Impacts & Implications of the Sharing Economy on the Tourism Industry: With Special Focus on the Accommodation Sector

SAMANTHA BRAY, MANAGING DIRECTOR
CENTER FOR RESPONSIBLE TRAVEL (CREST)

OAS XXIV INTER-AMERICAN CONGRESS OF MINISTERS AND HIGH-LEVEL AUTHORITIES OF TOURISM
GEORGETOWN, GUYANA / MARCH 21, 2018
What is the Sharing Economy?

The peer-to-peer based activity of obtaining, giving, or sharing access to goods and services

<table>
<thead>
<tr>
<th>Accommodation</th>
<th>Transportation</th>
<th>Food &amp; Beverage</th>
<th>Tours</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Airbnb</td>
<td>• Uber</td>
<td>• EatWith</td>
<td>• Adventure Local</td>
</tr>
<tr>
<td>• 190+ countries</td>
<td>• 60+ countries</td>
<td>• 130+ countries</td>
<td>• 35 countries</td>
</tr>
<tr>
<td>• Homeaway/VRBO</td>
<td>• Cabify</td>
<td>• Global</td>
<td>• Tours by Locals</td>
</tr>
<tr>
<td>• 190+ countries</td>
<td>• 9 Latin</td>
<td>• UberEats</td>
<td>• Tours with Locals</td>
</tr>
<tr>
<td>• Flipkey</td>
<td>• American/Caribbean countries</td>
<td>• 20+ countries</td>
<td>• Vayable</td>
</tr>
<tr>
<td>• 179+ countries</td>
<td>• Lyft</td>
<td>• Feastly</td>
<td>• Vommago</td>
</tr>
<tr>
<td>• Housetrip</td>
<td>• Only US &amp; Canada</td>
<td>• Grubhub/Seamless</td>
<td>• With Locals</td>
</tr>
<tr>
<td>• 150+ countries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Love Home Swap</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 160+ countries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Couchsurfing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 195+ countries</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Focusing in on Airbnb in Latin America...

250,000 properties listed, encompassing Mexico, South America, and part of the Caribbean, including Cuba

Bookings increased 148% from May 2016 – May 2017 (Bloomberg)

Were expected to double staff in region by end of 2017

Airbnb Looks to Latin America, Now Its Fastest-Growing Market - Bloomberg
And in the Caribbean...

41,000 Airbnb listings in the Caribbean

Hosts earn an average of US$3,900 annually

Reportedly brought 2 million guests to region + Yucatan Peninsula in first 8 months of 2017, a 170% increase over 2016, for a total of US$266 million

Out Here

THE HOSPITALITY IS LEGENDARY

Times & Locations
April 17 – April 19

The Bermuda Tourism Authority and Airbnb will host a series of information sessions on vacation rental benefits and opportunities. Whether you are considering offering a vacation rental property or are already doing so, these sessions will help ensure you get the most from your efforts.

Monday, April 17th: East End | Potential VRP Hosts
World Heritage Centre, St. George’s | 5:00pm to 7:00pm

Tuesday, April 18th: West End | Potential VRP Hosts
Dalton E. Tucker Primary School Hall, Southampton | 5:00pm to 7:00pm

Wednesday, April 19th: Central
The Cathedral Anglican Church Hall, on Church Street, Hamilton
Two sessions
Current VRP Hosts | 8:30am to 10:30am
Potential VRP Hosts | 5:00pm to 7:00pm
Strengths:

- Offers unique experiences, meaningful connections, and sense of place
- Creates micro-entrepreneurial activities, which allows for a more inclusive tourism industry
- Can offer more affordable options for travelers, allowing an uptick in overall arrivals
- Allows for more efficient use of infrastructure, underutilized space, and resources
- Digitization allows for consumer-driven ease of access
Weaknesses:

Standards for quality, accessibility, and sustainability are hard to set and maintain. They are not regulated or taxed in many destinations. Data sharing is often not transparent. Exchange of services is based on trust and requires access to technology.
Opportunities:

Forces traditional industry to be innovative and evolve.

Additional tax revenue available if regulated.

Airbnb increasingly open to signing agreements for regulation with destinations.

Airbnb now allows boutique hotels and bed & breakfasts to use platform.
Threats:

- Can price out locals and cause housing shortages
- Negative financial impact on traditional services
- “Race to the bottom” for providers
- Fabric of residential neighborhoods altered
- Safety concerns
Lessons Learned:

- Proactive government agreements with provider is critical
- Limitations needed on *types* of properties that can be rented
- Limitations needed on *where* properties can be rented
- Markets for both traditional accommodation and sharing economy are here to stay
Additional Research Proposed by CREST:

The Sharing Economy is here to stay. What is the impact of the home-based accommodation economy on the traditional hotel sector? Further, the study will test the working assumption expressed by several tourism officials that the impact of small hotels may be greater than on large hotel chains.
Thank you!

Samantha Bray
Managing Director
Center for Responsible Travel (CREST)

1225 I St. NW
Suite 600
Washington, DC 20005

Tel: +1 202-347-9203 ex. 414
Email: sbray@responsibletravel.org

www.responsibletravel.org