

The Development of P2P Online Short-term Rental Market and Its Challenges

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Abstract: The P2P online short-term rental market originated in the United States and has developed rapidly in China. P2P online short-term rental platform mainly profits by means of annual fee, platform drawing, trading commission and custodian fee. Its business model has stronger social and family attributes, and its humanized characteristics are obvious, which is more in line with the spirit of sharing economy, and satisfies the individual needs of tenants. However, due to the scattered housing, the quality of the property and the quality of the landlord are also quite different, and it is impossible to provide hotel-standard accommodation products and services under the traditional B2P mode, so it also faces challenges such as security and trust.

1. Introduction

Along with the wave of the Internet technology revolution, the rapid development of information technology has provided strong technical support for various commercial activities. "Internet +" has broken the barrier between the real economy and the Internet. People's demands for convenience and quality of life, formalization of participation in economic activities, and consumption patterns have undergone tremendous changes. It is in this wave of technological innovations that the sharing economy has emerged as a new type of business model that has flourished. According to data released by Roland Berger, the total size of the global shared economy in 2018 is expected to reach \$520 billion [1].

With the diversification of consumer demand for accommodation, the traditional hotel accommodation industry can not fully meet the individual needs of users, online short-term rental based on this background came into being. As a typical representative of the fixed asset model, online short-term rent is an important branch of the sharing economy [2]. It refers to consumers who have short-term accommodation needs to use the Internet platform to search and query to obtain idle listing information, and the owner of the house. The operating platform or the owner of the building communicates and communicates, and pays part or all of the rent online to book short-term rental listings [3].

The online short-term rental market originated in the United States, represented by HomeAway, which was established in 2005, and Airbnb, which was established in 2008 [4]. HomeAway and Airbnb provide a platform for information publishers and renters to post and trade information and earn money by charging the landlord's commission or advertising and charging advertising models. Compared to standardized hotel accommodation, online short-term rental can provide consumers with a variety of housing, make full use of idle resources, and meet the tenant's individual needs (such as different accommodation experiences, social needs, etc.) [5]. In terms of market development, Airbnb is expected to become the next ebay, and the current market valuation has reached 10 billion US dollars. The success of HomeAway and Airbnb and the concept of the sharing economy have spawned the rise of the online short-term rental market [6].

China's online short-term rental market started in 2011. In April of that year, Airi short-term Rent was officially established in Beijing as the first online short-term rental platform in China. In the following few years, Tujia, Piglet short-term rent, Ants short-term rent, Wooden-Bird short-term rent, Global-Tour and many other online short-term rental platforms have been born like mushrooms. In recent years, China's online short-term rental market has also ushered in a golden period of development. According to Ire Consulting's statistics, the domestic online short-term rental market began to accelerate in 2012. The market transaction scale was 140 million yuan. As of

2016, it has reached 87.8 billion yuan. In just four years, the market size has increased by more than 60 times. It is expected that the transaction volume of the entire online short-term rental market in China will reach 169.6 billion yuan in 2018, as shown in Figure 1.

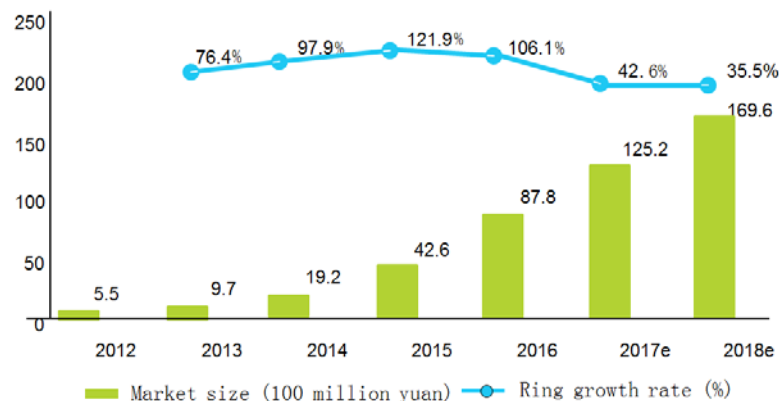


Fig.1. China online short-term rental market in 2012-2018 (Ire consulting)

2. The Business Model of the P2P Online Short-Term Rental Platform

The online short-term rental market is based on consumers' demand for non-fixed-mode accommodation experience. Thanks to their unique housing and service flexibility, online short-term rental can provide consumers with personalized customized accommodation services. Compared with the hotel reservation service, the online short-term rentals cover a wide range of types and have a variety of houses, such as special homestays, garden houses, forest huts, etc.; direct transactions with idle resources, low marginal cost and higher price attractiveness; The offline contact with the landlord can satisfy the consumer's certain social needs. Compared with the traditional offline short-term rent, online short-term rent has obvious advantages in terms of integrated resources, listing information display, and transaction credit guarantee mechanism. This is why online short-term rentals have risen rapidly around the world. Typical online short-term rental companies at domestic and abroad are shown in Table 1.

Table 1 Typical online short-term rental enterprises at domestic and abroad

Market model	Rental platform	Source of house	Profit model
B2P	HomeAway	Property Developer Housing agency	Annual fee Platform renting
	Tujia	Private housing based, Some personal resources	Trading commission 12% (landlord)
	ZiRu	Unified management and operation of integrating personal resources	Trusteeship fee Transaction Proportional Sharing
	YiDai	Apartment	Transaction Proportional Sharing
P2P	Airbnb	Individual owner	Platform drawdown 3% (landlord), 6%~12% (consumer)
	Piglet	Personal resources based Some second-hand landlords Inn, hotel apartment, etc.	Trading commission 10% (landlord)
	Ants		
	GlobalTour		free

At present, the operating modes of the online short-term rental platform mainly include B2P (managed by the platform) and P2P (operated by the individual). In the B2P mode, the online short-term rental platform mainly comes from real estate developers, housing agencies and government cooperation agencies. The short-term rental platform enterprises manage the houses

under the unified line and conduct transactions with consumers. The proportion of the proceeds from the ownership of the listing is divided; in the P2P mode, the individual landlord interacts directly with the consumer, while the online short-term rental enterprise focuses on the creation of the third-party platform, by formulating and standardizing the access and transaction rules. Build a short-term platform for information exchange and individual transactions, and profit from the method of collecting commissions or advertising fees.

Li Jialan (2016) believes that P2P online short-term rental refers to the new type of accommodation where the landlord uses the e-commerce trading platform to lease his idle housing to the tenants with accommodation demand and obtain certain compensation from it. The P2P online short-term rental platform connects consumers who are eager to get a local living experience with the landlord who has idle and vacant listings. To a certain extent, it satisfies the needs of interpersonal communication, social, interactive, personalized, and low-cost. Characteristics such as economic incentives make online short-selling, an emerging business model with its own unique appeal and strong competitiveness. The P2P online short-term business model is shown in Figure 2.

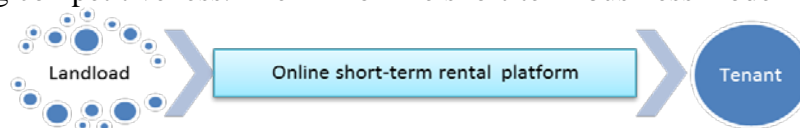


Fig.2. P2P online short-term business model

In the B2P mode, the online short-term rental platform obtains the houses in all directions in batches, and forms a unified operation management system and implementation standards in terms of housing facilities and service processes, which can better realize the efficient docking of the upstream and downstream of the accommodation market. To a certain extent, to ensure the quality of accommodation for consumers. Different from the B2P transaction mode, under the P2P online short-term rental situation, the short-term rental platform cannot provide standardized accommodation products like hotels, nor does it form a standardized service system. The degree of decentralization of the houses is large, and the quality of the houses and the quality of the landlord also exist. Large differences, but this kind of accommodation service model derived from individual owners has stronger social and family attributes, and the characteristics of humanization are obvious, which is more in line with the spirit of sharing economy and conforms to the future development trend.

3. The Challenges Facing the P2P Online Short-Term Rental Market

Similar to the traditional C2C market, information asymmetry between the two sides of the transaction is one of the characteristics of the online P2P market. The typical market of online short-term tenancy as a shared economy also faces many potential risks brought about by information asymmetry. In the traditional C2C market, merchants will provide as much detailed information as possible to increase the potential consumers' understanding of the products. However, due to factors such as related interests and trading environment restrictions, the information asymmetry in the C2C market cannot be completely Obtained, the authenticity of the description information provided by the merchant to the consumer, and the consistency between the consumer's access to the information and the merchandise greatly increase the degree of information asymmetry between the two parties. In addition, compared with the traditional C2C market, the difference of P2P online short-term rent is also reflected in the following two aspects: (1) Online short-term rent as a new type of P2P business, mainly related to the supply of services, merchants provide to consumers An experiential service, and the service is an intangible experiential commodity, characterized by the simultaneous generation of consumption and service, which is inseparable, and their quality cannot be verified before consumption; (2) online The services provided by short-term rentals are usually completed in subsequent face-to-face interactions, and the direct interaction following online transactions makes the service provider a part of the overall experience, which may be the most between P2P online short-term rental and traditional C2C

market. Significant differences. Compared with the traditional C2C market, in addition to property damage, consumers may also face the threat of personal safety, these are the challenges faced by P2P online short-term rental. For example, sofa surfing provides a way to free boarding in a stranger's home, but simply sharing a home with a stranger is a big risk.

The issue of trust is the biggest obstacle to the unfamiliar trading between buyers and sellers, especially in the online short-term rental industry. Trust is the cornerstone of its healthy development, the basis for the formation of good relations between the two parties, and an important factor in user decision-making. Online short-term users must bear more risks than the currency loss in the traditional P2P market. An unfortunate example is Mike Silverman's experience. During his stay in Salta, Argentina, he was attacked by Airbnb landlord Rottweiler, which eventually led him to stay in the hospital for two nights. In addition, the more extreme case occurred in Madrid, where a 19-year-old boy was reported to have suffered sexual abuse by Airbnb landlords. As described in these cases, due to the nature of the online short-term rental service experience, consumers must bear the various potential risks associated with information asymmetry in the shared economy. In contrast, there are also landlord victims on Airbnb, and it is not uncommon to encounter various problems after renting a house. A landlord named King rented a family home. The tenant originally agreed to buy a house with only 4 people. The result was that hundreds of friends came to the landlord's home to scream at the carnival, which not only caused neighbor complaints, but also appeared fighting behavior. As the risk uncertainty increases, the trust between the two parties is particularly important, and each party chooses a party with a stronger trust perception to trade.

4. Conclusion

Many companies in the shared economy are also aware of the importance of trust. Third-party trading platforms often rely on the establishment of a reputation mechanism to enhance the trust of both parties. As we all know, online commentary plays an important role in the popularity and success of traditional e-commerce. Comments help inform future consumers and reduce the uncertainty of shopping experience. In theory, hundreds of usability reviews provide customers with more information, but it also causes problems such as information overload. Consumers typically only need a small number of useful reviews, and many online retailers provide the mechanism that customers think is the most helpful comment-online scoring. It is also playing an increasingly important role in the decision-making process of consumers purchasing products and online short-term rental.

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