

Barcelona industry report: Airbnb

1. Current context, summary of the session and invitees

Online platforms are putting increasing pressure on the hotel industry. This can materialize in the direct competition of STR platforms such as Airbnb, with approximately 18 000 listings in Barcelona in May 2019¹, or the fees and preferential treatment imposed by online booking platforms, known as Online Travel Agencies such as booking.com, thanks to their market power. Comparatively in May 2019, there were 431 hotels in Barcelona, representing, 38.255 rooms and 74.704 spots². In 2019, 15 500 people are hired during the months of maximum occupancy, and around 14 300 in the lowest ones, showing a relative stability compared to other destinations³.

The focus group lasted one hour and forty-six minutes and was conducted in Spanish with six participants representing a variety of positions and thus experience and vision of the hotel and tourism industry.

Code	Gender	Organization and position
Air_M1	Male	Gremio de Hoteles de Barcelona, Director of Innovation
Air_F2	Female	Las Kellys, spokesperson
Air_F3	Female	Veins i Amfitrions, president
Air_M4	Male	ESADE, researcher
Air_F5	Female	University of Torino, researcher
Air_F6	Female	UOC, post-doctoral researcher

Table 1. Profile of the participants in Barcelona's Airbnb focus group

2. Employment situation and working conditions of workers in incumbent industries

Working conditions in the hotel industry in Spain have become increasingly precarious, especially for the personnel in charge of cleaning and maintenance. Despite the sector growing around 30% for the past 15 years in number of hotels and staff, the working conditions are quickly deteriorating:

"It's not something new, we've been suffering from it for a while now. I've been working in this sector for many years, more or less twenty years, and I've seen how things went downhill. I can tell you because I've lived it in my own flesh, I've seen this frenzy around tourism, the spectacular earnings of hotels. And things have only gotten worse for us. Our labor rights have gone to the trash." [Air_F2]

The causes are partially to be found in the nature of work—seasonality of the demand, tasks requiring a low level of qualification—but mostly in the current context, since jobs used to be more stable:

¹ <http://insideairbnb.com/barcelona/>

² <http://www.barcelonahotels.org/es/detall/3755/1100>

³ <https://www.bcn.cat/estadistica/angles/dades/economia/teoh/evo/th05.htm>

“Twenty-five years ago we were much better than now. Maids were employees, hired directly by the hotel.” [Air_F2]

The competition of platforms is not the only factor to understand increasingly precarious working conditions in the hotel sector in Spain and Catalonia⁴. On one hand, changes in the economic context were key. The 2008 crisis was a first turn. With less access to bank credits, hotels turned to international investment funds, who put pressure on them to cut costs. The global development of tourism as a sector, both in terms of supply and demand, entails increased competition between different destinations in terms of prices. On the other hand, legal changes were another key factor. The 2012 law on working conditions allowed for outsourced work to be paid less than the sectoral collective bargaining agreements, by allowing companies to negotiate enterprise bargaining agreements without having to comply with the minimum standards established by sectoral agreements. Nonetheless the hotel sector claims the situation is the same for internal and external workers:

“The working conditions for internal workers and external workers are the same. It is written in the hotel industry collective agreement.” [Air_M1]

These changes have particularly affected maids, as well as valets, housekeepers of the hotels, but also for waiters and the personnel in charge of maintenance and reception and can be found throughout the tourism sector. Maids are mostly women, often migrants from low income countries.

This has resulted in deteriorated working conditions⁵. First, work is flexibilized: workers are hired on part-time, short-term contracts. Hotels also outsource or temporary workers through agencies. For reception and administrative tasks, they hire interns. This translates into more instability for workers and a lack of security in terms of days, times and length of work. Second, work is intensified. Staff with seniority was laid off to reduce costs. This leads to fewer workers having to do more tasks in the same or even less amount of time, which is often not enough to complete them and work non-paid overtime:

“Currently contracts are for 4 hours, 5 hours. But my colleagues work 8 hours.” [Air_F2]

Last, salaries are lowered. For internal workers, the ones hired after 2010 earn less than those with more seniority. Subcontracted workers, such as maids, earn between 30 to 40 % less than if they were internal workers and often earn the minimum income. They can also be paid by room (between 2,50 and 1,13 euros), the direct translation of the intensification of work.

“Earning 700 euros isn’t precarious? Renting a place already costs you more than that.” [Air_F2]

“The workers’ rights are not the same [between internal and external workers] and to earn the same amount, we have to work so much more to earn the amount of money according to the sectoral collective agreement.” [Air_F2]

It results in more competition between workers and a weakened union representation for the external workers. This also leads to more physical and mental health problems for workers:

“Currently, more than half the maids are suffering from a chronic disease, and the ones above 50, they’re finished.” [Air_F2]

⁴ Cañada, E. 2018. Un turismo sostenido por la precariedad laboral. *Papeles de relaciones ecosociales y cambio global*. 140, 2017/18, 65-73.

⁵ Cañada, E. 2016. *Externalización del trabajo en hoteles. Impactos en los departamentos de pisos*. Barcelona: Alba Sud Editorial

Platforms workers are also affected by these precarious conditions. Maids cleaning STR rentals are also outsourced and concerned by very precarious working conditions which might ultimately lead to reinforcing the precariousness of the sector.

“On these platforms, our colleagues have to clean 15 flats in 8 hours, located at different addresses. How do they do it? And carrying with them all the products.” [Air_F2]

The Covid pandemic and associated restrictions in terms of mobility have particularly affected the sector of tourism. Few hotels have been able to reopen a year after the beginning of lockdown in Spain, with most employees still on furlough schemes (ERTE) from the Spanish state.

“To this day, there are a lot of people on furlough. In Barcelona, if we talk only about hotels and apart-hotels, there are around 100 that are open, that is about 25% of the sector. The impact has been total and recovery will be very slow.” [Air_M1]

Despite the state funding to help save the hotel industry, it can still translate into workers being laid off:

“NH [hotel chain] has just received an ICO [official loan] and declared they will lay off three hundred people.” [Air_F2]

As a response to the Covid crisis, Airbnb has also updated its health and safety protocols on Airbnb, leading to an increasing professionalization of domestic work and interaction between users on the platform. This has meant creating standardized detailed cleaning protocols and partnering with companies, whether platforms for cleaning services, or chemical companies to recommend specific cleaning products and brands. It might lead to rewarding hosts who comply while suspending or removing those who don't:

“All of the people who have listings on the platform are now encouraged to commit to a five-step enhanced cleaning process which was made compulsory by November last year. (...) Airbnb more strictly specified what has to be cleaned, quite literally and how often, and also by whom and with which material, which chemicals, which brands. In addition, the company has also announced that it has partnered with specific professional cleaning services, platforms, which also makes it easier and quicker for hosts, who are not considered professional, those who don't have multiple listings, to offer the kind of cleaning that Airbnb desires (...) Airbnb is aiming to professionalize its business, by implementing these new protocols.” [Air_F6]

This professionalization, a change of its initial positioning, enables Airbnb to compete more and more with the hotel industry:

“Airbnb disrupted the market based on non-professionalization, on a offer (...) that had to distinguish itself from the standardization or so-called standardization of the hotel industry. (...) The host is hiring a professional company, that means transitioning towards a model that has nothing to do with renting a room (...) but really changing market niches, and being able to compete with the hotel industry.” [Air_F5]

3. Changing strategies of incumbent companies

Strategies to adapt to the increased competition can directly impact working conditions, especially with outsourcing as seen in the previous section, which as we have seen in the previous section.

“You [the hotel industry] told us from the beginning that what you wanted was to outsource everything, everything except for the management.” [Air_F2]

Outsourcing is seen mainly as a strategy to lower costs between 15 to 30 % for hotels and flexibilize their operations to cope with the uncertainty and the competition in the sector⁶. Some hotel directors created their own companies to rehire the personnel at a lower cost, which was condemned by the justice:

“The owner of the hotel created his own service company y without saying anything he transfers them [the maids] and tells them it’s the same conditions when really it’s totally different. They go from being permanent, to being outsourced. Is this legal? Well, no. Many judges told us that it wasn’t, that we were right.” [Air_F2]

Beyond outsourcing, the hotel industry in Barcelona has used other strategies. Inspired by the model of airline companies, they are trying to maximize revenue. They adopted revenue management techniques and dynamic pricing depending on the demand, which is very high during certain seasons or international events and fairs such as the World Mobile Congress.

“If you don’t have a revenue manager, you are nobody. Before it was done by hand, and now automatic revenue systems are starting to appear, it’s basically a robot that thinks for you and you only have to confirm or not. This dynamic pricing, it’s basically the model we always envied y wanted, from the airlines. (...) In that way, hotels had to change (...) they innovated a lot to have revenue systems to enable them to maximize income.” [Air_M1]

Adapting their offer has also meant using platforms. Hotels heavily depend on Booking, which dominates the OTAs sector. This dependence is mutual and has oriented Booking’s company strategy, in favoring hotels over STRs:

“Hotels fully depend on Booking, to this day, in the vast majority of destinations. (...) Up to the point where they squeeze us with abusive fees, such as price parity clauses, which have been regulated in many other European countries to get rid of them. Because I can’t have a cheaper offer on my own website.” [Air_M1]

“Booking decided to make a gesture of goodwill towards hotels when STRs first emerged (...) they decided no to publicize, not to put anything on their platform , unless they had a license number.it was a gesture to say ‘Hotels, look, you have asking for fees, for call centers, I’m going to do this to bet exclusively on hotels’.” [Air_M1]

Hotels are also using STRs platforms, such as Airbnb to publicize their rooms. They benefit from the ambiguity of the platform which does not clearly indicate that it is a hotel rather than someone’s house:

“[Airbnb] saw some opportunities in the hotel sector, they arrived with very attractive conditions for hotels, a really good customer service, when really we were in the middle of a war, if I can say. And many hotels, many entrepreneurs went for it.” [Air_M1]

The Covid crisis has further forced the hotel sector to renew its offer and create new products capable of bringing different types of guests:

“We are renting rooms for more time, because some people want to work from hotels, some hotels have big coworking spaces to maximize the use of space.” [Air_M1]

4. New aspects of industry regulation.

⁶ Cañada, E. 2018. Reforma trabalhista e terceirização na Espanha: a precarização do trabalho das camareiras. *Revista do Centro de Pesquisa e Formação. Edição Especial Ética no Turismo*. Jun 2018, 55-70.

The main strategy pursued by the hotel sector in industry to tackle the competition of platforms has been regulation. It entails understanding the context, which is made difficult by the prevalence of higher legislative bodies over the municipal level:

“Platform effects are generally extremely contextual. It matters for regulation to take this context into account, and this creates problems because, often, the legislative power is in the hands of the regional government, or national government, or even supra-national, with the European Union.” [Air_M4]

The hotel sector in Barcelona has adopted different strategies. On one hand, it belongs to an international lobby, ReformBnB, with another 30 organizations, to gather information on regulation around the world, create a common agenda and guidelines and lobby for regulation:

“Internationally we work with other hotels associations from around the world. We meet now and then, we organize gatherings to discuss how the situation is in other countries and we see best practices from Toronto, NYC, Buenos Aires, Tokyo, Paris.” [Air_M1]

The work of ReformBnB has resulted in 7 principles guiding the lobbying of the hotel sector: registering STRs, limiting STRs (number of days per year, etc.), paying taxes such as the tourist tax, STRs complying with health and safety regulation, allowing neighbors to decide the use of their building, responsibility of platforms for the application of the regulations, implementation and control of the regulations by governments.

On the other hand, the hotel sector has been working directly with the municipality of Barcelona and the regional Catalan government, the Generalitat, to push for the aforementioned regulations:

“[The hotel industry] worked a lot to promote fairer rules. We worked a lot with the city, with the Generalitat, for when the new tourism decree is issued to create new modalities. (...) When they regulate, what’s difficult is to control what has been regulated. (...) We made a proposal to the city hall of what we consider could be applied to level the field a bit.” [Air_M1]

“It is now compulsory to have a license number, platforms have to publish them. There is also a tourist tax that applies for both platforms and hotels. (...) When they don’t comply the city hall has fined both platforms and owners.” [Air_M1]

As mentioned above, enforcement of the regulation is one of the most difficult aspect of it, given the difficulty for the municipality to access the platforms’ data, since it is the core of their business model:

“Most of what’s regulated on platforms can be perfectly analyzed through data. But the problem is that this data belongs to the platform, and good luck if you think they will hand them to you.” [Air_M4]

Regulating also entails differentiating between types of “hosts” on platforms is also crucial, whether they are individuals who rent a room in their flat occasionally or regularly, or owners of several flats dedicated exclusively to being rented to tourists. Such difference led to the creation of the non-profit to represent hosts renting rooms in their flat, and not the entire flat.

“Actually a shared flat benefits the city, a shared flat doesn’t expel neighbors, it doesn’t use a flat solely to house people who don’t live in that city, but it’s the citizen itself sharing its home.” [Air_F3]

The Catalan tourism decree of August 2020 has maintained the existing regulation for the hotel sector and recognized for the first time the category of “*llars compartidas*” or shared flats, considered by the

hotel industry as illegal rather than alegal. Barcelona's administration is still in the process of adapting it to its context:

"I agree there was an abuse of offers (...) which hurt all the sectors, it hurt the industry, it hurt STRs with a licence and which have been operating for some time (...) But what we have to fight is the ilegal offer, we can't attack an offer that, despite being alegal up to now, was in a legal limbo. Because, well, the tourism decree of the Generalitat got approved but so far no ordinance was created." [Air_F3]

The hotel sector of Barcelona is waiting for the the city's PEUAT, the local plan for STRs to know if its proposals are included, such as:

"Limiting the number of days, perhaps that it's a rented flat with the host there (...) also that there are some quality standards, especially for hygiene and safety that [platforms] don't have but hotels do." [Air_M1]

When it comes to health and hygiene, the COVID crisis entailed an adaptation of platforms, especially of Airbnb, as seen previously. Airbnb is starting to adopt international standards to guarantee the health of guests:

"Airbnb has now committed to uniform health and hygiene protocols issued by the World Travel and Tourism Council." [Air_F6]

The European regulation of December 2020 on digital services will also play a role on the local regulation and its implementation, potentially to help public administration to access the data to enforce their local rules:

"The point with this law is simply to differentiate the different actors, between intermediation services and accommodation services (...) it will be interesting to see how it will be implemented." Air_F5

Regulating working conditions has proved challenging. Gathering informally since 2014 to defend the working conditions of hotel maids, they created in 2018 the union Las Kellys for Catalonia. The fight resulted that same year in the adoption by the Catalan Parliament of the "Kellys label", and supported by the European Union. The label guarantees fair and quality work, complying with the sectoral agreement, hiring directly rather than outsourcing, and recognising the health and safety issues among other things. Nonetheless to this day, it has not been enforced.

The aforementioned professionalization of Airbnb may have repercussions on working conditions throughout the tourism sector, further degrading them:

"It raises really important questions about how the standardization and subcontracting of labor through Airbnb will trouble existing legislations and guidelines regarding fair work and other sorts of labor protection in tourism." [Air_F6]