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Switching paradigms: from Airbnb to Fairbnb.coop. Designing impactful social economy business models

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Abstract

To provide a better understanding of the management of sharing platforms, and based on the analysis of the sharing economy and Social and Solidarity Economy (SSE) ecosystems, this research, focused on accommodation sharing platforms, explains how Fairbnb.coop, a platform cooperative, was born as an impactful social economy business model. This model mitigates the negative impacts that are arising with the exponential expansion of Airbnb, including innovative solutions where local communities and society are prioritized.

Keywords: sharing economy, Social and Solidarity Economy, Business model, accommodation sharing platforms

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During the previous economic crisis, new business models were developed for the sharing economy and Social and Solidarity Economy (SSE) to address the social and economic problems that society was facing. These models, based on collaboration and innovation, have changed the way firms interact with consumers, fostering synergies between different stakeholders and including them in the decision-making process.

The sharing economy has made it possible to create new business opportunities through the exchange of goods and services between individuals in exchange for compensation, mainly with the use of digital platforms. In recent years, the exponential growth of sharing platforms has impacted society in social, economic and environmental terms, in different ways. At present, the main discussion around their sustainability is whether the initial motivation for sharing is still real (Geissinger et al., 2019).

The SSE, with a similar collaborative perspective, has become an alternative to classical business models, with a focus on providing solutions to social problems (Díaz-Foncea et al, 2016). The design of impactful social business models is based on a person-centred approach including specific characteristics such as participative governance, community commitment or distribution of benefits between members and society, rather than profit maximization.

Specifically, the hospitality sector was one of the sectors most affected by the expansion of accommodation sharing platforms, with Airbnb as the main contributor, competing with hotel chains and changing the way of travelling. Opinions are mixed about the impact of Airbnb and some negative impacts have been identified. To encounter these negative impacts, Fairbnb.coop, a cooperative platform within the SEE has emerged, switching paradigms by offering innovative & impactful solutions   to ensure the sustainability of these types of platforms.

Ecosystems of the sharing economy and the Social and Solidarity Economy

The way to compete in the current business world has changed drastically, with new types of interactions and the inclusion of consumers in the decision-making process. Consumers are now capable of exchanging both positive and negative opinions about organizations and governments directly through social media, and reaching a critical mass of opinion to influence institutions and governments is now easier than ever before (Jansen, 2018).

New ecosystems are emerging thanks to the combination of innovation and collaboration throughout the whole value chain, where organizations and users need to collaborate to succeed in applying their complementary knowledge (Jansen, 2018). To this end, ecosystems are sustained by three main pillars: 1) dynamic and co-evolving communities, 2) value creation and 3) collaboration and competition.

The initial concept of the sharing economy was linked to the pursuit of a more sustainable use of resources (Richardson, 2015). It sought a decrease in resource consumption by sharing instead of owning. Moreover, the digital dimension of the sharing economy has opened up new possibilities and practices in the traditional economy, disrupting different sectors such as hospitality, education or mobility through the creation of peer-to-peer

platforms. The users' motivations are not only related to profit but also to altruistic values such as reusing assets or helping others, resulting in a more sustainable lifestyle.

In the Social and Solidarity Economy, the concept of ecosystem helps to understand the interaction between different stakeholders. Social ecosystems are innovative in their management, where each member has different responsibilities and contributions (Sharmelly & Ray, 2018). In this kind of ecosystem, social enterprises and organizations prioritize social objectives and value the principles of participatory governance, shared ownership and sustainable and inclusive economic development (Saner et al., 2018).

The digitalization of the SSE has created new business models, such as the "platform cooperative" (Scholz & Schneider, 2016), which include two new major innovations compared to traditional cooperatives: 1) transactions made through online platforms and mobile apps and 2) an increase in efficiency in the collaboration between own members and other cooperatives. Additionally, one of the main issues that the SSE suffered from was the difficulty of scaling, and digitalization has enabled cooperatives to scale and to guide the economy towards a more just and equitable society.

Previous studies have introduced the Social Economy Continuum (SEC) as a practical tool for measuring each organization's degree of sharing and exchange (Petruzzi et al., 2021) and will be considered in this research comparing Airbnb and Fairbnb.coop. The continuum is divided into two opposite sides: a) the left side of the continuum is related to pure sharing (focused on social concerns) characteristics - social bonds, sense of joint ownership, dependent, similarity to real sharing, social reproduction, singularity, sustainability and underutilized resources while the right side is associated with pure exchange (focused on economic gains) characteristics, such as reciprocation, money relevance, money importance or calculation.

Although there are theoretical similarities between the two ecosystems in terms of sharing and collaborative interaction, in practice, platform cooperatives could be the way forward to ensure sustainability and solve current disparities in the sharing economic models.

Airbnb: the initial concept of the sharing economy

As one of the main sectors of the sharing economy, accommodation sharing platforms have disrupted the traditional hospitality sector with Airbnb as their most successful example. Its business model is based on a peer-to-peer (P2P) technology platform connecting hosts, who choose to advertise their accommodations on the platform, and guests, who book these accommodations anywhere in the world.

The platform connects the different parties by offering a 24/7 support service to allow hosts to monetize their spaces, passions and skills. Hosts first register their details and their accommodation, which is subsequently rented by guests. Both parties have to pay a commission to Airbnb, as a service fee which is different in each case.

The concept of the sharing economy in Airbnb focuses on a business model based on the participation of a community, contact and exchange between individuals, eliminating the boundaries between users, interacting through the use of the digital P2P platform, as well as including other online experiences, such as excursions, cooking classes, tango dancing, etc..

Airbnb's business model produced structural changes in the way of connecting, allowing anyone to become a host with a click. Digital platforms make it possible to connect customers with any type of service or product. It is also important to emphasize both the

positive and the negative impacts on cities and the potential regulatory issues that have arisen (Oskam and Boswijk, 2016).

In the case of Airbnb, the performance of the sharing economy through community, access and collaboration (Richardson, 2015) is latent. The creation of a trusted platform that connects host and guest markets allows them to communicate. Furthermore, both hosts and guests consider that social interaction and the possibility of having a more real experience are a substantial reason to join the community, and the desire for social interaction is considered one of the main growth areas of this phenomenon (Richardson, 2015). In terms of access, the platform offers the possibility of paying for short-term access instead of ownership. The economic interest of the platform is on both sides, with guests considering Airbnb as a cheaper option due to the fact that, compared to the hotel sector, they have low staff costs, while fixed costs such as electricity are covered. For hosts, the possibility of earning extra income is the most important reason for joining the platform.

Digitalization has allowed transactions to occur in a simple manner and at a reduced cost which, coupled with the power of the network, has allowed it to be easily scalable. Additionally, the security provided by Airbnb both inside and outside the platform, the guarantee to the host and the review system have improved trust in the platform.

Although sharing economy platforms started out with positive motivations, there are various contradictions within the definition, along with mixed impacts on stakeholders (Richardson, 2015).

Return of the sharing economy to the traditional economy

The main discussion around the sustainability of the sharing economy is whether the initial motivation for sharing is still real (Geissinger et al., 2019). Several paths of the sharing economy emerged with its expansion, such as the separation between access and owners, the introduction of individuals and companies operating inside platforms as professionals, and businesses and users using platforms only for profit (Gessinger et al., 2019), causing the model to deviate from its initial sustainability approach.

Among the major issues concerning Airbnb are regulatory and legal ones, with the emergence of local legislation and taxation laws due to the fast evolution of the technology (Varma et al., 2016). Furthermore, the switch to a financial focus has also been latent. The integration of commercial host profiles, representing companies, has broken with the initial objective of collaboration and has generated different problems. Commercial hosts compete with potential residents in the housing market, causing an increase in rental prices (Oskam and Boswijk, 2016) and the consequent gentrification of central areas of cities.

For example, cities like Amsterdam or Barcelona have identified these problems and have started to implement various measures to protect residents, such as setting a fixed number of days or forbidding unregistered hosts   in order to ensure the limitation of multi-listing hosts. Additionally, several cities like Berlin, Paris or New York City have brought in new regulation policies (Kafel, 2019) to protect property supply and rental fees.

The overcrowding of tourism and the consequent increase in demand for accommodation-sharing platforms have led to an increase in prices and a change in the perception of residents and visitors (Chamarro et al., 2021) in mature destinations with high use of these platforms. The continued expansion of accommodation-sharing platforms raises doubts as to whether they are tending more towards the traditional than the sharing economy, and new initiatives for the social and solidarity economy are arising to fill this gap.

Fairbnb.coop: Platform cooperatives to tackle the negative impacts of the expansion of the sharing economy.

In 2016, as a result of the issues generated by accommodation sharing platforms, a social movement called Fairbnb was initiated in order   to foster sustainable tourism by creating an alternative to these platforms in cities like Venice, Amsterdam and Bologna, three cities with high tourist numbers. At the end of 2018, after various groups joined the movement, the cooperative Fairbnb.coop was created with the aim of serving as the legal entity of the collective project, the aim of which was to limit the negative impacts of tourism while exploiting its full potential.

Under the social economy paradigm, the platform pursues the initial objectives of Airbnb, namely sharing assets, connecting guests with hosts and boosting social interactions, including with the local communities. The founders considered that three main negative aspects of the existing platform needed tackling: 1) lack of regulation, 2) cost for the local community and 3) the decision-making process.

The cooperative platform includes new social innovative solutions based on responsibility and transparency, local added value, democratic governance and collective ownership (Petruzzi et al., 2021). To solve the issue of the lack of regulation, the platform complies with local and regional legislations, sharing reservation data with the authorities to help them regulate the industry, and always respecting privacy and security policies to protect members of the platform. Additionally, to mitigate the negative aspects on local communities, fifty percent of commissions charged are allocated to social projects selected by the community to generate a positive impact. In response to multi-listing issues, they created a policy called "one host - one home" to avoid commercial advertisements and price speculation.

Within the cooperative model, decisions are made collaboratively under a distributed governance to decide upon the management of projects and the platform, while the profits generated by the platform are redistributed to members. Furthermore, the platform does not charge commission to hosts to engage in the cooperative, and allows each member to participate in the community through different roles (Fairbnb.coop, 2021), becoming a key partner, funding the platform through crowdfunding, or starting local nodes with neighbors and local entities.

Fairbnb.coop pursues Airbnb's initial sharing economy goal, connecting hosts and guests, facilitating unique travel and socially beneficial exchanges with different stakeholders integrated into the cooperative platform.

As regards the Sharing economy Continuum (SEC), previous studies have analysed Airbnb and Fairbnb.coop by positioning them in the continuum, with Airbnb more closely aligned with the exchange side (Petruzzi et al., 2021) and Fairbnb.coop more closely aligned with the sharing side, demonstrating that Airbnb has switched from the initial sharing concept toward an economic focus.

As the platform is still in its initial phase, there are certain aspects that Fairbnb.coop needs to address to be able to scale and be considered a potential competitor of Airbnb with social objectives.

	Initial Airbnb	Airbnb with commercial hosts	Fairbnb.coop
Main motivation for use	Social and economic balance	Mainly profit	Social objectives
Sharing Economy Continuum	Sharing side	Exchange Side	Sharing side
Regulation	Lack of local regulation on accommodation sharing platforms	New local regulation on Airbnb but difficult to comply with	Compliance with local and regional regulations
Price	Extra income for hosts and cheaper option for guests	Profit maximization and professionalization, negatively affecting the housing market and increasing rental prices	Commission redistribution
Local communities	No power to affect local communities and residents	Displacement of residents and shortage of housing options due to short-term rental options	50% of commission to local community projects
Multi-listing	No initial multi-listing profiles	Professionalization and businesses operating on the platform	Policy of 1 host 1 house

Table 1. Comparison of initial Airbnb, Airbnb with commercial hosts and Fairbnb.coop

Conclusion

As the sharing economy and social economy are here to stay, it is important to analyze them to find a way for them to coexist with other traditional business models. Considering the importance of the sharing economy, there are some issues, such as the introduction of individuals and companies operating inside platforms as professionals and users using platforms only for profit that need to be adjusted to maintain the sharing economy status of platforms. To do so, the Social and Solidarity Economy   adopts the collaborative and social side of the sharing economy and mitigates the negative impacts that have arisen due to its exponential growth.

In the case of Airbnb, the displacement of residents and the regulatory and legal issues are the main concern; if Airbnb wants to continue to be considered as a sharing economy platform, the paradigm shift whereby it is no longer fully sharing-oriented must be

understood. Additionally, the emergence of Fairbnb.coop as a new competitor may attract users seeking a more sustainable offer.

This research shows that new initiatives and platforms for the social economy such as Fairbnb.coop   could be extrapolated to other ecosystems, thereby improving local conditions and ensuring social and economic equilibrium.

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