Racial Discrimination in the Sharing Economy: Evidence from a Field Experiment

Ben Edelman, Michael Luca, and Dan Svirsky

The internet in 1993

The internet in 2015

Booking at Marriott

Courtyard New Haven at Yale

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COURTYARD® Marriott

OVERVIEW PHOTOS AMENITIES ROOM TYPES

At Yale University in historic York Square, the Courtyard by Marriott at Yale is located at 30 Whalley Avenue, in the heart of downtown New Haven, Connecticut. Close to the Yale Bookstore, Payne Whitney Gym, Yale Bowl, Toad's Place, and Chapel Street.

View Hotel Website

Key Amenities

- High-speed Internet
- Free high-speed Internet
- Fitness center
- Business center
- Restaurant on-site
- New Lobby
- Parking
- Meeting/event space

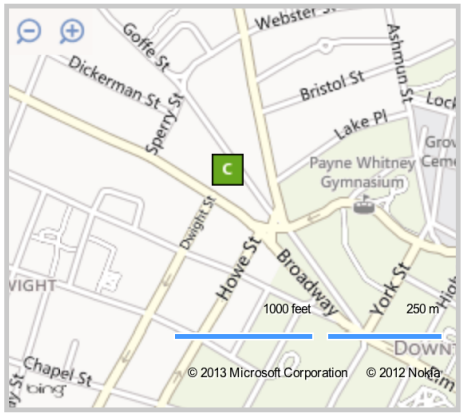
About Courtyard Hotels

Courtyard provides all of the essential services and amenities you need to be successful on your trip. And we are evolving our product every day to meet the changing needs of today's travelers. From new lobby spaces, to enhanced food and beverage options, Courtyard wants you to make the most of your stay. (Amenities may vary by location.)

From **139** (USD) per night

View Rates

Return to search results



30 Whalley Ave
New Haven, CT 06511, USA
1 203-777-6221

Booking at Airbnb

$145

Check in mm/dd/yyyy

Check out mm/dd/yyyy

Guests 1

CONTACT ME

SAVE TO WISH LIST

Saved 24 times

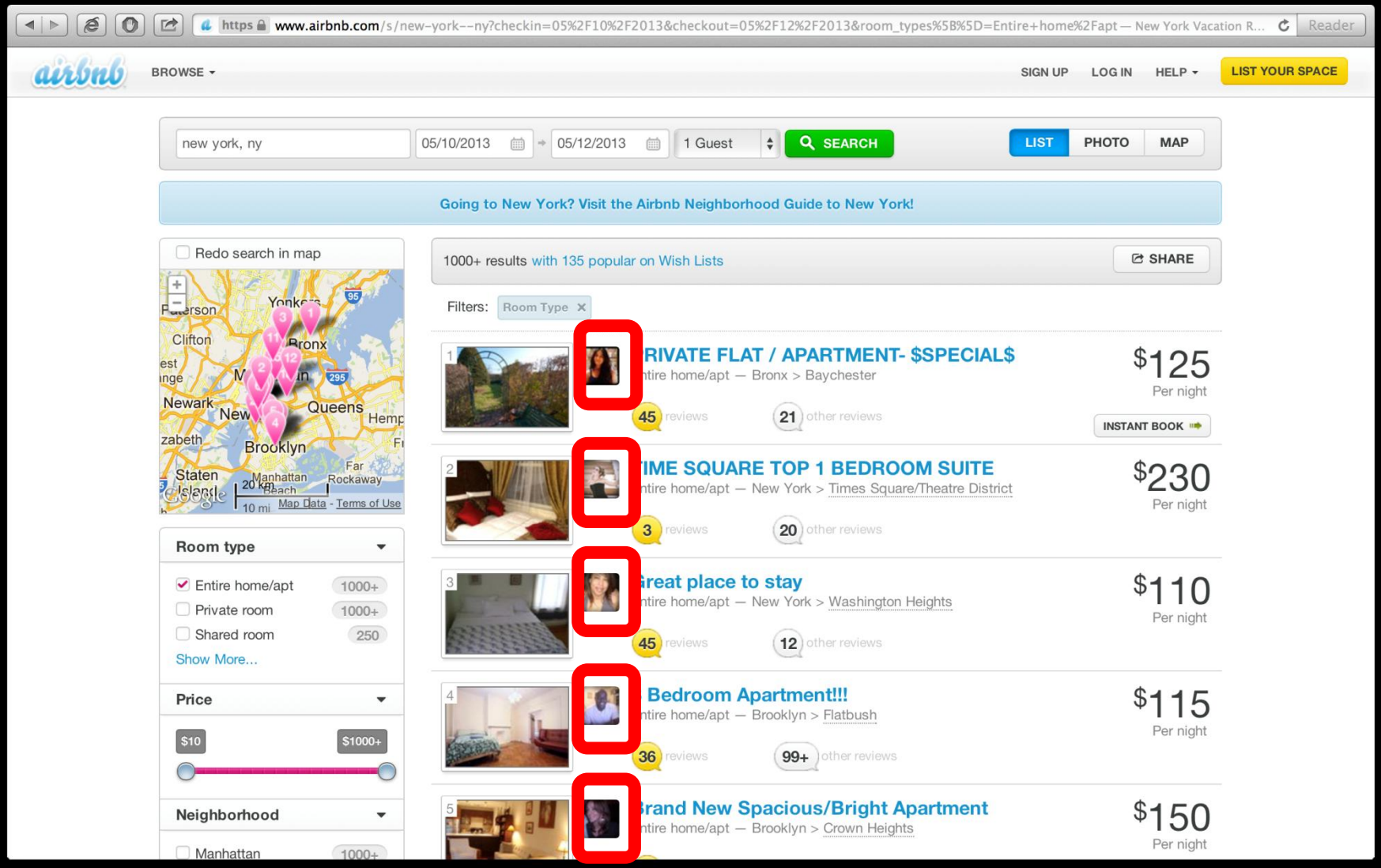
Matthew

More about the host

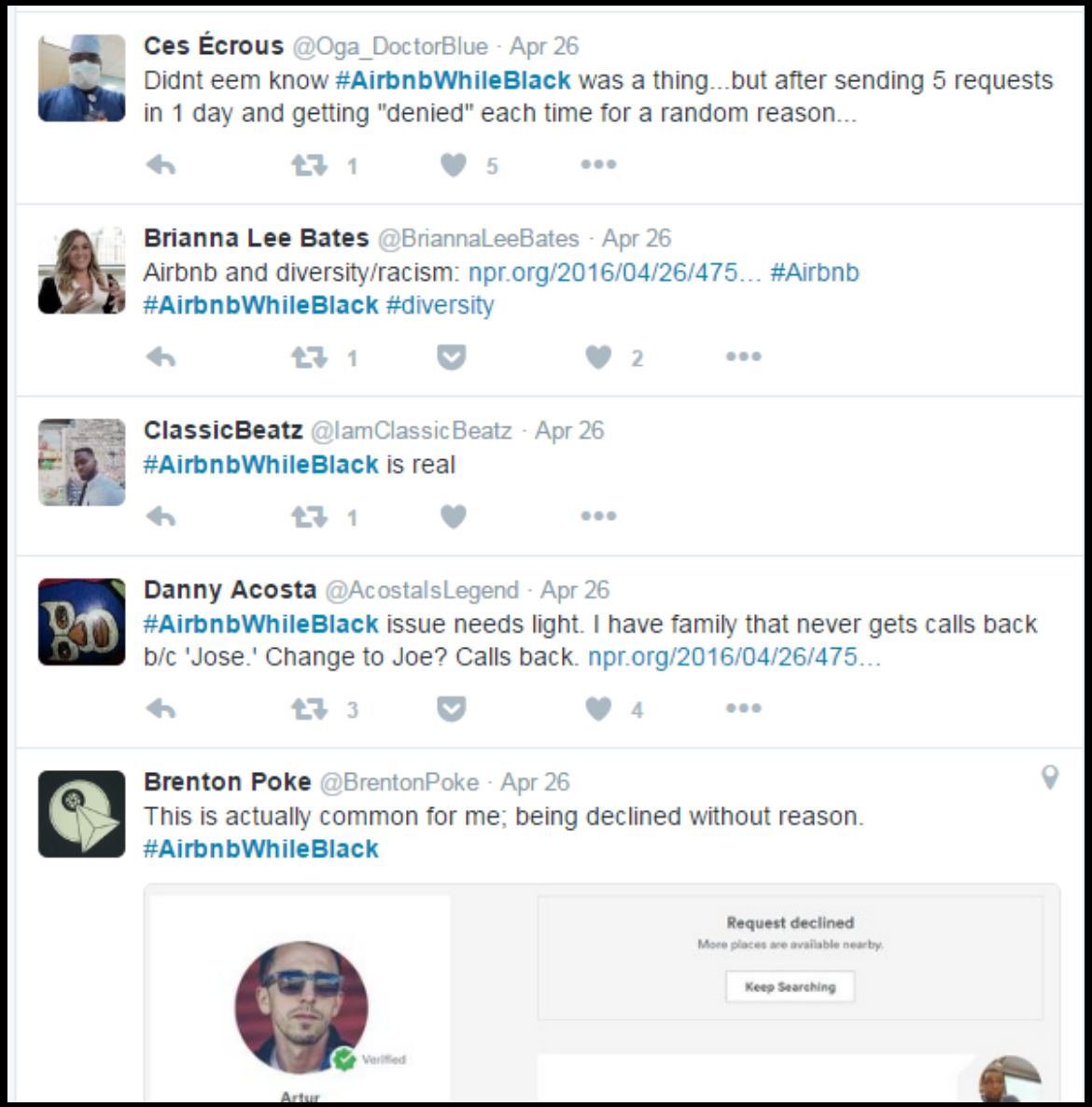
Description | Amenities

Located between downtown and the charming East Rock

Searching on Airbnb

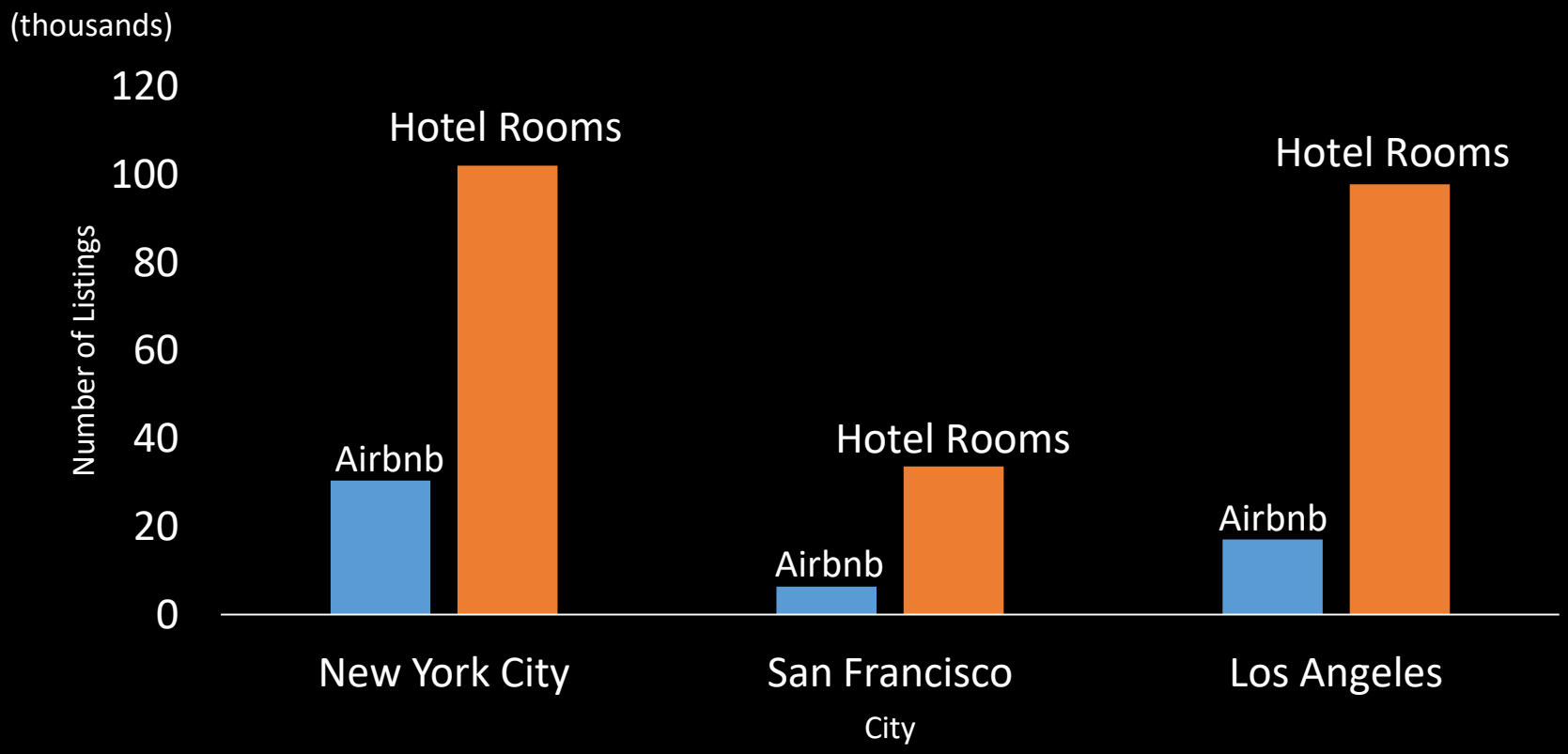


Motivation



But the plural of anecdote isn’t data…

Motivation part two...



Airbnb NYC info from http://insideairbnb.com/san-francisco/.
New York City hotel rooms number from http://nypost.com/2015/01/15/nyc-adds-thousands-of-hotel-rooms-for-gotham-wide-guest-surge/
San Francisco hotel rooms number from http://www.sanfrancisco.travel/san-francisco-visitor-industry-statistics
Los Angeles hotel rooms number from http://www.discoverlosangeles.com/press-releases/facts-about-los-angeles

Research Question

- Is there racial discrimination on Airbnb?
- Important given Airbnb's…
  - Size
  - Regulatory status
  - Displacement of traditional hotels and real estate markets

Testing for discrimination on Airbnb

- Field experiment:
  - Send out roughly 6,400 requests for availability.
  - Vary name of guest. Hold all else constant.
- Cities:
  - LA
  - Washington, DC
  - St Louis
  - Dallas
  - Baltimore
- Draw 6,400 properties with availability one month out.
- Randomly assign each host to get a message from either an African-American guest or a White guest
- Send message inquiring about availability. Vary only guest's name.

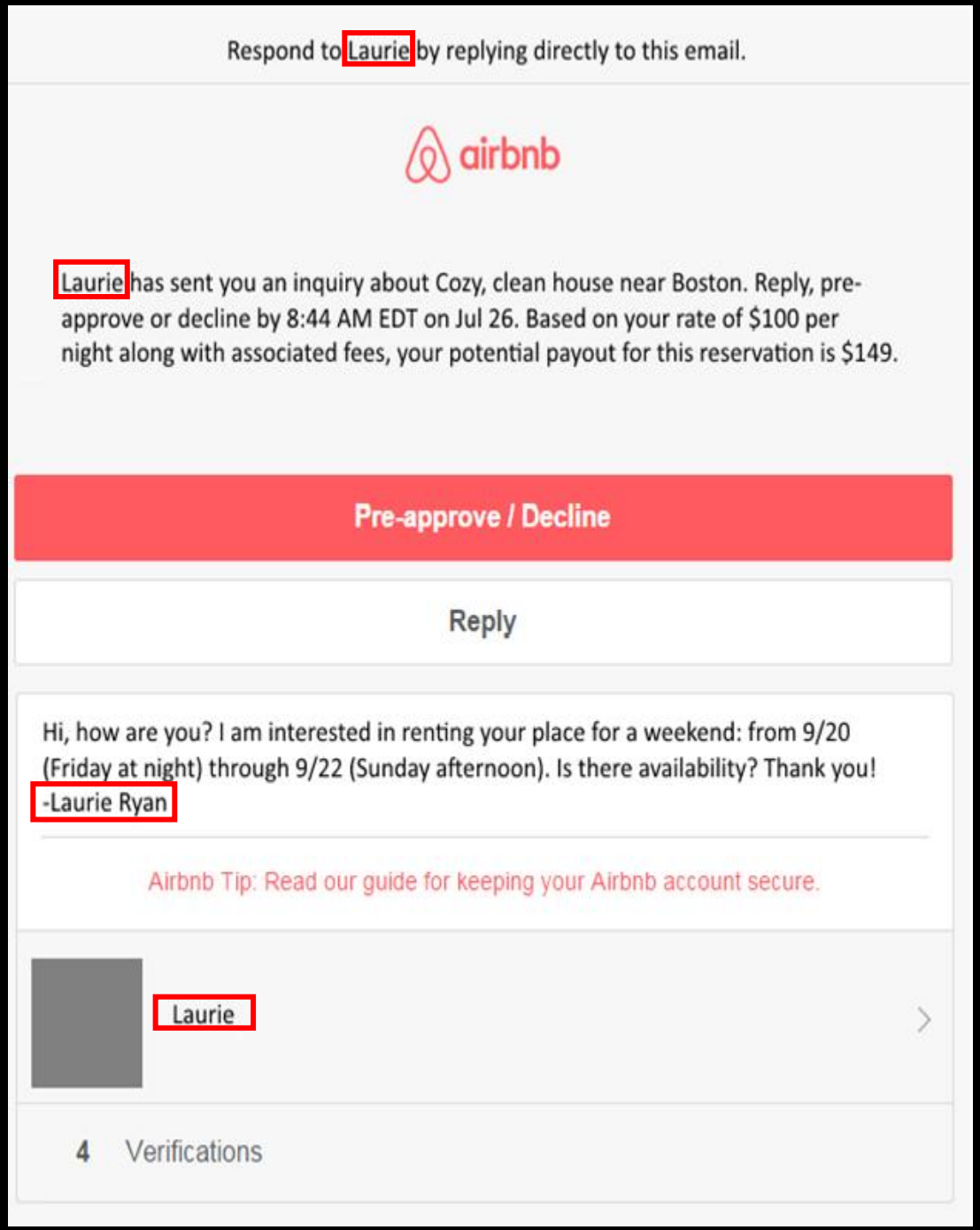
Quick Aside on Ethics

- Are hosts hurt?
- Did we violate the Terms of Use?
- Did we commit a crime?
- Computer Fraud and Abuse Act, 18 U.S.C. 1030
  - “Whoever… intentionally accesses a computer without authorization or **exceeds authorized access**, and thereby obtains… information from any **protected computer**”
- (Our experiment was pre-approved by IRB)

Guest names

White Names	
Allison Sullivan	Brad Walsh
Anne Murphy	Brent Baker
Kristen Sullivan	Brett Walsh
Laurie Ryan	Greg O'Brien
Meredith O'Brien	Todd McCarthy
African-American Names	
Lakisha Jones	Darnell Jackson
Latonya Robinson	Jamal Jones
Latoya Williams	Jermaine Jones
Tamika Williams	Rasheed Jackson
Tanisha Jackson	Tyrone Robinson

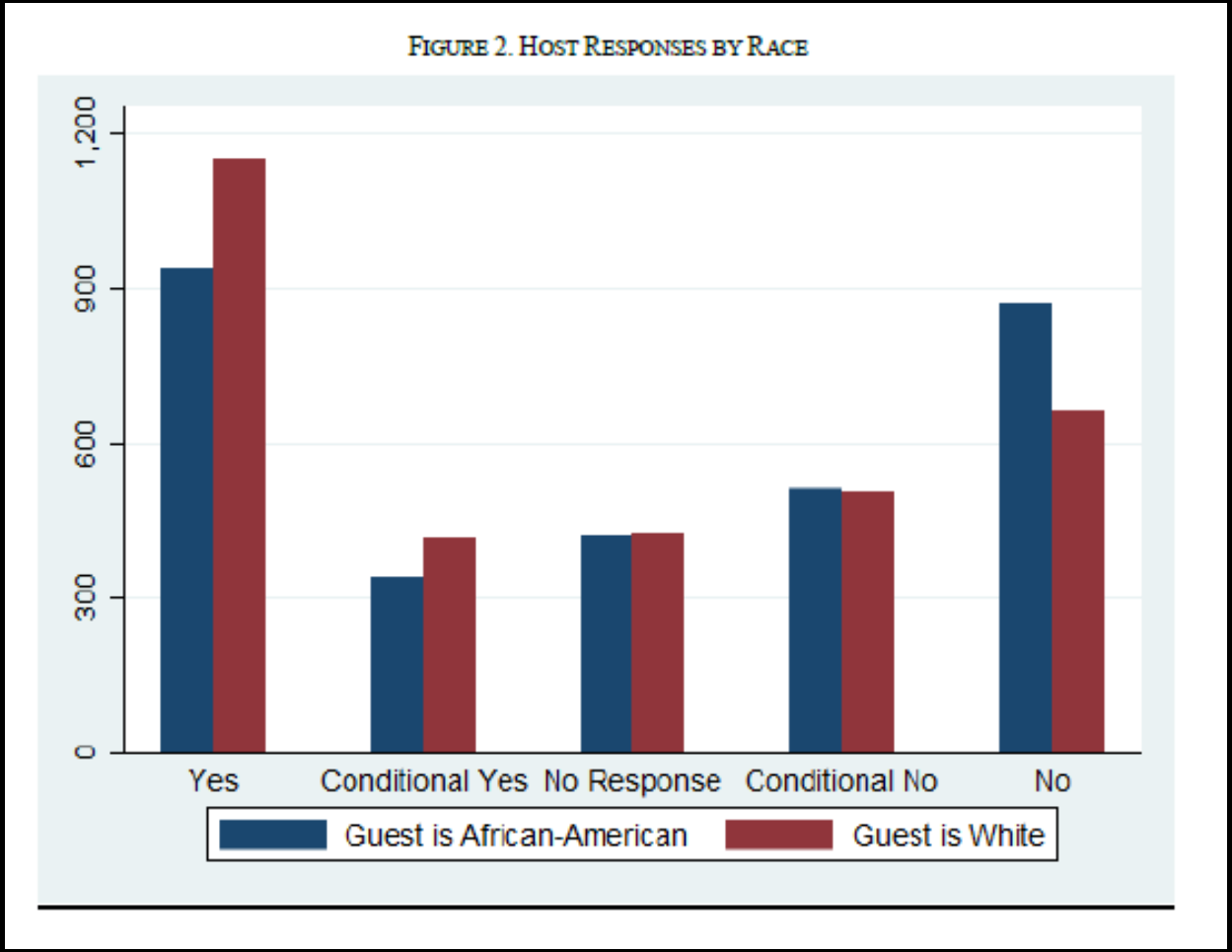
What a host sees...



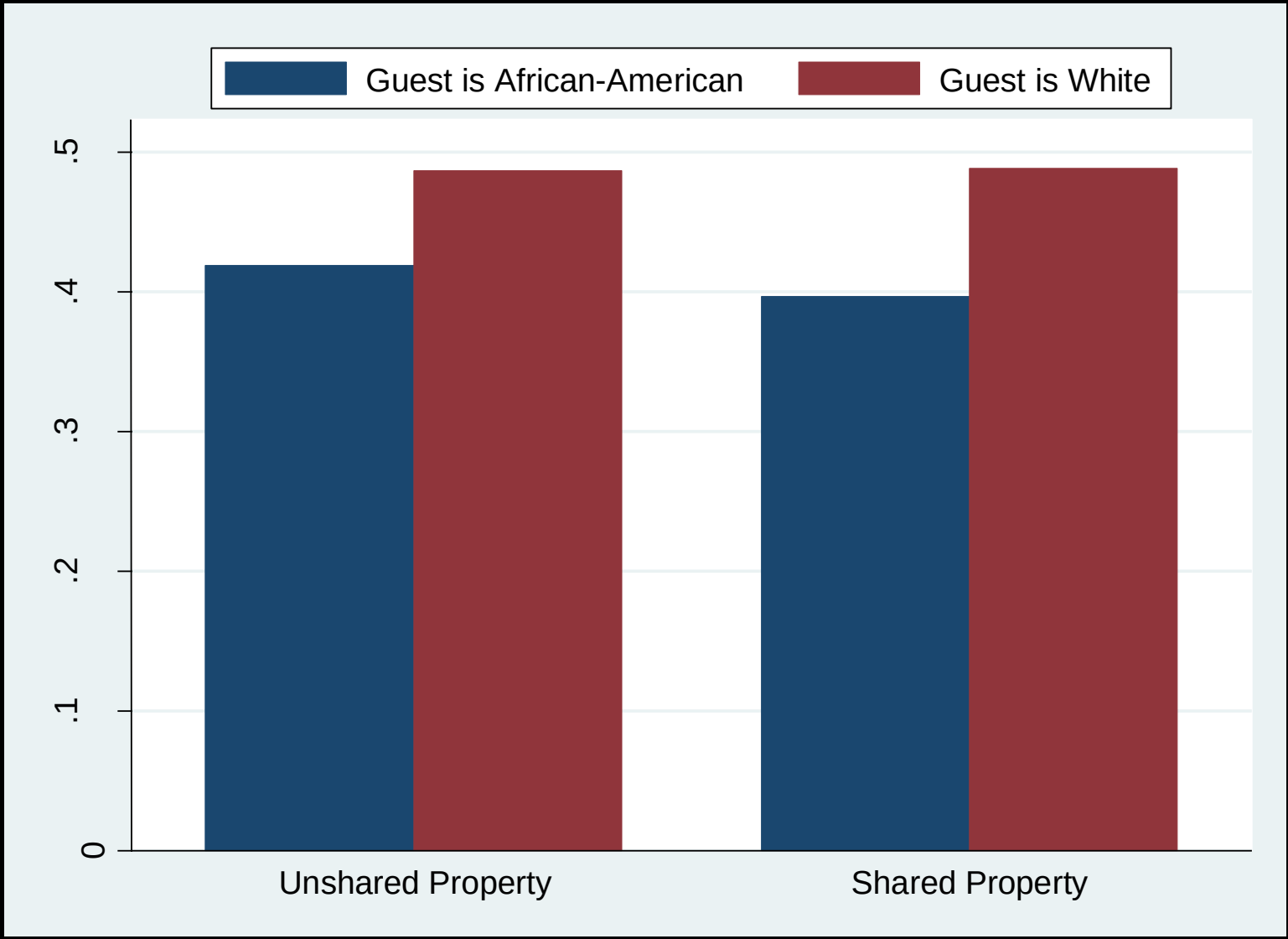
Main results

- Guests with distinctively white names got a Yes response 50% of the time.
- Guests with distinctively African-American got a Yes response 42% of the time.
- Sample size is large enough that we have a reasonably precise sense of the true numbers…
- Difference is persistent across:
  - Cities
  - Race of host
  - Price of property
  - Whether host lives at the property

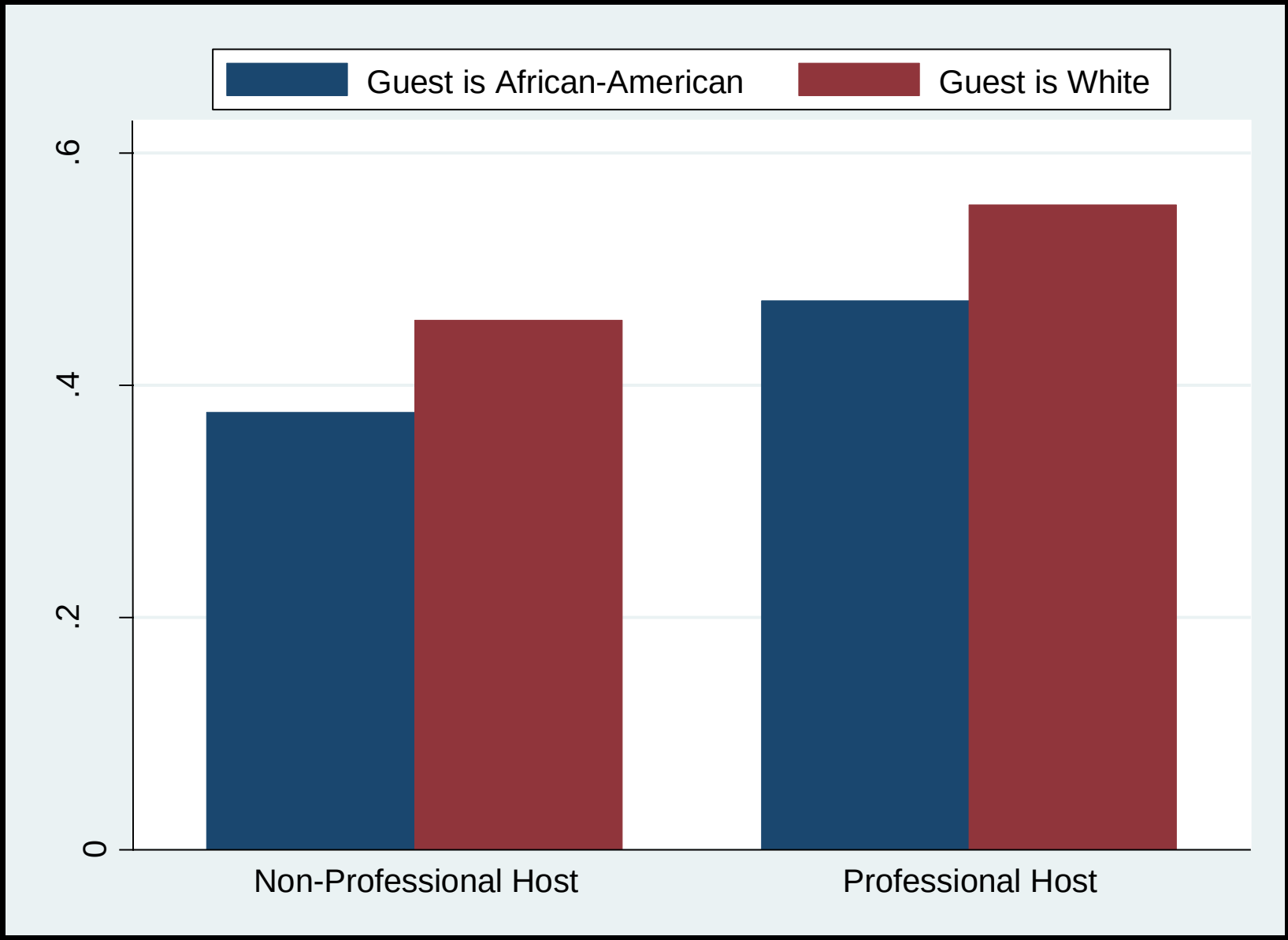
Types of Responses



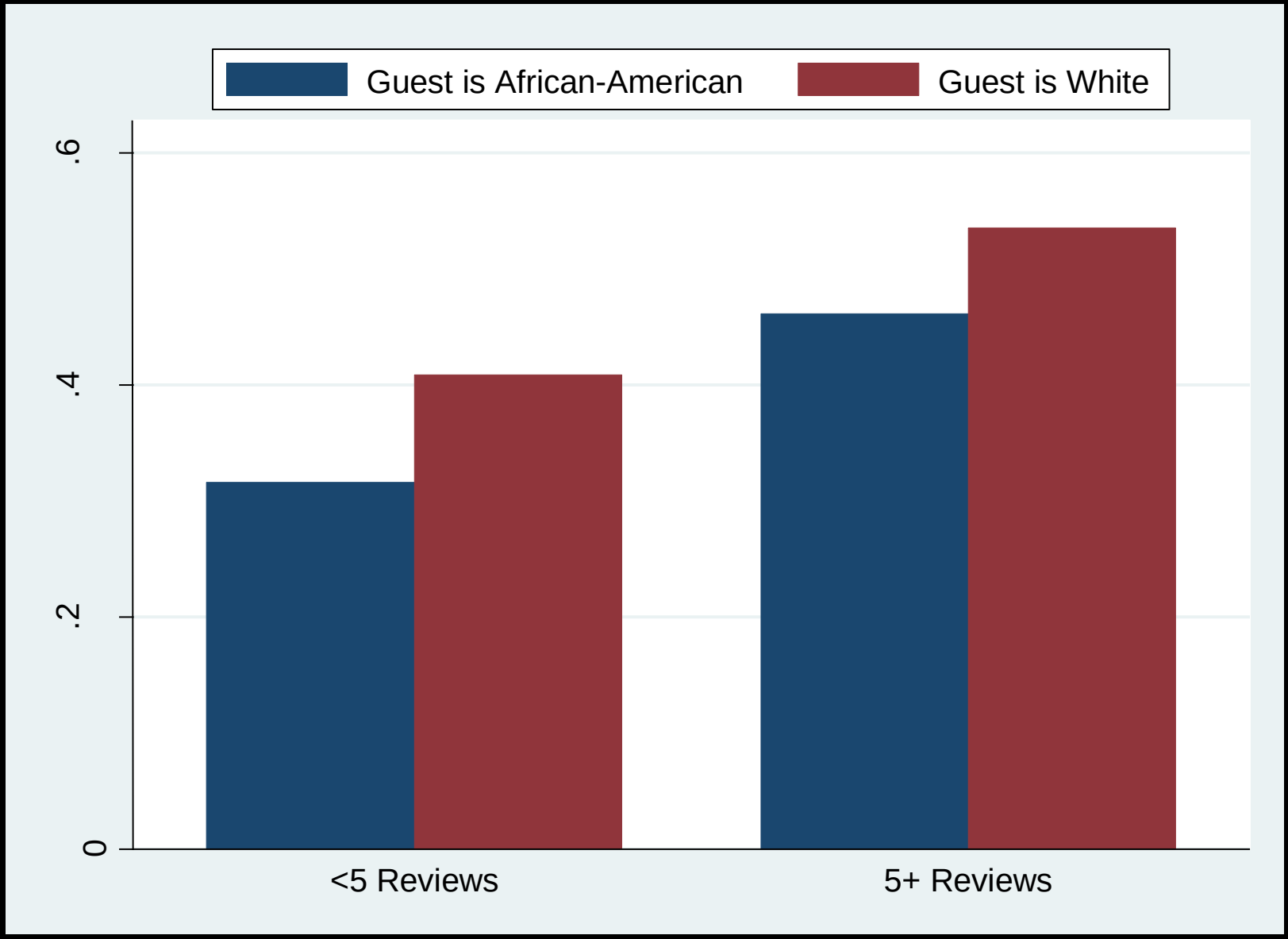
Are shared properties different?



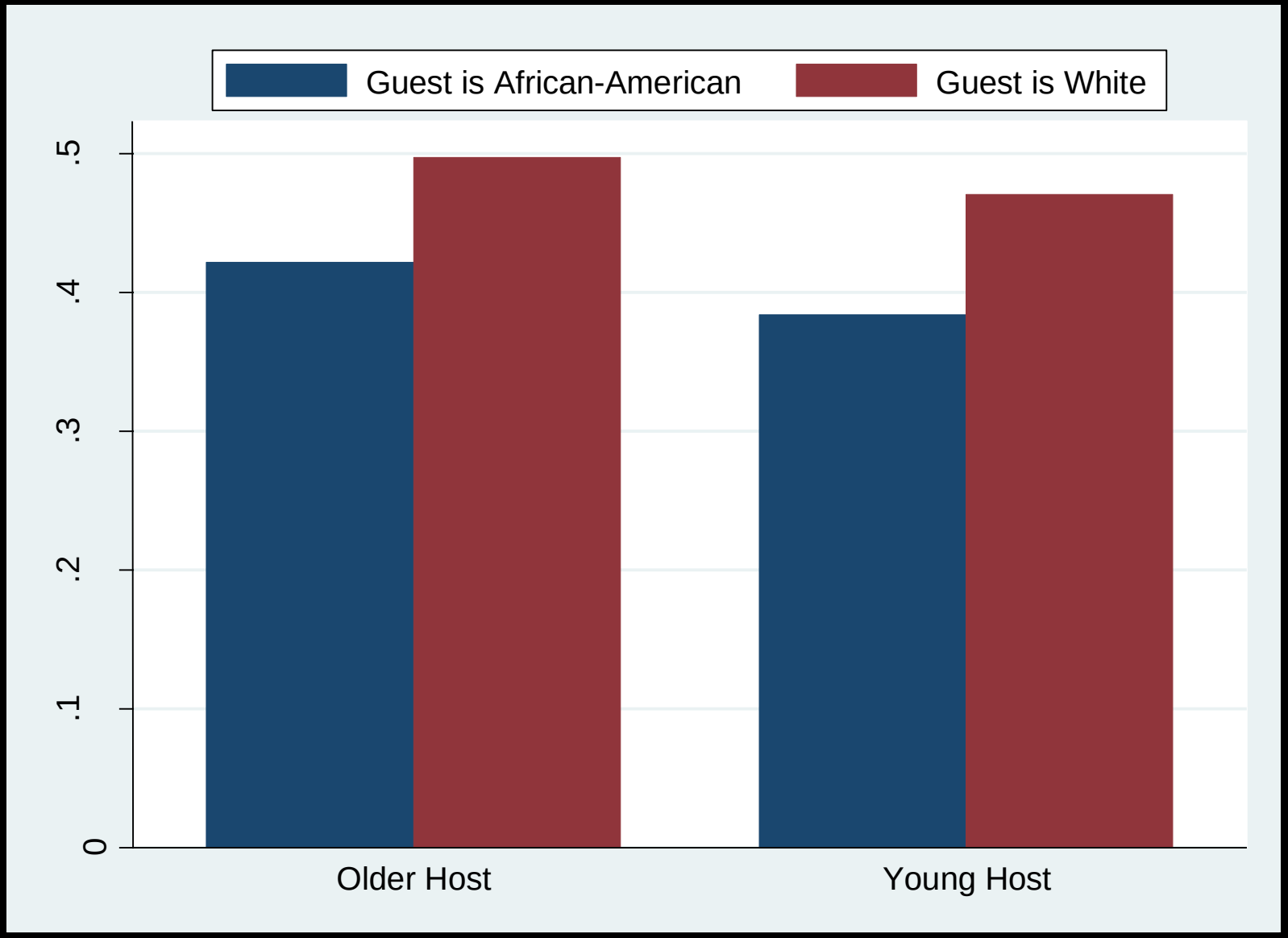
Are professional hosts different?



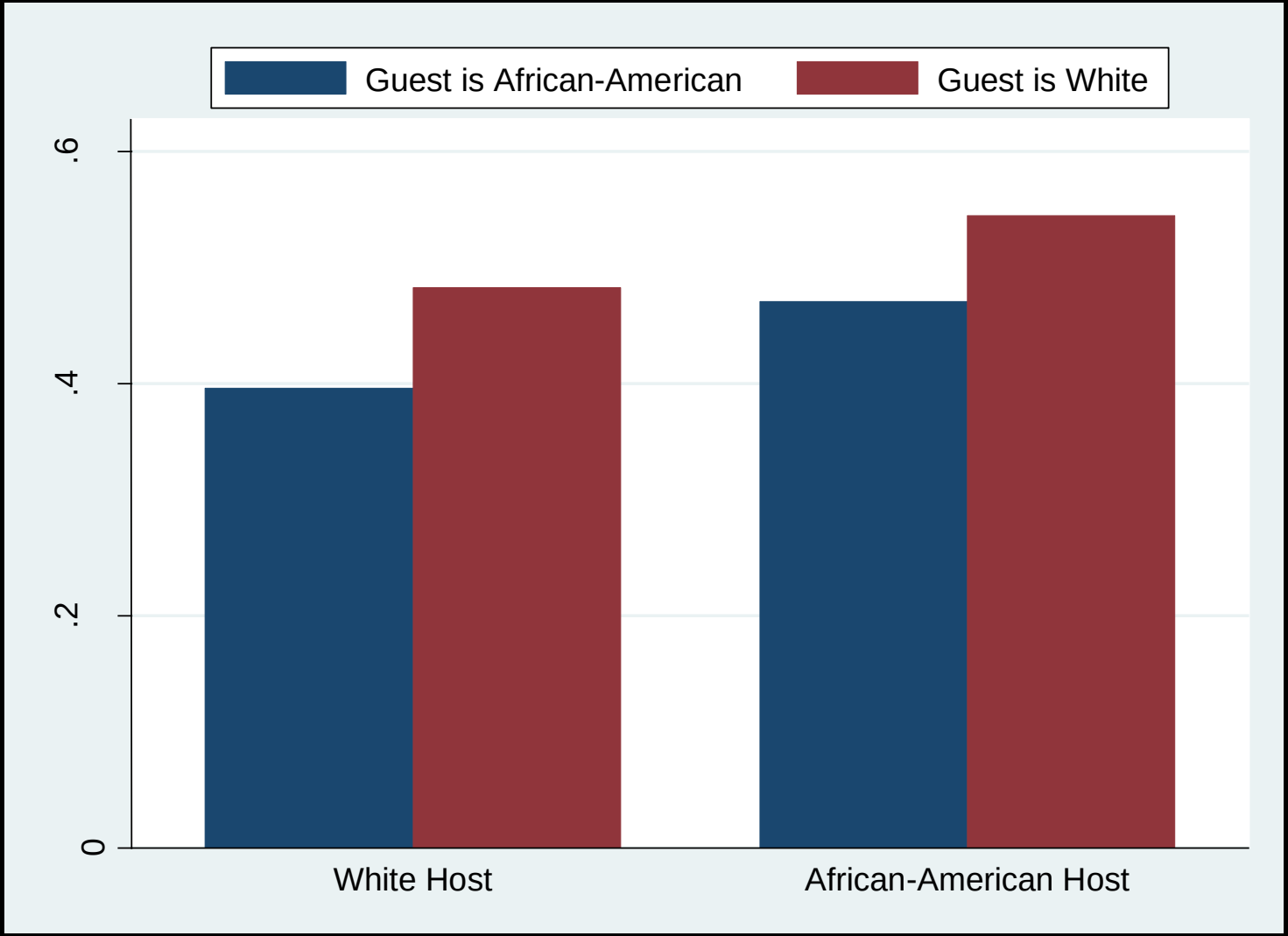
Are active hosts different?



Are young hosts different?



Are African-American hosts different?

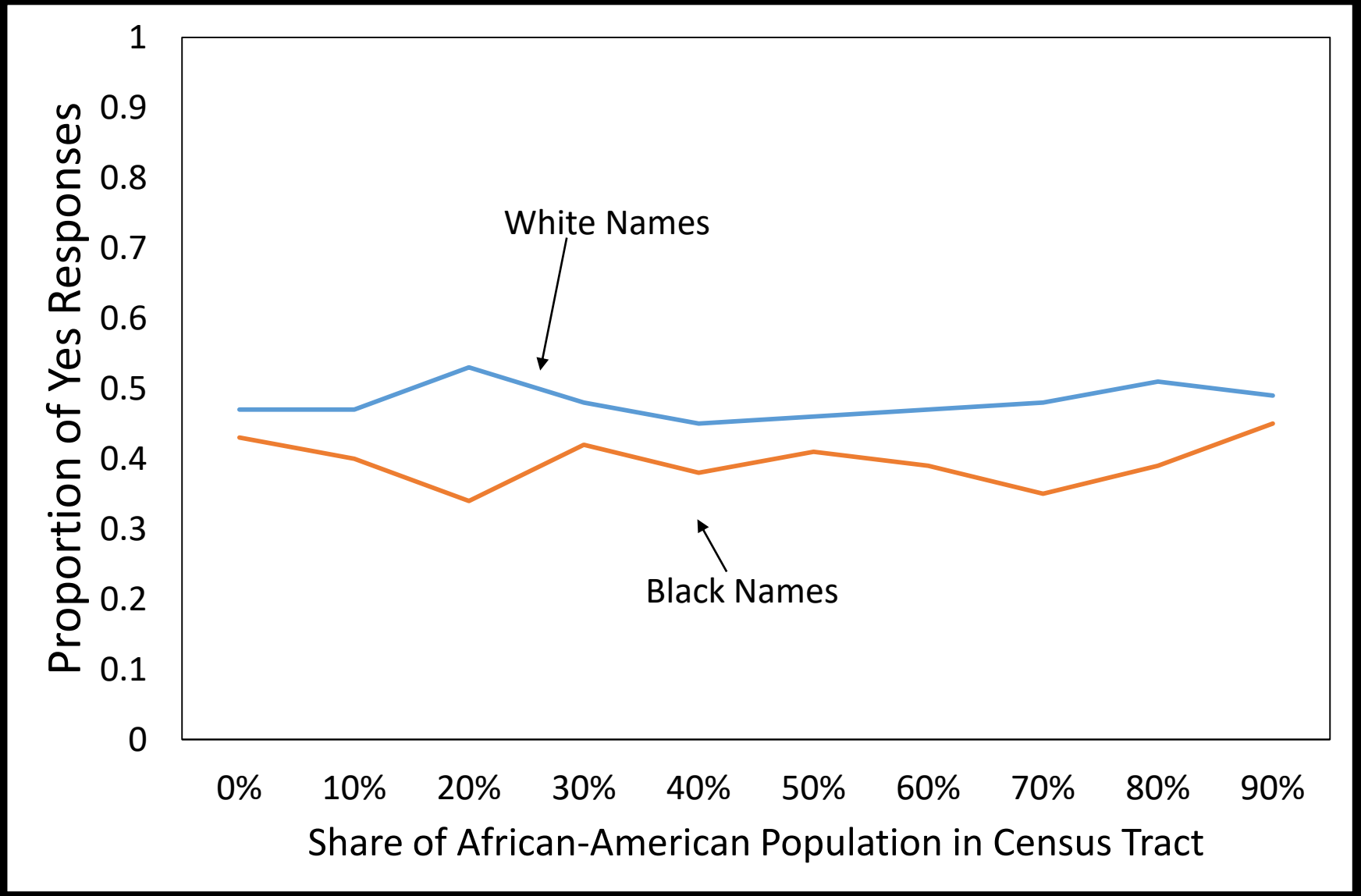


A note on race and gender...

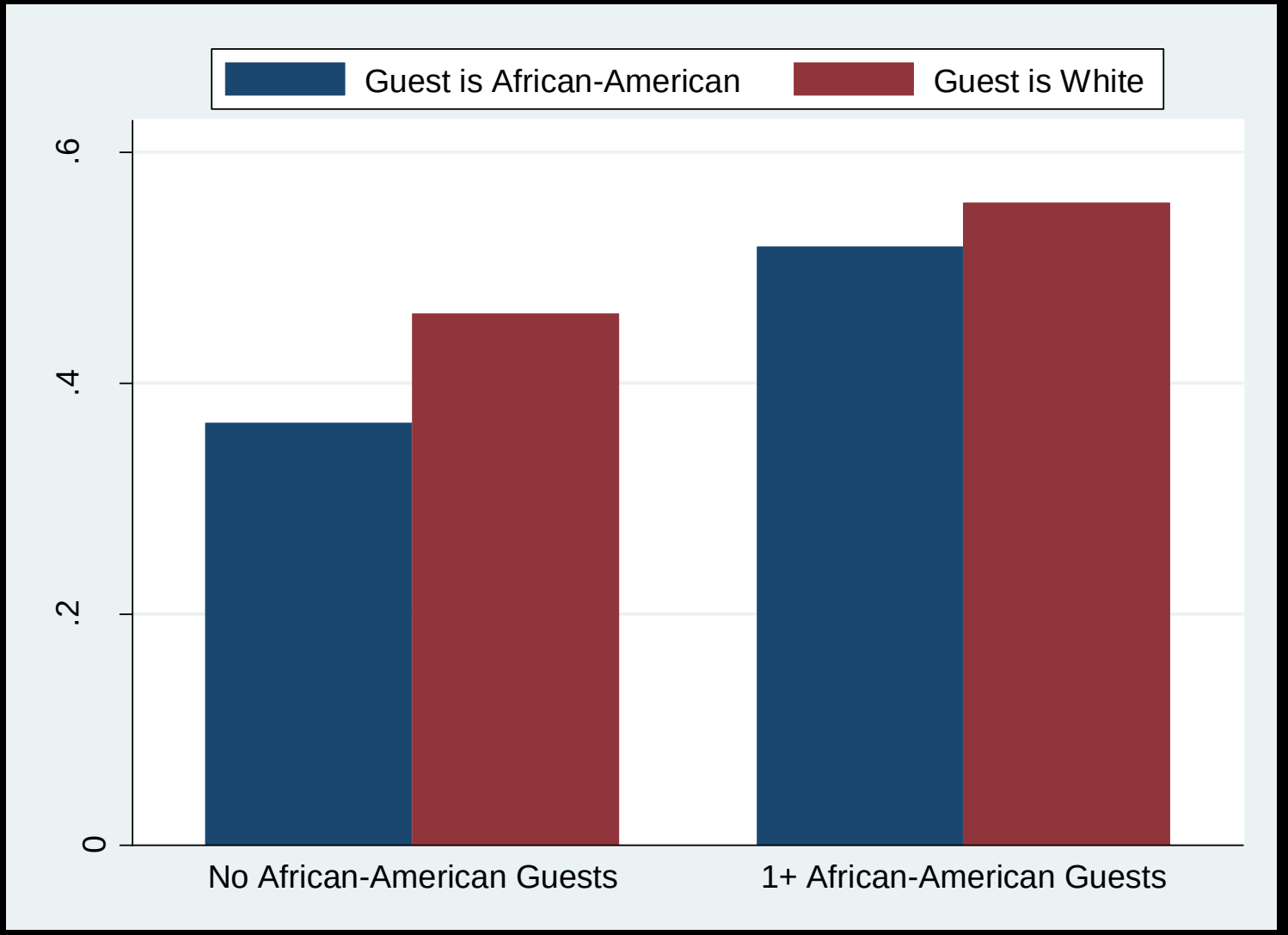
% of Yes Responses for...	White Male Guests	African-American Male Guests	White Female Guests	African-American Female Guests
White Male Host	0.42	0.35	0.49	0.32
African-American Male Host	0.64	0.40	0.59	0.43
White Female Host	0.46	0.35	0.49	0.44
African-American Female Host	0.43	0.38	0.53	0.59

Role of property price

Role of neighborhood demographics



Does a history of African-American guests make a difference?



Hosts pay a price to discriminate...

- Hosts in our data listed their properties at a median price of $163 (and a mean price of $295)
- Eight weeks after our inquiries, only 37.9% of listings were filled or unavailable
  - [Probability of not finding a replacement] * Listing Price = $98.19

What our experiment doesn't address

- Why is this happening?
  - Race vs SES
  - Pure animus? Statistical guesses about the guests?
- Do more complete profiles matter?
- Does the choice of city matter?

Airbnb's response

- Increase Instant Book Listings to 1 Million
- Experiment with Reducing Prominence of Guest Photos
- More detailed nondiscrimination policy
  - "By joining this community, you commit to treat all fellow members of this community, regardless of race, religion, national origin, disability, sex, gender identity, sexual orientation or age, with respect, and without judgment or bias"
- Prevent a host from telling one guest that a property is unavailable, then later accepting another guest's request for the same nights

Academic and Legal Developments Since Our Paper…

- Academic research
  - The new policies may not have worked
  - Not just a problem for guests
  - Not just a race problem
- Lawsuits
  - DC (arbitration clause upheld)
  - Oregon
- More enforcement
  - California Department of Fair Employment and Housing
  - Registration requirements in SF and Denver
  - NYC ($1.2 million lawsuit pending)
  - Toronto

Thank you!