



**TRAVEL & THE SHARING ECONOMY: SIGNING UP  
FOR SHARING THE EXPERIENCE**

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The *'sharing economy'* for many, millions in fact, is a term that is familiar to the ear, but not to lifestyle. To millions others, it is a way of life.

These two words have become a defining characteristic, and sometimes dividing line, in societies, in economies and in industries today. Within the travel and tourism space, it has become an area of immense growth and opportunity, not to mention controversy. A relatively new phenomenon, some of the segment's lead businesses and brands are under a decade old. Still, they have changed the rules of the game, playing to win new supporters even if not playing by the rules. The likes of Uber and Airbnb, leaders of their respective packs, have become such a part of travel and lifestyle that they have evolved from nouns into verbs. Need a lift? Uber it. Want to make some money on your flat while away on business? Airbnb it. Whatever the need, there's an app for that....or there soon will be.

To call the sharing economy the 'new' economy implies that all else is 'old'. Directly linked to this then/now and them/us way of making sense of changing ways, the term denotes an implicit millennial age and/or attitude versus those not really in the know.

However it is interpreted, more often than not it makes older people nervous, and those younger not knowing what all the fuss about it is about. Surely it just makes sense – quick, cashless, customised services for customers around the world. And clearly, with rates of growth and earnings the envy of organisations, innovators and investors across the world, this shared approach of doing business is making huge sums as well.

Indeed, but for those operating on older business models, this new way is creating new challenges, and concerns regarding checks and balances. In some markets rumblings have evolved to roars. What about taxation? What about regulations? And what about qualifications? And certifications? And security. And what about quality?

Whatever the pushbacks, the growth of the sharing economy is moving forward.

### **GROWING PAINS**

Making noise in many ways, the upset for many makes sense. Like a tsunami, the sharing economy in some segments has caused a flood of competition, not to mention excess capacity. In London alone, 40,000 Uber cars are now operating alongside 50,000 taxis. One-to-one matches are increasingly common in major global cities. At time of writing, Uber, with over 8 million downloads of the Uber app in 2015 alone, today operates in 77 countries worldwide across 527 cities, and yields an average number of 1 billion daily trips. No doubt that number has now grown, not to mention the numbers of other rideshare competitors, established and new (ie Lyft, Didi, Sidecar) and new, which represent more of an 'on demand' industry than 'shared economy' noting the formalization of driver and vehicle dynamics that make these offerings so ubiquitous today.

Likewise the growth of room-sharing offerings, Airbnb at the forefront of the segment, its presence through over 2 million listings across more than 34,000 cities in 191 countries a breathtaking achievement in just 8 years. Over 60 million guests are estimated to have been able to sleep easy. The same cannot be said for the hotel industry that, daily, watches the new kids on the block bite into their bookings potential. More and more travellers, generally younger with truly digital lifestyles, are switching to sharing. Their numbers are growing.

Which, interestingly, for those feeling the emergence of a cloud, is where the silver lining can and must be seen. The emergence of the sharing economy is changing the game, and doing so by increasing, significantly, the field of play for the benefit of all players.

### SHARING A GROWING SECTOR

Without a doubt, the industry has experienced growing pains as the sharing economy has broken through long established ways of working. For the global travelling public, however, the advent of the sharing economy simply represents another way to enjoy all that travel and tourism offers in education, enrichment, opportunity, possibility – the pure joy of discovering people and places all around us. This is especially important in markets that look to the travel & tourism sector as a critical lever for economic and social (re)development, yet lack the essential tourism infrastructure to unlock the sector’s potential sooner rather than later.

Case in point: CUBA.

A nation reborn as a focus of global interest as a people and place as a result in fundamental shifts in foreign policy, Cuba today has become a golden child of the global travel world. As air connectivity from the US directly into Cuba increases, traveller bookings overflow. The ability to host the influx of foreign visitors is not, however, in a position of readiness.

In steps Airbnb. Receiving license from the US in 2015 for business operations in Cuba, Airbnb entered as the first and only formal accommodation-share offering for travellers. Bridging the great divide between supply and demand, local economic uncertainty and income security. Year one performance tells the story of Airbnb’s fastest-growing country seeing a multiplier x6 of its initial 1,000 listings. Currently, 8,000 homes are listed with Airbnb.

For the overall travel industry and tourism economy, Airbnb has become a critical partner, helping the industry build its capacity in a way that helps the government build its tourism policies and practices, especially as regards:

- increasing the size of the tourism economy,
- enabling individuals to establish small businesses out of their, in this case, homes
- expanding opportunity for job creation, skills development and transformation
- diversifying the destination experience, and

- intensifying local immersion and understanding

As expressed by Nicola D'Elia, Managing Director for Africa & Middle East at Airbnb:

*“With Airbnb, regular people share the places they live in, their cities, neighborhoods and homes. The traditional tourism industry has always been more about places than people. I think we might have inspired the industry to think about destinations differently, to tell more people-centered stories that highlight places beyond monuments and attractions. Our community of hosts are great ambassadors! Secondly, due to the very varied price points for accommodation on our site Airbnb reaches many different groups of travelers, some that might not have been considering a trip if it wasn't for Airbnb. We are growing the pie - which is good news for everyone.”*

Such holistic, visionary thinking is not limited solely to new ventures.

Hertz, a 98 year old, US based global car rental organisation, looked to the sharing economy as an opportunity rather than threat. Looking for a way of leveraging the unstoppable growth of the sharing economy, particularly the encroachment of Uber and Lyft on the US car rental market, Hertz opted to take/drive the high road, creating a programme that makes available to Uber and Lyft cars that the company is rotating out of its fleet.

If you can't beat them, join them. Or even better, rent to them!

### CREATING A SHARED-WIN APPROACH

Ultimately, wherever one sits in the travel experience chain, the experience of working in our remarkable industry is an ever-evolving one. As momentum in traveller activity continues, the need for more immersive, more innovative, more engaging, and more equitable ways of travelling, for both visitors and hosts, will grow. With growth will come dramatic changes, changes which one can only hope are embracing of travellers and the tourism industry alike.

Importantly, for roleplayers across the travel experience chain, commitment to creating a win:win:win for travellers:business:destination alike is vital. Because at the end of the day when a traveller gets into a car, drives to their bed, and shuts their eyes, our sector is, at its heart, about connecting people near and far.

And as a wise, worldly purple dinosaur once said, *'sharing is caring.'*

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