Pricing strategies on Airbnb: Are multi-unit hosts revenue pros?


Abstract
This study examined the effects of pricing strategies, including price positioning and dynamic pricing, on an Airbnb listing’s revenue with a particular interest on the performance difference between multi-unit and single-unit hosts. A series of econometric analyses were performed using a dataset of 320,243 listings managed by 216,058 hosts in 10 major U.S. markets across a longitudinal period from October 2014 to July 2017.

Methods
To test the proposed hypotheses, the authors obtained the data from Airdna (www.airdna.co), a research company that provides trusted data and analytics services about Airbnb. The data includes the monthly revenue performance of the listings, as well as the characteristics of both the hosts (e.g., host type) and the listings (e.g., price) in 10 major Airbnb markets in the U.S., which are also the top metropolitan statistics areas with largest populations and gross domestic products (GDPs) in the nation.

Results
The results suggest while price positioning and dynamic pricing have positive impacts on an Airbnb listing’s revenue performance, a multi-listing host performs better than a single-listing host in driving a listing’s revenue, through (a) positioning a listing at a higher price than the average listing price in a neighborhood and (b) adopting less dynamic pricing strategies.

Conclusion
This study identified a few significant relationships among price positioning, dynamic pricing, host type, and an Airbnb listing’s revenue performance.