Abstract:

In recent years, we have seen the emergence of a number of platforms that facilitate short-term peer-to-peer rentals of assets as part of the bigger collaborative consumption or shared services movement. Although all platforms are similar in that their primary goal is to facilitate asset sharing and the above two channels, they differ in other aspects. In this paper, we focus on one such aspect - how they decide on the price to charge their customers. Specifically, in a platform like AirBnB, the price is effectively set based on a market mechanism that matches supply and demand. But, some other platforms like corporatestays.com and guestbnb.ca are more active. They take turnkey control of the assets and determine the price on "behalf" of the owners that maximizes their profits based on them being paid a share of the price. Our primary goal in this paper is to understand the implications of this difference in pricing strategy for the direct stakeholders of the platform such as customers, owners and the platform as well as indirect stakeholders such as long-term rentals and hotels.

Bio:

Dr. Mehmet Gumus is an Associate Professor of Operations Management and Academic Director for Masters of Management in Analytics program at the Desautels Faculty of Management at McGill University. He joined McGill in 2007 from the University of California at Berkeley where he completed his Ph.D. and M.S. in Industrial Engineering and Operations Research and M.A. in Economics, and co-founded Analytica in 2015, a company specialized in developing advanced analytics solution for supply chain companies. In his research, Dr. Mehmet Gumus explores the impact of customer behavior and information asymmetry on supply chain management, dynamic pricing, and risk management. His papers are accepted for publication in Management Science, Operations Research, Manufacturing & Service Operations Management, Marketing Science and Production and Operations Management.

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All are welcome!