IN THIS CHAPTER

» Understanding what Airbnb is at its core

» Finding out why people love Airbnb

» Considering common hosting questions and misconceptions

Chapter 1

The Lowdown on Airbnb, Just the Basics

Airbnb is a home-sharing platform born in the early 2000s that now offers more listings than all the top five hotel brands in the world combined. It started out as two guys hosting friends and guests on an air mattress in a San Francisco living room. They didn't know at the time that they were starting a wave that would spread across the world, where people could open their homes and properties to travelers seeking a more personal stay. If you're reading this book (and clearly you are), more than likely you're interested in listing your property on Airbnb to meet interesting new people and make money at the same time.

If so, you've come to the right place. Consider this chapter your jumping-off point into the world of Airbnb hosting. Here we dive into the lowdown on Airbnb and share just what you need in order to understand how Airbnb works so you can start hosting.

Looking at the Big Picture

Airbnb is a marketplace to connect people who are looking to stay at someone's property with someone who has said property and is looking to have people stay there. It's a community for both guests and host to connect with one another.

Airbnb provides the front-end and back-end tools to easily and effectively connect the dots.

These sections clarify a few ideas behind Airbnb a bit more, including what a sharing economy is, what short-term rentals are, and what you need to start hosting.

The sharing economy — putting underutilized resources to use

A *sharing economy* is defined as an economic system in which assets or services are shared between private individuals. This system can be free or require a fee and typically occurs over the Internet. These transactions are effectively consumer-to-consumer rather than the more traditional business-to-consumer. It's a whole economy run by consumers rather than big corporations.

In other words, individuals connect with one another to share (either for free or for a fee) different assets or services. Individuals typically already have these assets and services at their disposal.

PAVING THE WAY: THE ORIGINAL SHARING ECONOMY

Although Uber and Airbnb were arguably the first companies to popularize the sharing economy, several other companies came before them in the sharing economy space.

In 2008, there was Taxi Magic. Taxi Magic was Uber before Uber was Uber. However where Uber gained widespread success and was adopted nearly worldwide, Taxi Magic was a failure.

Many other companies tried to make the sharing economy happen and operated in that space. Back before Uber and Airbnb became successful, the idea of getting into a stranger's car so he could drive you somewhere or staying in a stranger's house was crazy. It was a scary and ridiculous idea.

Today, you likely don't think twice about requesting an Uber and getting into a stranger's car. Most people are completely open to booking an Airbnb and staying with a stranger. Uber and Airbnb paved the way and normalized the idea of the sharing economy among the masses.

Examples of this sharing economy have become widespread today. Uber and its main competitor Lyft are prime examples. People take advantage of an asset they possess (their car) and a service they can offer (the driving of that car). One individual is providing that asset and service and another individual is benefitting. It exists entirely between two private individuals. Uber or Lyft provide the marketplace for those interactions and transactions.

Airbnb acts the same in bringing together homeowning individuals (or anyone with a spare space) with other individuals who are looking for that asset (an accommodation) and service (a night to stay and someone to host them).

Consider two strangers trying to find one another in the world and all the circumstances that would need to line up for them to successfully do that. Instead, Airbnb acts as the marketplace that allows these individuals to find and connect with one another. It makes facilitating that transaction quite easy.

Understanding what short-term rentals are

Airbnb is an online platform that allows hosts to make their space available to guests who are seeking short-term rental accommodations. *Short-term rentals* are accommodations that meet the following:

- **Furnished:** The space must be furnished with the basics that guests would need and expect when staying overnight somewhere. Guests will need a place to sleep, not just a barren room. Refer to Chapter 4 where we discuss what necessities to include.
- **Transient occupancy:** Under most regulations a short-term rental is defined as a stay that lasts for less than 28 or 30 days. This definition may change slightly depending on the location, but essentially it's any stay that lasts for less than one month.

In other words, a short-term rental is when guests are staying for a short, fixed time period and for a specific purpose. They're visiting your city and want to stay at a property for a couple days or weeks to see the city, attend a conference or event, conduct business, or visit family and friends.

Knowing what you need to host

In order to host on Airbnb, you need the following:

- **A space:** The first and most important aspect to hosting is having a space. This space can range from an air mattress in your living room to a tree house or an entire property. Essentially, it's anywhere someone can sleep that you can post on Airbnb. You need to be able to define your space so people don't come to your mattress expecting a castle. However, you can truly list any spare space on Airbnb. Chapter 4 covers everything you need to know about getting your space setup for Airbnb. Chapter 5 discusses how to word your Airbnb listing so that guests arrive with the right expectations.

- **A listing:** Before you can host, you need to create a listing for that space on Airbnb. This listing tells guest what to expect and highlights the space. Chapter 5 gives you tips for making your listing stand out. In addition, your listing sets the rates so people can book the space for the time period they want and for a specific price. Just as important, your listing includes photos of your space. Including photos that capture the essence of your space is important. Check out Chapter 6 for in-depth advice about what you need to do to ensure your photos stand out and get prospective guests' attention.
- **The right tools:** Having the right tools make hosting on Airbnb much easier. In Chapter 9 we discuss several different tools, both hardware and software, that will make tasks like messaging guests, pricing your listing, and checking guests into your space much less time consuming.
- **The right methods and strategies:** You need an actual system that contains different methods and strategies to best perform as a host. With this base knowledge you continue discovering what hosting entails. Consider learning how to drive. In order to drive, you first need to have a car, but you also need to know how to drive that car. Similarly with Airbnb, if you have a space and a listing, you also need to know how to combine the two and make them work together. In other words, you need to know how to continually operate your listing to the best of your abilities with no issues. Throughout the rest of this book, our goal is to show you those strategies so that you can host successfully without needing to learn through trial and error.

Recognizing the Benefits of Airbnb as a Platform Compared to Its Competition

Airbnb has several benefits compared to the many of the other short-term rental platforms. Keep these in mind if you're considering hosting on Airbnb:

- **Airbnb is an established and recognized brand name.** When people think of vacation rentals or home sharing, it's usually synonymous with Airbnb. That means that millions of people go to Airbnb to book their stays. By listing on

Airbnb you're getting exposure to the greatest number potential guests looking at your property.

- **Airbnb protects you and your guests by offering a $1 million insurance policy.** This means that any damage a guest causes in your space when booking through Airbnb should be covered up to $1 million. In Chapter 4 we discuss insurance in more detail.
- **Airbnb's platform is user friendly.** The platform helps you organize and set up your listing for bookings with its easy-to-use profile and helpful back end that allows you to track all your important metrics. Chapter 5 walks you through how to use Airbnb's platform to create the perfect listing.
- **Airbnb has built-in communication and booking features that simplify communication and reservations between you as a host and all your potential guests.** Guests can both book and pay directly through the platform and Airbnb processes all payments and holds the security deposits. By releasing you from worrying about or tending to those responsibilities, you can focus on hosting.
- **Airbnb has low fees for hosts.** Airbnb charges relatively low fees when compared to other similar platforms, and most of the fees are charged to guests. This means that most of what you charge to guests will end up in your pocket. We discuss how to set the right price for your listing in Chapter 7.

AIRBNB — THEN VERSUS NOW

In the early days of Airbnb the company hosted guests with air mattresses in apartment living rooms. Today, Airbnb has more than six million listings worldwide, ranging from luxury mansions to tree houses and apartment living rooms. The platform gained traction during the recession in 2009 with the company name coming from the idea of an "air bed and breakfast" — a play on the traditional bed and breakfast by including an air mattress.

Founders Brian Chesky, Joe Gebbia, and Nathan Blecharczyk rented out an air mattress set up in their living room for $80 per night. They realized there was a need for affordable accommodations apart from hotels or budget motels. They also found that most people have extra space in their homes that could easily house a guest.

It was a need with a clear solution, and both groups stood to gain. The traveling guest would pay an affordable rate for a place that wasn't being utilized and the host could utilize and capitalize on that spare space while deriving an income from it.

- **Airbnb allows for almost any type of listing.** Got a yurt in the backyard? A spare bedroom? An entire villa? Unlike a lot of other platforms, Airbnb allows you to list just about any space you have and not just an entire home or apartment. In Chapter 4 we cover how to set your space up for Airbnb, and in Chapter 16 we discuss nontraditional listings.
- **Airbnb hosts look out for each other.** Whether through real life meetups or through online forums, Airbnb hosts from all around the world share their hosting triumphs and tribulations with each other. Complete strangers are eager to help new hosts troubleshoot and otherwise get them on better footing. By becoming an Airbnb host, you're joining a welcoming global community.

Answering Common Questions That You as a Potential Host May Have

Whether you're curious about the types of guests and how to properly screen or have a fear of letting a stranger into your home, this section provides answers to your most pressing questions. Many now-passionate hosts at one point would have never considered renting out their personal apartments or vacation homes. Oftentimes after they realized how the Airbnb systems create a safe, enjoyable, and successful experience, they were eager to commit to and later enjoy hosting. As an aspiring host, you may have been wondering about a lot of the answers to these questions. Keep reading to see.

Why would I allow strangers into my house?

The best reasons to let strangers into your house is that they're willing to pay to stay in your unused space and you can meet cool people:

- **Generate additional income.** Making more money is the main reason most people start hosting. By taking a spare space in your home and offering it to your guests, you can bring in more money. Even better, the additional income you can make is disproportionate to the time you'll spend on hosting responsibilities. You're leveraging a little of your time for tasks like cleaning or guest communication, but mainly you're leveraging an asset that otherwise is unutilized. In Chapter 3 we show you how to determine your listing's profit potential.

HOW AIRBNB ALMOST NEVER GOT OFF THE GROUND

When Airbnb began, it didn't immediately experience widespread acceptance because the idea seemed so crazy that nobody thought it would work. The concept of strangers staying in other strangers' homes was weird and scary. The founders didn't have a seamless launch; they were maxing out credit cards by the dozen to keep the idea afloat.

At one point, they had completely run out of cash and were desperate to sustain their company. They brainstormed some ideas to use at the 2008 Democratic National Convention to raise some funds for their scrappy start-up. They started packaging and selling "Obama O's" and "Cap'n McCain" cereal at the convention.

They'd run around to stores buying cereal, repackaging it in their own Obama O and Cap'n McCain containers and quickly selling it. The campaign went viral and gained more success than Airbnb at the time. The $30,000 profit sustained them so that they didn't run out of money again before finding success.

While pitching Airbnb, the founders were laughed out of the room more than once. Today it's hard to believe that Airbnb was initially widely criticized and misunderstood.

» **Meet interesting people from all around the world.** By hosting strangers you can meet interesting people, many who are from a different background or walk of life. They're coming from a different part of the world and have their own set of experiences. You can share part of your neighborhood and world, offering them tips of what to see and do. You can even build long-lasting relationships. In Chapter 11 we discuss what it means to be a great host, not the least of which is caring about the relationships you establish with each guest.

Is it safe to host on Airbnb?

There are some common misconceptions about Airbnb, most prominently of which is the nightmare guest. Stories of nightmare guest experiences can be a huge deterrent to hosting guests in your space. However, these stories serve as the exception rather than the rule.

Many people have the idea that if they host on Airbnb their property will get absolutely trashed. They believe the guests will be awful and there's a huge risk of parties where people will burn your house to the ground.

However, that's the exception and an anomaly. Recently, Airbnb welcomed its 500 millionth guest. It's understandable that among half of one billion guests there would be some stays that didn't go as planned. Yet when you look at the percentage of terrible stays, they make up the tiniest of amounts. Barely a fraction of 1 percent of all stays result in any kind of major issue or damage — far from the norm. And, you can prevent these rare incidents from happening.

Airbnb has developed several safety features to ensure that hosting is safe and secure. Here are some of these features you can take:

- **Hosts and guests never exchange money.** All money is exchanged directly through the platform. Because Airbnb acts as an intermediary, there's no way to get scammed as either a guest or a host.
- **Hosts can see prospective guests' profiles and require that guests show a government-issued photo ID.** A government-issued photo ID can include a passport or a driver's license. Guests also can offer other verifications, such as a personal email address, a work email address, a phone number, a Facebook account, and a photo. You can reach out to guests who make reservations and ask questions such as who they are and why they're staying in your area. If guests haven't provided these verifications, you can ask them to do so, making it safer depending on your level of comfort.
- **Hosts can set their own booking preferences.** As a host, you can set your own pricing and minimum stay requirements so that you attract the right types of guests into your space. We discuss this more in Chapter 7.
- **Hosts can make their own rules.** As a host, you can create House Rules that make it clear to guests what is and isn't allowed. In addition, you can set your own security deposit so that guests have a financial stake in following the rules. We cover House Rules and security deposit specifics in Chapter 5.

Is my property suited for Airbnb?

In general, the answer is overwhelmingly yes. You can list almost any property on Airbnb. Here are two considerations for listing your property on Airbnb:

- **An accurate listing:** You need to make sure you're listing your space accurately on Airbnb. You don't want guests showing up to your air mattress when they were expecting a castle. You must start by setting up the expectation with an accurate description for your property.
- **The bed and the space:** You must have something considered to be a bed and it must be in a private or common space. A private space can range from a private bedroom to an entire house or apartment. On the other hand, a

common space can be any room in a space that is shared with other people. For example, the minimum listing is an air mattress in a common space, such as a living room. However, consider that how well the listing performs is up to you and up for question. Success varies wildly from place to place and depends on the guest you're trying to attract. You may want to add amenities to your property to make it better suited for success on Airbnb.

Is it legal to host?

Legally hosting on Airbnb depends entirely on where you're hosting. Each municipality has its own set of regulations, so check with your jurisdiction to ensure you're compliant with the law. If it's legal to host, then an area typically has no regulations so you can do whatever you want. However, certain areas may make hosting on Airbnb outright illegal. Other jurisdictions have different criteria that make hosting legal as long as you follow certain requirements, such as the number of days per year you can host.

TIP

Do your research for your specific municipality. The best place to start is to search online for "regulations on short-term rentals and Airbnb hosting" in your area.

Am I suited to host on Airbnb?

If you're ready to take on the commitment and responsibility of hosting and you have the space for it, you're suited to host on Airbnb.

Go into this experience with your eyes wide open to the reality of hosting and welcoming guests into your home. Here are some important factors to consider:

- **Your property cleaning and upkeep:** When your guests make a reservation to stay in your listing, they expect a clean and well-maintained property. Chapter 14 discusses the importance of maintaining and cleaning your property.
- **Your personal bandwidth:** Decide how much you're willing to communicate with guests and answer their questions. Guests expect you to answer their questions and be relatively quick to respond, so you need to be ready for that. Depending on your property, expectations may also be quite different. For instance, guests booking an air mattress for $10 per night more than likely have much lower expectations than guests booking a private villa for $800 per night. Chapter 9 discusses a few ways to ease the burden of communicating with guests.
- **Your lifestyle, including noise levels:** If you're hosting guests in the space where you live, consider how often you'll be around and available for guests.

Also consider how much noise you typically make in your home. Guests expect at a minimum that you won't disturb their sleep, so if you plan on having friends over every weekend, you may need to reconsider. We discuss all the key elements to a perfect guest stay in Chapters 11–13.

What if a guest gets hurt?

If you provide a well-maintained property, the likelihood of your guests getting hurt is low. Nevertheless, you want to make sure you have the proper insurance to protect you whether a guest suffers an injury or your property is damaged. Airbnb's $1 million liability insurance policy protects you as the host in the event of any damages or any issues.

TIP

Don't depend solely on Airbnb's policy. Research Airbnb's liability insurance policy and find out what it does and doesn't cover. Speak with your local insurance agent and make sure you have all the protection you need for your specific situation. We walk through the specifics on getting proper insurance in Chapter 4.

What is the difference between couch surfing and Airbnb?

The main difference between Airbnb and couch surfing is money. On Airbnb you're charging money for your space while on the Couch Surfing platform, you aren't charging money. The adage "you get what you pay for" accurately explains the difference between the two.

Because the guest isn't paying for anything when couch surfing, the guest can't have any real expectations for the space the host has provided. The guest can't expect the space will be clean. The guest can't expect washed sheets or soap. Oftentimes the host has those things, but nothing is guaranteed. There's also no guarantee that the host will message the guest back on Couch Surfing because the platform runs that way. Airbnb is completely the opposite. A guest on Airbnb is looking for more stability, more guarantees, and an overall more organized experience. This guest is open to paying money to get those additional benefits.

Couch Surfing is for a specific type of host and guest. If you're a host who doesn't care about making money and wants the least amount of commitment while still meeting cool people, then Couch Surfing may work for you. If you're a host who wants additional income and desires more organization with your planning, then Airbnb is a better option.