theft/fraud.	Safety and Security Risk	0.799
q0015	I would worry about fire.		
q0016	I would worry about physical abuse from guest.		
q0017	I would worry about criminal activities from my guest.		
q0018	**Psychological Risk I feel anxious about accommodating an undesirable customer.	Psychological Risk	0.661

Question No.	Question	Group	Cronbach's Alpha
q0019	I feel pressure because of potential losses in payment.		
q0020	I feel anxious about socio-cultural conflicts with guests.		
q0021	**Political Risk I worry about the political conflicts between my country and the guest's country of origin.	Political Risk	0.792
q0022	I worry that the guest comes from a country with political instability.		
q0023	I fear that guests might be terrorists.		
q0024	I worry that the guest might not respect the laws and regulations of my country.		
q0025	**Ease of Use I think it's not easy to set Airbnb host account.	Ease of Use	0.706
q0026	I am not good when it comes to technology.		
q0027	An online business is complicated to run.		
q0028	**Privacy risk I don't like to share my home with strangers.	Privacy Risk	0.689
q0029	I worry about sharing my information online.		
q0031	I would run Airbnb business if I had my own house/apartment.	Other Concern	
	Total (30 questions)		0.825

The overall Cronbach's Alpha value is 0.825 (which is greater than 0.7). So, the data collected from the survey is reliable and internally consistent. The individual Cronbach's Alpha for each category of the data is shown in the above table (which varies from 0.617 to 0.799). The structure equation model is shown in the following figure.
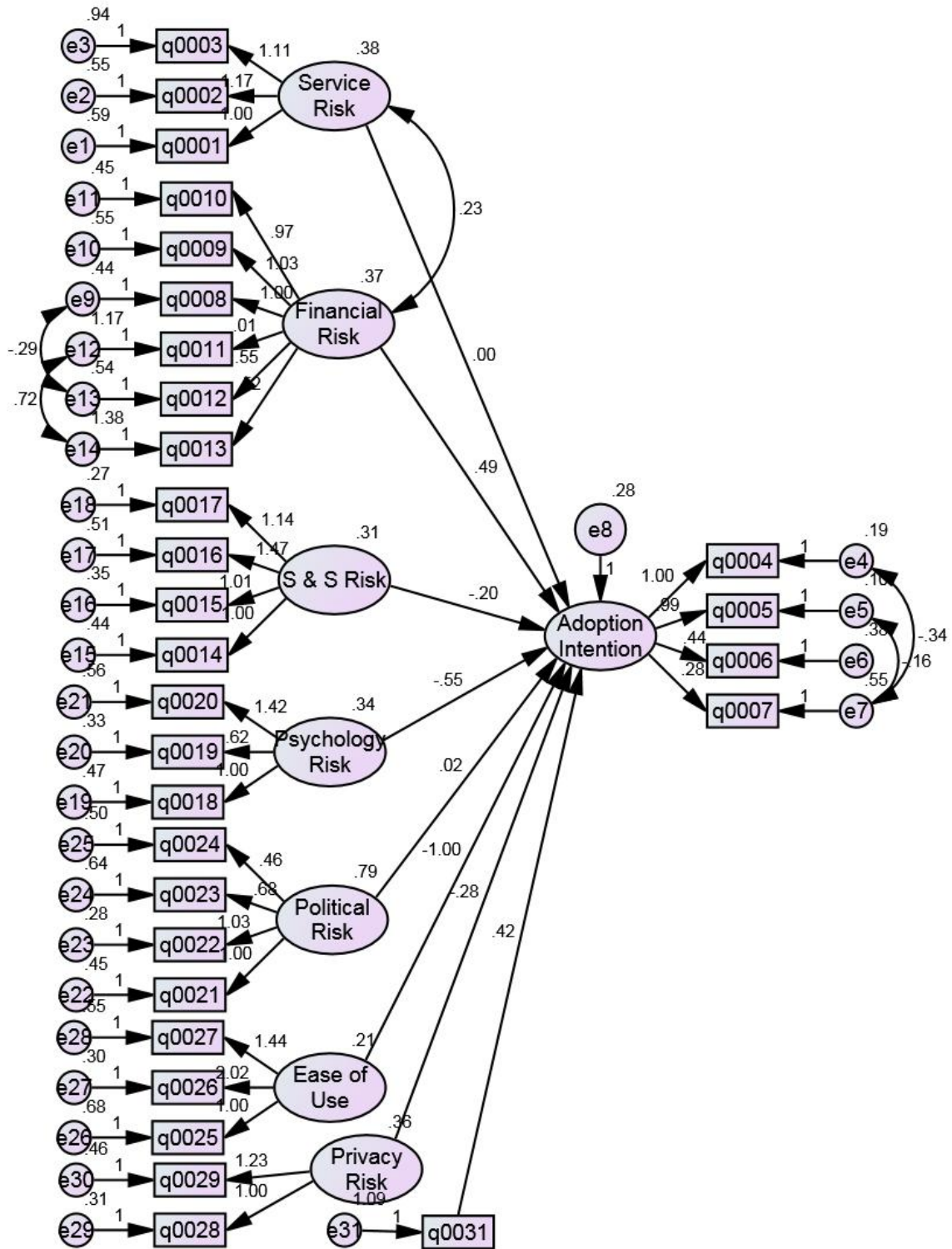
From the above table, the factor loading for service risk, financial risk, safety and security risk, psychological risk, political risk, ease of use, privacy risk and adoption intention are 1.00 – 1.17, 0.01 – 1.03, 1.00 – 1.47, 0.62 – 1.42, 0.46 – 1.03, 1.00 – 2.02, 1.00 – 1.23 and 0.28 – 1.00 respectively with error variance 0.49 – 0.59, 0.44 – 1.38, 0.27 – 0.51, 0.33 – 0.50, 0.28 – 0.65, 0.30 – 0.68, 0.31 – 0.68 and 0.10 – 0.55 respectively. The variance for service risk, financial risk, safety and security risk, psychological risk, political risk, ease of use and privacy risk are 0.38, 0.37, 0.31, 0.34, 0.79, 0.21 and 0.36 respectively.

The comparative fit index (CFI) is 0.327 and root mean square error of approximation (RMSEA) is 0.210. The GFI value of the model is 0.520.

The path coefficient and regression weight of the path is shown in the following table.

			Estimate	S.E.	C.R.	P
A_Intention	<---	S_Risk	-.003	.092	-.035	.972
A_Intention	<---	F_Risk	.488	.098	4.986	***
A_Intention	<---	S_S_Risk	-.199	.066	-3.028	.002
A_Intention	<---	Psy_Risk	-.554	.083	-6.701	***
A_Intention	<---	Pol_Risk	.024	.039	.620	.535
A_Intention	<---	E_Use	-1.001	.137	-7.284	***
A_Intention	<---	Pri_Risk	-.280	.075	-3.710	***
A_Intention	<---	q0031	.424	.034	12.516	***

From the above table, the path coefficient of service risk to adoption intention and political risk to adoption intention are – 0.003 and 0.024 at the significance level of 0.972 and 0.535 respectively (which are greater than 0.05). So, there is no significant correlation between service risk to adoption intention and political risk to adoption intention. So, the null hypothesess 1 and 5 are rejected.

But the path coefficient of financial risk to adoption intention, safety and security risk to adoption intention, psychological risk to adoption intention, ease of use to adoption intention, privacy risk to adoption intention and time concern to adoption intention are 0.488, – 0.199, – 0.554, – 1.001, – 0.280 and 0.424 respectively at the significance level of 0.000, 0.002, 0.000, 0.000, 0.000 and 0.000 respectively. All the above significance values are less than 0.05.

So, there are significant positive correlations between financial risk to adoption intention and time concern to adoption intention. Hence the null hypotheses 2 and 8 are rejected and alternative hypotheses 2 and 8 are accepted.

Again, there are significant negative correlations between safety and security risk to adoption intention, psychological risk to adoption intention, ease of use to adoption intention and privacy risk to adoption intention. So, the null hypotheses 3, 4, 6 and 7 are accepted and alternative hypotheses 3, 4, 6 and 7 are rejected.

6. CONCLUSION

From the hypothesis testing and structure equation model with path coefficient table the observations are as follows.

Hypothesis 1

The estimated path coefficient of service risk to adoption intention is – 0.003 at the significance level of 0.972 (which is greater than 0.05). So, there is no correlation between service risk and adoption intention. It may be concluded that service risk has no influences on adoption intention.

Hypothesis 2

The estimated path coefficient of financial risk to adoption intention is 0.488 at the significance level of 0.000 (which is less than 0.05). So, there is a significant positive correlation between financial risk and adoption intention. It may be concluded that financial risk has a positive influence on adoption intention. This means that with an increase in financial risk, adoption intention increases and with a decrease in financial risk, adoption intention also decreases.

Hypothesis 3

The estimated path coefficient of safety and security risk to adoption intention is – 0.199 at the significance level of 0.002 (which is less than 0.05). So, there is a significant negative correlation between safety and security risk and adoption intention. It may be concluded that safety and security risk has a negatively influence on adoption intention. This means that with an increase in safety and security risk, adoption intention decreases, Conversely, with a decrease in safety and security risk, adoption intention increases.

Hypothesis 4

The estimated path coefficient of psychological risk to adoption intention is – 0.554 at the significance level of 0.000 (which is less than 0.05). So, there is a significant negative correlation between psychological risk and adoption intention. It may be concluded that psychological risk has a negatively influence on adoption intention. This means that with an increase in psychological risk, adoption intention decreases. Conversely, with a decrease in psychological risk, adoption intention increases.

Hypothesis 5

The estimated path coefficient of political risk to adoption intention is – 0.024 at the significance level of 0.535 (which is greater than 0.05). So, there is no correlation between

political risk and adoption intention. It may be concluded that political risk has no influence on adoption intention.

Hypothesis 6

The estimated path coefficient of ease of use to adoption intention is – 1.001 at the significance level of 0.000 (which is less than 0.05). So, there is a significant negative correlation between ease of use and adoption intention. It may be concluded that ease of use has a negative influence on adoption intention. This means that with an increase in ease of use, adoption intention decreases and with a decrease in ease of use, adoption intention increases.

Hypothesis 7

The estimated path coefficient of privacy risk to adoption intention is – 0.280 at the significance level of 0.000 (which is less than 0.05). So, there is a significant negative correlation between privacy risk and adoption intention. It may be concluded that privacy risk has a negative influence on adoption intention. This means that with an increase in privacy risk, adoption intention decreases and with a decrease in privacy risk, adoption intention increases.

Hypothesis 8

The estimated path coefficient of time concern to adoption intention is 0.424 at the significance level of 0.000 (which is less than 0.05). So, there is a significant positive correlation between time concern and adoption intention. It may be concluded that time concern has a positively influence on adoption intention. This means with an increase in time concern, adoption intention increases and with a decrease in time concern, adoption intention also decreases.

From the above results and discussion, there is no significant correlation between service risk or political risk to adoption intention. But there are significant positive correlations between both financial risk and time concern to adoption intention.

Airbnb must be aware of these concerns if the business is to experience continued growth. The business model adopted by Airbnb relies on successful collaboration between the hosts and the guests. For the continual growth of the business, more persons must be willing to adopt the innovative technology and become hosts. For this to occur, Airbnb must assess the factors that determine the adoption intention among potential hosts and address any issues effectively. For instance, the study reveals that financial risk is one of the factors that increase adoption intention. One of the issues highlighted in the survey was lack of knowledge of how to process online payments by potential hosts. Airbnb can address the issue by offering training tailored to the hosts depending on their geographical location. Hosts will most likely be comfortable with using the service if the payments are processed through their most preferable payment method. The company can therefore, integrate more payment options or offer training on the available payment options on the platform. Airbnb has a cutting-edge platform whereby the security of transactions is guaranteed. A guest is required to make payments and reach an agreement with the host before receiving the accommodation services (Ikkala and Lampinen, 2015). This means that issues of failed or fewer payments have already been addressed. All the company needs to do now is create

awareness on how the system works in terms of payments for the hosts. Issues of taxation are beyond the control of the company, as tax laws are decided by the host's government. The only thing that Airbnb can do in the matter is to engage with the foreign governments and negotiate for favorable terms.

Security is one of the major issues of concern that Airbnb needs to address. There is a risk of guests engaging in theft, other criminal activity, and also a risk of physical abuse of the hosts if they live on site. Also, terrorists may disguise themselves as good guests and end up committing terrorist acts in the host's country. Airbnb may not have complete control over the guests regarding these issues; however, the company can integrate various control measures in the application process to assess guests before they can be allowed onto the platform. Some security concerns (such as the possible occurrence of fire) can only be addressed by the hosts themselves by ensuring that the area is safe and ready to be used by guests (for example, in relation to fire, supplying a fire blanket and extinguisher, having a mandated fire alarm are expected in developed country accommodation). Airbnb can assist the hosts in dealing with psychological concerns, such as the ones stated by the study participants. This can be achieved by taking the hosts through special training before they can start receiving guests. Hosts can be trained on how to deal with different types of customers for an easier stay. The organization already has a rating system in place, through which both guests and hosts can rate each other depending on how the stay goes. The rating system works as both parties try their level best to leave a good impression on the other (Oskam, 2016). A guest who receives a poor rating may have trouble finding another host, and a host who provides unsatisfactory services may find guests shying away from his/her services. However, the rating system does not assure that all guests will behave well and treat the hosts in the right way.

Issues of political risks are among the issues that Airbnb has partial control over. However, the company can still integrate control measures to minimize the negative effects of any political issues that may arise between the host and the guest. For instance, Airbnb can regulate the use of Airbnb in countries experiencing political instability. The issue of terrorists using Airbnb to seek accommodation in foreign countries is also a political issue that Airbnb can address in collaboration with the host country's government. The company should also enforce the established terms of use, which bans the use of Airbnb services for criminal activities. Concerns regarding ease of use can be addressed through training of the hosts on how to use both the website and the app. This can be achieved through the inclusion of training videos on the platforms, or having Airbnb specialists train the hosts. Airbnb should also guarantee the privacy of the users as there has been several cases of information breaches, which leads to losses for the users.

In conclusion, it is safe to say that Airbnb is considered a successful example of an innovative online service which has successfully studied consumer behavior and used it to enhance its services and promote its benefits. However, for the service to reach even greater heights, the aforementioned concerns must be addressed, and the advantages capitalized. This study has been able to answer the proposed question, validating eight of the hypotheses mentioned above.

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