Tourism and the Sharing Economy:

Policy & Potential of Sustainable Peer-to-Peer Accommodation

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Executive Summary

Disruptive technologies are fundamentally changing the nature of our world. Developments in digital platforms, artificial intelligence, blockchain, robotics, driverless cars, and smart cities are disrupting the way the tourism sector operates from end to end—impacting the way destinations facilitate tourism, develop product, gather data, access markets, and attract visitors.

This disruption has ripple effects across the tourism industry and affects low-income markets striving to leverage tourism for development impacts. Digital platforms have a particularly significant impact on the tourism sector. They provide both opportunities and challenges for World Bank Group client countries looking to harness tourism to help achieve the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity.

This report focuses on one disruptive force in the tourism industry: the emergence of peer-to-peer (P2P) accommodation. P2P accommodation occurs when individuals offer, in exchange for money, a room or an entire house for short-term accommodation. The rapid growth of this new product is shaking up the hotel industry and creating a new way to travel and interact with a destination and its community.

The objectives of this report are to investigate the opportunities and challenges that P2P provides in developed and emerging destinations and to offer a set of recommendations to better use this new business model for sustainable and inclusive tourism. The report also sketches a research agenda for the near future.

This report is written for destination managers, policymakers, and World Bank Group staff involved in the design and management of tourism operations. It is based on desk research, interviews with digital platform managers, and an in-depth study of the case of Jamaica.

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Context

Travel and tourism comprise one of the largest and job-rich service industries in the world. There were 1.2 billion international travelers in 2017, and it is estimated that there will be 1.8 billion travelers by 2030. Tourism accounts for nearly 10% of the global workforce, generates needed foreign exchange, and has a wide and inclusive value chain that includes farmers, craftspeople, and rural workers; it also provides comparative advantages for women seeking employment. Accommodation is the largest subsector of the tourism industry; there are an estimated 115 million beds in traditional commercial forms of accommodation,[1] which include everything from full-service, all-inclusive resorts (which may be destinations in themselves) to shared rooms (which may be just a place to sleep).

The tourism industry is increasingly driven by technology. Indeed, online travel agencies (OTAs), such as Expedia, TripAdvisor, Ctrip (now Trip.com), and The Priceline Group (now Booking Holdings), have played a big role in shaping the current state of travel search and booking. The availability of digital tools that help travelers plan, book, and share their recommendations with others has also created a new set of challenges for those responsible for managing and marketing destinations. Power has shifted to travelers and the platforms that own the data. Travelers can now share opinions with a global audience before,

during, and after a trip and can influence the choices that future consumers will make; the owners of the platforms are also empowered by this new forum. New opportunities have emerged for ordinary residents to participate in the tourism value chain. What is broadly known today as the "sharing economy" has expanded accommodation options and scaled up the age-old practice of staying in people's homes. Although homestays have existed for as long as people have traveled, technological innovations have made it possible for individuals to offer rooms to a global marketplace of consumers. This innovation has had a ripple effect throughout the tourism and hospitality industry, challenging traditional tourism offerings and adding another layer of intricacy to an already complex sector.

In 2018, P2P accommodation makes up about 7% of accommodation globally, or roughly 8 million beds. The projected annual growth rate for global P2P accommodation is estimated at 31% between 2013 and 2025, six times the growth rate of traditional bed-and-breakfasts and hostels. This growth is not spread evenly: it appears to be stabilizing in some more mature markets and accelerating in emerging markets. However, these numbers are regarded as overestimating the impact of the sector, given that occupancy rates are extremely low, with most providers receiving fewer than 20 bookings per year.

Key Insights

This report makes the following contributions to knowledge about P2P accommodation:

1. It provides a comprehensive review of the pros and cons of P2P for destinations.
2. It explores the pros and cons through a study in Jamaica and provides the country with some considerations for action.
3. It recommends a four-step approach for destinations to manage P2Ps.

A road map for future research and a set of three diagnostic checklists are also provided to help destination managers further build their understanding.

The report shows there are both opportunities and challenges for destinations when managing P2P. There are strong lobbyists and advocates on both sides as the subject has become a politicized issue. Whether the costs outweigh the benefits will depend on the unique circumstances of the destination and on how governments respond with policies, regulations, and so on. The diagnostic checklists in the Appendix are designed to assist with the assessment of these circumstances.

The key benefits of the P2P accommodation sector for emerging economies are the expansion of tourism product, service, and sector offerings; improved access to market; and opportunities for income generation. The results from Jamaica show support for the idea that P2P can help diversify tourism geographically, cater to festivals and events without new construction, attract new markets, and broaden the product offering. There is evidence that P2P accommodation is linked to increased domestic and Diaspora tourism. The study also revealed that a majority of hosts are women, although it was not possible to tell how many bookings are made with women or how much women earn compared to men. The research found that P2P was not as socio-economically inclusive as expected; despite having a diversity of hosts, almost half of all hosts are not actively receiving bookings. Hosts in poor neighborhoods struggle to get bookings, whereas those in wealthy neighborhoods thrive—deepening the divide.

Photo Credit: Unsplash - William Rouse - Phuket, Thailand.

Case studies from elsewhere in the world reveal some of the development challenges of P2P, which include regulation, competition, licensing, taxation, affordable housing, noise, and security concerns. Not all these dimensions could be analyzed in depth in this report, but that work will be continued in the future. For the most part, regulation has not kept up with the growth and changing dynamics of P2P accommodation. This makes it more difficult for destination managers to plan, develop, and manage capacity for the whole destination. Key concerns in Jamaica are loss of tax revenue, and real and/or perceived risks to visitor safety, and destination reputation from inferior quality and low standards. Destination managers have demonstrated a variety of responses to P2P, depending on the stage of development of tourism and number of visitors. Some have issued sudden adverse policy changes, while others are embroiled in legal battles with P2P platforms. All could benefit from better information and transparency on the scale, scope, and key issues.

Harnessing P2P for sustainable and inclusive tourism involves careful management of policy challenges, so that destinations can achieve their development vision while not jeopardizing the quality of life of destination communities.

This report suggests four steps toward more sustainable development and management of P2P accommodation. Each step is explored in some depth with considerations for destination managers. The aim is to ensure that P2P is successful without compromising the quality of life of residents or putting visitors at risk.

Each destination's needs, vision, goals, and motivations for engaging in P2P may be quite different. In some, the goal may be diversification from sun and sea; in others, the goal may be supplemental income opportunities for marginalized groups. New destinations without sufficient hotels may want to actively promote P2P as a stopgap solution. Cities suffering from overtourism and housing shortages may need stringent rules and regulations to prevent the overuse of P2P for short-term stays. Mature destinations may face fewer capacity and digital access hurdles than developing destinations, owing to their higher education and infrastructure levels. The report provides broad recommendations for destination managers to help ensure the sustainable development of P2P accommodation.[a]

Figure 1. Four Steps toward Sustainable P2P Accommodation

Glossary

These definitions were adapted from a variety of sources for the purposes of this report. They are not designed to be universal.

Collaborative economy Information and communication technology (ICT)-based platforms that coordinate exchanges in the form of consumption, production, and learning.

Digital platform Online applications that allow participants to interact with each other and that can facilitate transactions of assets, services, or both.

Digital matching firms Entities that provide online platforms (or marketplaces) that enable the matching of service providers with customers.

Gig economy A labor market characterized by the prevalence of short-term contracts or freelance work, as opposed to permanent jobs.

Homestay tourism A travel experience during which visitors pay to stay in private homes in order to interact with a host or local family.

Host A person or company who offers a room or an entire property for temporary stays.

Host-present rental A rental where the host is present during the stay of the guest; this implies that the rental is for one or more rooms and not the entire home.

Inclusion The process of improving the terms for individuals and groups to take part in society.

Listing A property included on a P2P accommodation digital platform. Listings may consist of entire homes, apartments, private rooms, or shared spaces.

Meta-platform Platforms that compare the offers of other platforms.

Monetized or commercial home sharing Short-term accommodation service that generates an economic benefit beyond the recovery of costs of sharing and takes place frequently or systematically.

Non-monetized home sharing Short-term accommodation service that is provided by a host free of charge for the guest.

On-demand economy A digital marketplace offering immediate access to goods and services that are often delivered by contractors, freelancers, or independent workers.

Online travel agency (OTA) An online company that allows customers to book various travel-related services, such as transportation and accommodation.

Overtourism The condition of destinations where locals, businesses, or visitors feel there are too many visitors and that the quality of life in the area or the quality of the tourist experience has deteriorated unacceptably.

Peer-to-peer (P2P) When two individuals interact to exchange goods and services directly with each other, without intermediation by a third party.

P2P accommodation economy People providing accommodation directly to consumers, using digital platforms.

Primary residence The house or apartment where the owner or tenant usually lives: their main home.

P2P accommodation provider A person or company who offers a room or an entire property for temporary stays.

Sharing economy Sharing of underutilized assets and services, monetized or not, between private individuals, using an online platform.

Super-platforms Platforms that have a central position in the accommodation market, acting as quasi-monopolies, or without significant competition.

Introduction

Digital platforms, part of the fourth revolution, are disrupting the way the tourism sector is run from end to end—impacting the way destinations facilitate tourism, develop product, gather data, access markets, and attract visitors. One prominent disruptor is the digital platforms that facilitate peer-to-peer accommodation. There are an estimated 8 million beds in peer-to-peer (P2P) accommodation. Although this is a still a small part of the global accommodation (7%) it is growing faster than traditional accommodation. The P2P accommodation economy is composed of people who provide accommodation directly to consumers using digital platforms.

Digital technology platforms have made it easier for people to share and monetize their underutilized assets. The projected annual growth rate for the global peer-to-peer accommodation economy is estimated at 31% between 2013 and 2025, six times the growth rate of traditional bed-and-breakfasts (B&Bs) and hostels.[2] Digital platforms make it simpler and cheaper for individuals to offer accommodation and other services to a global marketplace of consumers without setting up a website or needing to formalize their business. Before the Internet, offline peer-to-peer home-sharing and room rentals existed for centuries. B&Bs would promote their offering using road signage and listings in local travel guides. Digital platforms now offer both the marketplace and payment systems, making it possible for individuals to offer rooms or entire homes as tourist accommodation directly to consumers without needing to build a website or collect payments directly. The availability of new accommodation options also makes it easier for travelers to find more affordable, flexible, and local accommodation options, which were previously off the radar of online travel agencies (OTAs), visitor information centers, and guidebooks, or did not exist at all.

The rapid growth of peer-to-peer accommodation presents both opportunities and challenges for destination managers. Destinations that were previously held back by lack of accommodation options can now expand. Day trips to villages can become overnight visits, providing more visitors for local restaurants, shops, and other businesses. People who previously had no experience in the tourism industry can now offer their spare rooms or vacation house to a global audience. P2P accommodation also can expand or collapse inventory efficiently. This may be particularly useful in the case of an event, crisis, or other short-term accommodation need. Furthermore, digital technology could vastly reduce the cost of collection, storage, computation, and transmission of data about how travelers behave.[3]

P2P accommodation also presents challenges to destination managers trying to plan, develop, and manage the quantity, reputation, quality, and safety of the whole destination. A growing number of destinations around the world are suffering from *overtourism*, an effect of the increasing number of people who are traveling. Limiting the number and location of accommodation permits is one way that destination managers have managed capacity within acceptable limits. In destinations where P2P accommodation is not registered, the rapid rise of P2P accommodation has left managers without this control mechanism and without a clear understanding of the size and distribution of the P2P accommodation sector within their destination. This affects their ability to plan for growth, collect taxes, manage quality standards, and address complaints of noise and pressure on local housing markets. It has also given rise to concerns about visitor and host safety. The perceived competition of P2P accommodation with the hotel market is a particular challenge, as many tourist boards receive funding and other kinds of destination-level support from hotels.

Destination managers have demonstrated a variety of responses to P2P accommodation, depending on the stage of development of tourism. Some have welcomed and encouraged it, others are in legal battles to ban P2P accommodation partially or completely, and many are undecided. Solutions are even more urgent now that P2P growth is accelerating in emerging markets where tourist accommodation and the tourism sector in general is often less regulated and prepared for the potential influx of additional tourists. New questions have arisen relating to standards and safety, along with opportunities for increased

economic impact from tourism and greater inclusion of women and disadvantaged communities. Information is critical in a time of such change and uncertainty so that wise decisions can be made in the best interests of destination communities.

Defining Peer-to-Peer Economy

The *sharing economy* refers to individuals offering their underutilized assets to others using digital platforms: "the peer-to-peer based activity of obtaining, giving or sharing the access to goods and services, coordinated through community-based online services."[4] The sharing economy is also referred to as the "collaborative economy", the "gig economy", or the "platform economy", and includes many different sectors, ranging from selling art to providing home maintenance services run by an increasing number of independent "gig workers", or microentrepreneurs.

The sharing economy is the original term for gig activities that centered on the sharing of underutilized assets. Now, however, the offerings promoted on the largest tourism digital platforms go far beyond sharing underutilized assets to include accommodation that is owned solely for short-term rental, sometimes from owners who are businesses. The result is that the term "sharing economy" has rather lost its meaning in this sector.

This report focuses instead on the peer-to-peer (P2P) economy, which refers to temporary stays in entire homes, apartments, private rooms, or shared rooms. The home or room may be the primary or secondary residence of the provider/owner, and he or she may be present or temporarily absent. When travelers rent a room in a host-present home it is referred to as a homestay.

Research Aims

The World Bank Group is engaging in multisector research on the development impact and potential of disruptive technologies and their business models; this includes testing their application to address development challenges and examining how to develop scale-up modalities. Part of this approach focuses on developing and sharing knowledge with client countries and technology companies alike.

Research on P2P accommodation intends to address these main questions:

- What are the size, scale, and growth rate of the P2P accommodation economy?
- How do consumers of the P2P accommodation economy differ from conventional tourists?
- What are the development opportunities emerging from the P2P accommodation economy?
- What are the good practices for addressing challenges—including mechanisms such as standards, registration, monitoring, data sharing, regulation, and taxation—that can be applied to developing destinations?
- What are the gaps in knowledge, and what should a future research agenda look like?

Methodology and Research Context

This study is based on a mix of desk research, data analysis, case studies, field studies, and qualitative interviews with platform representatives. As the first World Bank research into this subsector, the research in exploratory, aiming to formulate and identify problems for further analysis in the coming years. The objective is to raise awareness about the pros and cons of P2P accommodation and provide policymakers with some preliminary recommendations on the way forward. The only primary research undertaken were interviews with P2P accommodation providers and a small-scale survey, both undertaken in Jamaica.

This study has therefore not sought to compare the direct economic impact of hotels versus P2P accommodation. Instead, it examines P2P accommodation in the context of the World Bank's twin goals: the elimination of extreme poverty and the boosting of shared prosperity.

Some of the data used in this report have been provided directly by the following platforms: Airbnb, Booking.com, Homestay.com, and TripAdvisor Rentals, while other data were retrieved from secondary reports. Data provided directly from the platforms cannot be verified so they should be considered indicative.

None of these platforms that shared data participated in the writing or reviewing of this report. Independent research has been included where possible, but this is a fast-moving field with few available academic studies. Where unverified industry data has been included, it has been identified as such.

Size of the P2P Accommodation Economy

The P2P sector is growing and changing quickly and independently. Global data on the size of the P2P accommodation economy is limited. Two studies stand out. First, a 2017 independent study by Mastercard estimated the total value of transactions on the P2P accommodation economy to be US$75 billion. The study forecasts the market will almost double to US$139 billion by 2020.[5] Second, work by the World Economic Forum predicts that by 2025, 17% of the global hotel sector's annual revenues, or US$8 billion, will be in short-term rentals (now 7%).[6]

After experiencing high growth rates over the last five years, growth in P2P accommodation now appears to be slowing in mature markets. P2P accommodation platforms were initially most popular in mature destinations where digital access and travel frequency are the highest. From 2017 onward, however, P2P accommodation appears to be stabilizing both from a demand and supply perspective. A 2017 study of 4,000 U.S., U.K., French, and German adult consumers by financial services company Morgan Stanley asked about consumers' awareness of the digital platform Airbnb; awareness had reached 80% in mature markets, which resulted in limited incremental growth of demand. The survey showed that in 2017, 25% of travelers had used the platform in the past 12 months, but it also showed that the rate of growth has slowed from 7.9% in 2015 to 3.3% in 2017.[7] Increased regulation and negative press are reasons cited for the slower growth of supply. For example, the amount of P2P accommodation in Berlin, Germany, and Santa Monica, California, dropped by 49% and 37% respectively after governments introduced stricter regulations and fines.[8]

Emerging markets are new growth centers for P2P accommodation. Data received from Airbnb showed that the number of guests in low-income and lower-middle-income countries[b,c] has increased by 1,160%, from 323,100 in 2014 to more than 4 million in 2017. Much of this growth can be attributed to high growth in Indonesia, which received 940,000 Airbnb guests; the Philippines, which received 980,000 Airbnb guests; and India, which received 480,000 Airbnb guests; all in 2018. In 2017, China received 3,290,000 Airbnb guests, which resulted in a 268% year-on-year growth rate. Similar patterns are seen in data provided by Homestay.com, which is seeing fast growth in revenue in Cuba, Japan, Iran, Brazil, the Republic of Korea, Argentina, South Africa, India, Mexico, Singapore, and China.

[b] As defined by the World Bank Group, https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups
[c] **Middle East and North Africa:** Djibouti, Egypt, Jordan, Morocco, Syria, Tunisia, West Bank and Gaza, Republic of Yemen.
Sub-Saharan Africa: Angola, Benin, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Côte d'Ivoire, Democratic Republic of Congo, Eritrea, Ethiopia, the Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, South Sudan, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, Zimbabwe.
South Asia: Afghanistan, Nepal, Bangladesh, Bhutan, India, Pakistan, Sri Lanka.
Europe and Central Asia: Armenia, Georgia, Kosovo, Kyrgyz Republic, Moldova, Tajikistan, Ukraine, Uzbekistan.
East Asia and Pacific: Cambodia, Democratic People's Republic of Korea, Indonesia, Kiribati, Lao People's Democratic Republic, Timor-Leste, Solomon Islands, Federated States of Micronesia, Mongolia, Myanmar, Papua New Guinea, Philippines, Vanuatu, Vietnam.
Latin America and the Caribbean: Bolivia, El Salvador, Guatemala, Haiti, Honduras, Nicaragua.

Figure 2. Growth of Airbnb Guest Arrivals in "Low-" and "Lower-Middle-Income" Countries, 2014–2017
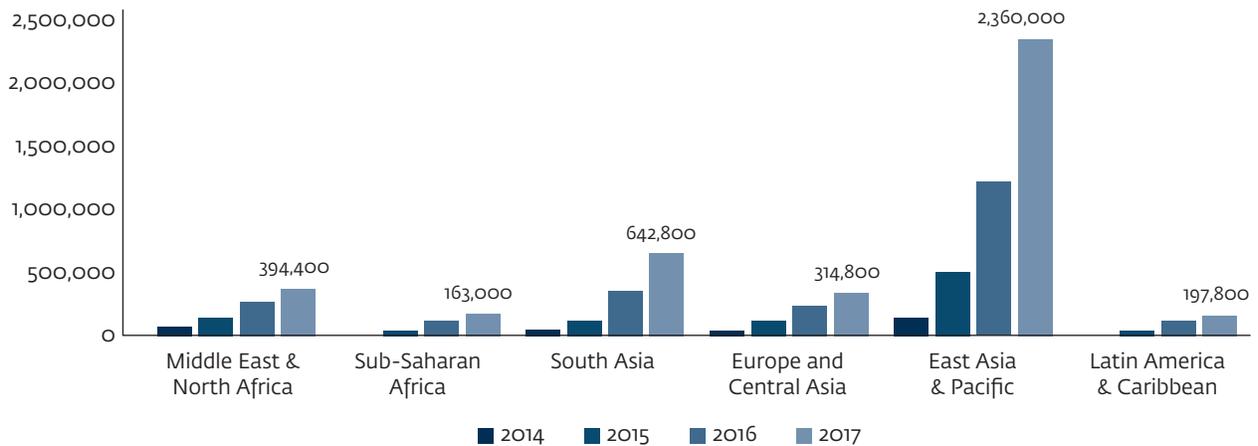
Source: Created by World Bank Group using data provided by Airbnb.
Note: "Low-" and "Lower-Middle-Income" as defined by the World Bank Group.

Factors Driving the Growth of the P2P Accommodation Economy

1. **The number of people traveling is increasing annually.** Whereas travel was once a luxury, it is now regarded as a necessity. More people are traveling for business, pleasure, education, health, sports, and family than ever before. In 2017, there were 1.2 billion international travelers, and it is estimated that there will be 1.8 billion by 2030.[9] This means more demand for accommodation, transport, restaurants, and all the services that provide for travelers' needs.

2. **Low-cost airline carriers allow a much broader socioeconomic group to travel.** Low-cost carriers have enabled lower- and middle-income consumers, larger families, and groups to travel. These travelers are more diverse than ever before and may not be interested in standard hotel rooms.

3. **OTAs such as Expedia, Booking.com, and Trip.com have helped consumers feel more confident in booking travel reservations online** rather than using travel agents. OTAs represented 39% of the U.S. online travel market in 2016.[10]

4. **Mobile technologies and digital banking make on-the-go reservations and mobile payments possible.** Nearly 2.4 billion people were estimated to be smartphone users in 2017.[11] Mobile phone bookings account for a quarter of all hotel bookings.[12]

5. **Digital technology has lowered the search, track, and verification costs of booking accommodations.** The lower search costs have made it easier to find niche products and have facilitated discovery of relatively unknown products. It has also meant that a platform can be more effective in promoting specific listings to target markets. The lower cost of verifying identity and reputation has supported transactions between strangers who do not have a public reputation.[13]

6. **Guest and provider two-way reviews have helped increase the level of "stranger trust" required from both provider and guest.** The online rating systems on platforms have been referred to as "new forms of private regulation" because they offer insights into service, quality standards, and amenities.[14]

7. **Growing interest in more authentic experiences** by travelers is driving the demand for nontraditional accommodation and closer connections to host communities.[15]

In addition to these trends, traditional accommodation providers are entering the P2P accommodation market. Hotel brands are starting to broaden their offerings in order to maintain their market share, leading to increased vertical market integration. For example, in April 2018, Marriott International announced a six-month partnership with Hostmaker, a London-based rental management company. According to this provider, 200 homes in London are now available for guests under Marriott's Tribute Portfolio brand.[16]

As this subsector has evolved, the difference between P2P platforms and online travel agents, such as Expedia and Booking.com, is diminishing. What in the beginning were very different offerings, one from private individuals, the other from commercial operators, are becoming more similar. For example, the platform Airbnb lists hotel rooms, second homes, and formal bed-and-breakfasts (B&Bs) on its site and allows boutique hotels and B&Bs to have real-time room rates and availability linked to a hotel's property management system.[17] Similarly, OTAs like TripAdvisor and Booking.com are now offering apartment rentals and homestays.[18] In April 2018, Booking.com announced that, out of its total of 27 million listings, 5 million are homes, apartments, homestays, and other unique lodgings. Now that the differences between OTA and P2P platforms are becoming smaller, P2P hosts should be identified by the accommodation type and not only by the platform they use to access the market.

Components of the P2P Accommodation Economy

The P2P accommodation economy is made up of three parts: the digital platform, the accommodation provider, and the guests. The platform provides the technology that allows the guests to search for and find a provider in their travel destination, to communicate with the provider, and, in most cases, to book and pay for the stay. These digital matching firms are an online marketplace.[19] They mediate between the consumer and the service provider and charge a usage fee to either provider or guest, or to both.

The Platforms

Digital accommodation platforms can be broadly divided into three different models:

1. **P2P accommodation.** The provider charges a rental fee and the guest either pays it directly to the provider (for example, Homestay.com) or the fee is channeled through the platform (for example, Airbnb). In addition, the platform collects a transaction fee from either the provider, the guest, or both.

- Airbnb collects a 3% commission from providers and a 6–12% service fee from guests. The guest must pay the entire amount (rental fee and transaction fee) up front; the platform then pays the provider after the guests have arrived.
- Homestay.com at the time of booking charges the guest a 15% transaction fee that goes to the company and is also used to secure the booking. The guest pays the rental fee directly to the provider before or upon arrival using cash, a bank transfer, or PayPal.
- HomeAway charges guests a service fee of 5–12%; the provider can choose between a pay-per-booking fee (minimum of 8% per booking) or an annual subscription fee that ranges between US$349 and US$499. Guests can pay the providers directly or through the HomeAway system.
- Booking.com charges a transaction fee of between 12–17% to the providers only; the guests pay no fee. The guest pays the rental fee to the provider at check-in. A hold on the credit card at the time of booking is applied only if the provider has a cancellation policy.

Figure 3. The P2P Accommodation Ecosystem
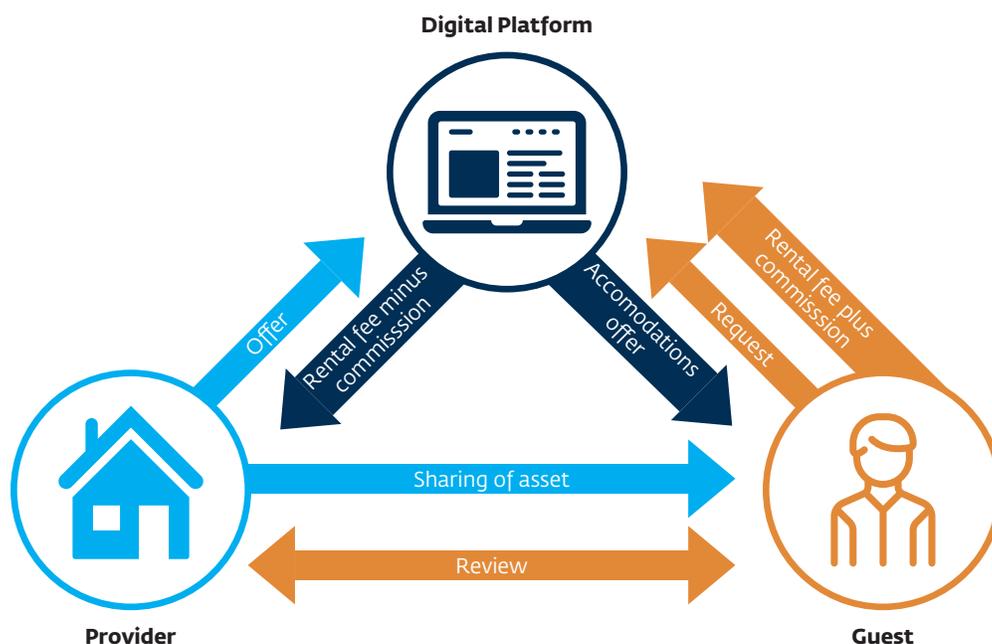
2. **Reciprocal accommodation exchanges.** These are home swaps in which one party stays temporarily in the home of another, and vice versa. The exchange is facilitated through a platform and there is no rental fee. The platforms charge a transaction fee to *both users*. This can be per transaction or a flat fee regardless of usage; for example, the home-swapping company HomeExchange charges US$150 for a 12-month period. The largest reciprocal platform GuestToGuest's transaction fee is 3.5% of the deposit. The deposit is held by the platform until after the exchange ends; it is set by the providers of the properties.

3. **Free accommodation.** This is an offer of accommodation with no charge or obligation to either party: Free accommodation exchanges refer to those in which one party visits another without a rental fee or direct reciprocal interest. The main platforms, such as Couchsurfing and WarmShowers, do not charge a transaction or a membership fee. Free accommodation platforms combined may comprise 500,000 beds.

This report is focused on the first model: P2P accommodation where the provider receives a rental fee in exchange for providing accommodation.

Table 1. Main Digital Platforms for Accommodation Exchanges

Platform	Founded	Listings	Geographical spread	Guest stays
P2P accommodation				
Booking.com	1996	5 million*	226 countries	n/a
Airbnb	2008	4.85 million	191 countries	200 million guests total
HomeAway (owned by Expedia)**	2005	2 million	190 countries	n/a
TripAdvisor Rentals***	2009	830,000	200 countries	n/a
Tujia	2011	300,000	China	n/a
9flats.com	2011	250,000	140 countries	n/a
Homestay.com	2013	50,000	160 countries	750,000 room nights total
OYO Rooms	2013	8,500	India	40 million room nights total
Onefinestay (owned by AccorHotels)	2009	2,500	United States, Europe, Australia	n/a
Xiaozhu	2012	250,000	China	n/a
Reciprocal accommodation exchanges				
GuestToGuest	2011	280,000	197 countries	n/a
Love Home Swap (owned by Wyndham)	2009	100,000	140 countries	n/a
HomeExchange (owned by GuestToGuest)	1992	67,000	150 countries	135,000 home swaps (2016)
Free accommodation exchanges				
Couchsurfing	2004	400,000 hosts	200,000 cities	4 million guests per year
Trustroots	2014	6,000 hosts	n/a	n/a
WarmShowers	1993	61,000 hosts	161 countries	n/a
BeWelcome	2007	35,000 members	n/a	n/a

Sources: Platform websites as of December 2017.
* Booking.com has a total of 27 million listings, of which 5 million are classified as alternative or non-hotel accommodation.
** The HomeAway portfolio includes HomeAway.com, VRBO.com, and VacationRentals.com
*** The TripAdvisor Rentals portfolio includes FlipKey, HolidayLettings, HouseTrip, Niumba, and Vacation Home Rentals.

The growth in the P2P accommodation economy has brought with it market consolidation and the emergence of super-platforms. While the emerging platforms might at first foster more competition in the tourism sector at large, to the benefit of final consumers, the presence of "network effects" may eventually result in a few platforms concentrating traffic for most users, ultimately curtailing competition in the P2P segment. As research by Kansai University in Japan shows, the more users these platforms have, the better their algorithms become, and the better these platforms can monetize and target their services.[21] Artificial Intelligence, particularly machine-learning, has accelerated data-driven network effects through enabling automatic analysis of big data.[21] This information flow can then make it very difficult for any new entrant to compete against an incumbent with a large base of customers. Market power is therefore driven by network effects, which are further deepened by the ability of super-platforms to leverage big data through machine learning. P2P accommodation platforms so far remain largely untouched by antitrust/competition policies, as traditional approaches might not be best suited to address the challenges posed by the new disruptive technologies. Moreover, in the wake of the European Commission's General Data Protection Regulation legislation,[22] there is increasing discussion of who should have final ownership of the data that the digital platforms collect.[23]

Areas of particular legal concern are data sharing, consumer protection, and legal jurisdiction. Legal scholar Toshiaki Takigawa of Japan's Kansai University explains that the collection of big data itself is not illegal, but excluding competitors through misuse of big data might amount to violation of the competition law.[24] The European Commission has raised concerns about consumer protection as well as fair and transparent pricing. For example, Airbnb's current pricing model has recently been found not to comply with the European Commission's Unfair Commercial Practices Directive, the Unfair Contract Terms Directive, and the Regulation on the jurisdiction in civil and commercial matters.[25] If, for example, disabled riders complain about not being able to access an Uber or an Airbnb, the companies can respond that they are not taxis or hotels, they are just platforms.[26] It is outside the scope of this report to explore this area in more detail, but further discussion can be found in the articles referenced.

Market consolidation is also seen in emerging economies. For example, the budget hotel and accommodation network OYO started in India and has expanded to China, Indonesia, Maylaysia, and Nepal. Homesharing platforms Xiaozhu and vacation rental platform Tujia are both active in China. In addition, many smaller platforms operate on a global, national, or regional level. Airbnb now offers 4.85 million listings in 65,000 cities and 191 countries. HomeAway, which includes VRBO, offers

2 million accommodation listings. TripAdvisor Rentals has 830,000 listings worldwide; most of them are entire homes or apartments. In comparison, Marriott International, which is the world's largest hotel company, provides 1.2 million guest rooms.[27] Reciprocal platform GuestToGuest offers 400,000 properties, including the inventory of HomeExchange, which they acquired in 2017. The total number of beds in reciprocal forms of accommodation may be on the order of 500,000. Couchsurfing remains the largest platform for free accommodation exchanges, with 400,000 hosts and 4 million surfers per year. WarmShowers and BeWelcome also provide platforms that help users connect. All forms of free accommodation combined may comprise 500,000 beds.

Most of the larger P2P accommodation platforms provide limited hands-on or phone assistance for new providers. Onboarding is generally done using an onboarding module or widget, which guides new providers through the sign-up process and provides guidance on competitive price setting. After completing the sign-up process, the listings are in most cases published directly without review. There is generally no assistance available to those without digital literacy. Smaller platforms, such as Homestay.com, check each new listing to see if the proper photos have been uploaded, if prices are in line with the location, and if the description is sufficiently detailed. Homestay.com representatives establish a back-and-forth liaison with the host to get all the details correct, and only then will publish the listing.

The level of support for providers therefore depends on the platform. Support is generally structured around scalability, and there is very limited onsite support. Most platforms have online help centers where providers can find tips and advice regarding how best to optimize their profile and improve their hosting skills. These systems are set up with the goal of limiting direct communication via email or phone. Airbnb has set up a Community Center platform where hosts and guests can find answers to questions and can connect using discussion forums. TripAdvisor Rentals offers a resource center where rental owners and property managers can find tips on managing a property. Airbnb and Booking.com both have regional managers who can provide support for specific situations.

Despite these innovations, there are very few opportunities for the hands-on training needed to assist more vulnerable populations in accessing these platforms. Where training has occurred, the difficulty is in how to scale and sustain it. Nongovernmental organizations on the ground have been one solution. Airbnb has been involved in training hosts in India through SEWA (see box on p. 21) and in South Africa through Open Africa (see box on p. 44). In 2017, Booking.com and the Asia Foundation trained family guesthouses and homestays located on The Loop in Laos on the basics of online booking platforms and guest readiness. Further work is needed in this area to support low-income groups in accessing digital platforms.

The Providers

The United States and Europe appear to be the leading markets in terms of the number of providers of P2P accommodation. Data on the geographic spread of listings provided by TripAdvisor Rentals, which specializes in vacation homes and apartments, shows that the United States is the leading location of listings, followed by Europe. The bookings and revenue from Homestay.com, which lists only host-present accommodation, show a wider geographic spread. When Europe, the United States, and Canada are excluded, Cuba, Japan, Iran, and Brazil are the countries that generate the highest revenue in bookings for Homestay.com.

Figure 4. TripAdvisor Rentals Listing Distribution, 2017

Region of Listing, 2017

Country of Listing, 2017

Region	
Europe	(58%)
North America	(28%)
Asia	(5%)
Caribbean	(3%)
South America	(2%)
South Pacific	(2%)
Africa	(2%)
Central America	(1%)

Country	
United States	(25%)
Other	(22%)
Italy	(13%)
Spain	(11%)
France	(9%)
Croatia	(6%)
United Kingdom	(5%)
Portugal	(3%)
Greece	(2%)
Mexico	(2%)
Australia	(2%)
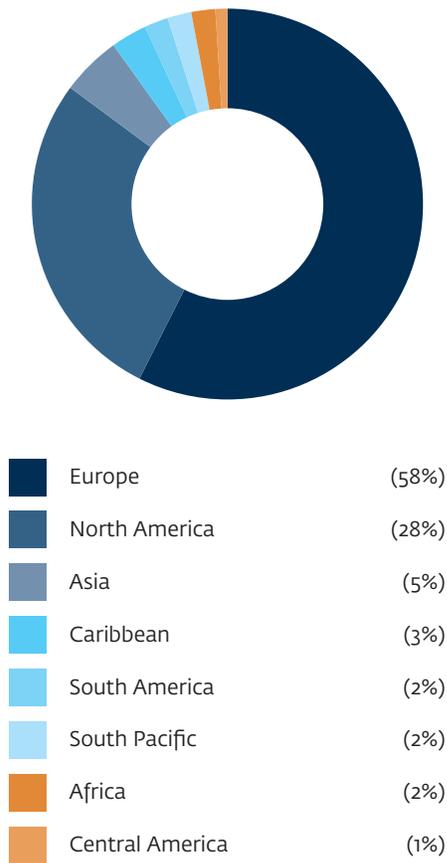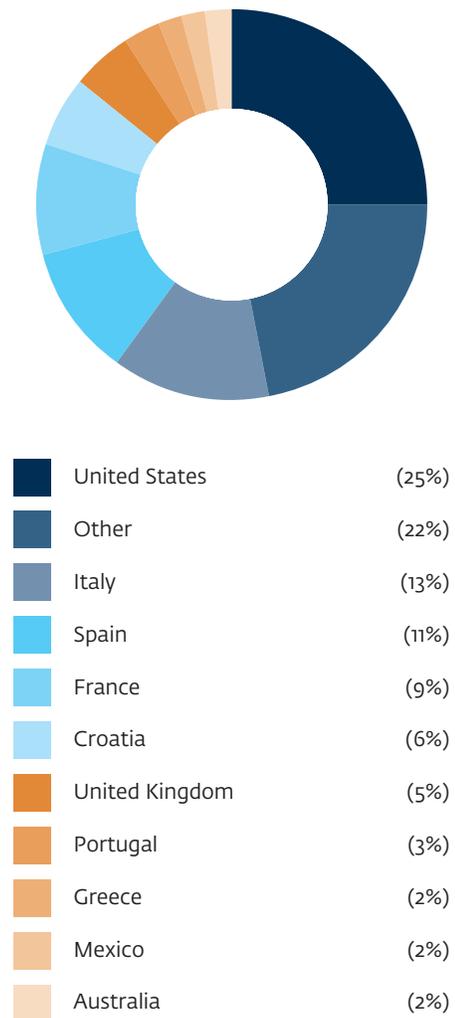
Source: Created by the World Bank Group using data obtained from Trip Advisor Rentals.

Figure 5. Homestay.com Bookings by Geographic Region of Provider, 2016 and 2018
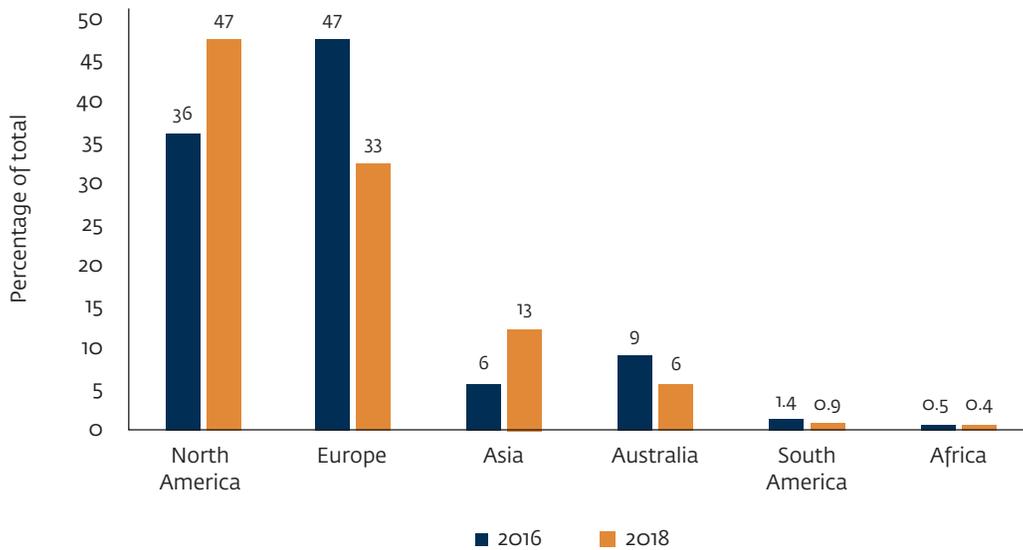
Source: Homestay.com

Table 2. Homestay.com Revenue by Country of Listing, 2017

Ranked by absolute revenue	Ranked by absolute revenue (excluding the United States, Canada, Europe, and Australia)
1. United Kingdom	1. Cuba
2. Ireland	2. Japan
3. Cuba	3. Iran
4. United States	4. Brazil
5. Canada	5. Republic of Korea
6. Australia	6. Argentina
7. Spain	7. South Africa
8. Japan	8. India
9. New Zealand	9. Mexico
10. France	10. Singapore
11. Italy	11. China

Source: Homestay.com

P2P accommodation providers appear to be predominantly female, according to platform data. The Airbnb platform reports that women make up more than 55% of accommodation providers. This does not necessarily mean, however, that women are earning more than men on the platform. Airbnb reports that they have 1 million women providers, but there are 4.85 million listings. More data is needed to assess whether in fact women are as likely or less likely than men to have multiple listings. If they in fact have fewer listings or less profitable listings, it would be reasonable to assume that, despite their predominance, women may still, on average, be earning less than men as P2P providers. For Homestay.com, women make up 64% of the providers; women outnumber men as providers on this platform in all world regions except Africa, where they represent 47% of all providers, and Asia, where they represent 37%.

Table 3. Homestay.com Providers by Gender, 2017

Ranked by absolute revenue	Male	Female
Africa	53%	47%
Asia	63%	37%
Australia	24%	76%
Europe	27%	73%
North America	30%	70%
South America	38%	62%

Source: Homestay.com

Providing Income Opportunities for Women

India: The Self-Employed Women's Association of India (SEWA), an organization registered in 1972, represents 2 million poor, self-employed women living mostly in rural areas. According to SEWA, 94% of the female labor force in India is in the informal sector. SEWA began partnering with Airbnb in 2016 to empower women to earn more through their homestay businesses. SEWA staff provided participant-paid training on hosting standards, digital literacy, and responsible hosting practices to 150 women hosts and also provides support on platform management. They have developed and delivered training in intercultural understanding and safety. Still the most challenging factor, according to the Executive Director, is securing bookings. SEWA set a maximum of five hosts per village to avoid over-capacity, and, in some situations, one woman manages for others. As of November 2017, 50 guests have stayed with SEWA hosts in Gujarat, where the first phase of the project was located. The project has plans to expand into northeast India.

Source: Sewa.org and interview with SEWA.

Hosting attracts seniors. Homestay.com reports that 28% of all their providers are under 34 years old, 49% are between 35 and 54 years old, and 23% are 55 years and older. Initially, Airbnb reported that most of their providers were young people familiar with digital platforms, but now the platform is reporting an increase in older providers.[28] The platform reported that its fastest-growing demographic is the 60-year-old or above group; this group now makes up 13% of U.S. Airbnb hosts. In the African region, the average age of the host is 43 years.[29]

Table 4. Homestay.com Distribution of Age of Providers, 2017

Age	Percent of providers
18–24	6%
25–34	22%
35–44	34%
45–54	25%
55-64	17%
65-74	5%
75+	1%

Source: Homestay.com

P2P platforms have expanded from single listings to super listings. When P2P platforms first launched, P2P accommodation providers mostly offered just one listing, usually a guest room in their primary residence when they were traveling, or their vacation home. Now an increasing number of individuals or businesses are managing one or more properties that are available for short-term rental year-round. These individuals and companies, known as "super-listers", manage the bookings and operations for individuals who do not have the time or expertise to manage their own listing. While this practice increases the potential employment impact of platforms, it is far from the original concept of "sharing" an underutilized asset.

P2P accommodation is expanding beyond offering primary residences. Host-present accommodation was originally the bulk of the P2P offering. Now the percentage of listings that are not considered primary residences vary by destination, but may be around 30% (see Figure 6).[30] The high proportion of primary residences in cities, such as Amsterdam and New York City, can be linked to the strict rules that apply to short-term rentals that are not primary residences.

The Guests[d]

Millennial guests dominate certain types of P2P accommodation. Sixty percent of all guests who book on Airbnb are between the ages of 18 and 35. In China, 83% of those booking on Airbnb are millennials.[31] For Homestay.com, 52% of guests are age 18–35. However, the average age does vary by platform. A 2016 study by Pew Research Center noted that 42 is the median age across users of Airbnb, HomeAway, VRBO, and similar services.[32] A survey of 56,000 respondents across 30 markets by Booking.com compared the distribution of Millennials (1981–1996), Generation X (1965–1980), and Baby Boomers (1946–1964) who had booked a home accommodation or not in the past 12 months. The results showed that the distribution of those who have booked home-type accommodations is significantly younger than those who have not. More data is needed to understand whether the higher adoption rate by millennials is due to the attractiveness of the P2P accommodation product for this particular age group, or due to their overall higher usage of digital technology. It is also unclear whether the presence of P2P accommodations results in the expansion of this younger market or whether the existing market has simply shifted from conventional to P2P.

Figure 6. Percentage of Airbnb Hosts Renting their Primary Residence, 2015
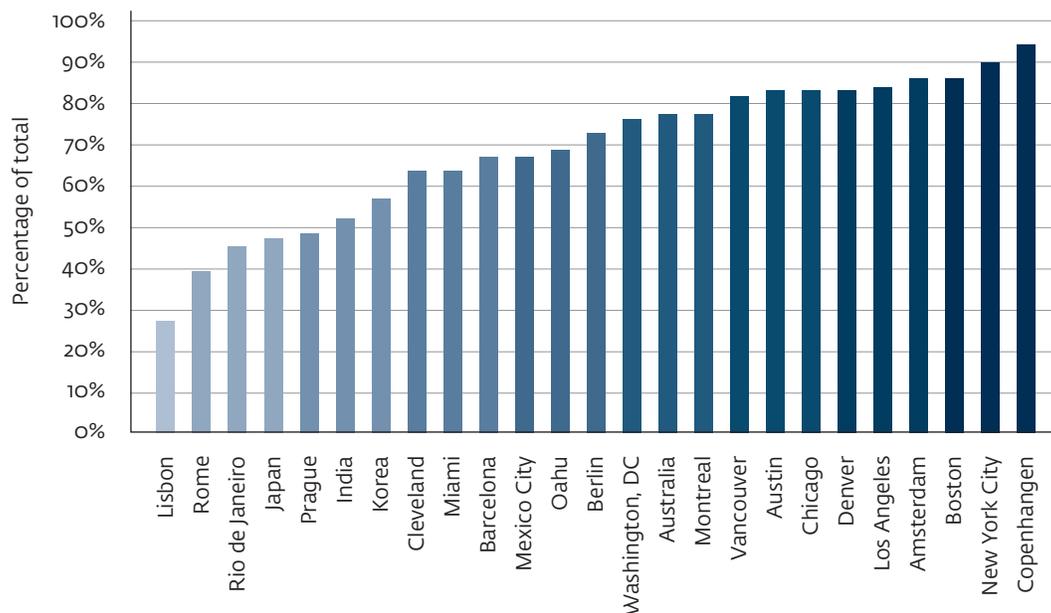
Source: Airbnb, Airbnb Citizen Data, 2015.

[d]   There are very few global independent studies of P2P guest characteristics. This is a new field and more research is needed to verify the considerations stated in this section.

Guests staying in P2P accommodation may travel in larger groups and stay longer. Financial services firm Morgan Stanley's survey of U.S. and European consumers found that travelers using P2P accommodation stay on average more nights in the destination than those in commercial accommodation.[33] Research in Norway, however, found the opposite.[34] More research would be needed to establish the drivers of these patterns, and whether longer stays or shorter stays are confirmed in independent studies.

P2P guests seem to have higher than average education and tend to travel more than the average. An independent study of 754 U.S. travelers found that P2P accommodation users earned a significantly higher income and were more educated than non-P2P-user travelers.[35] However, a 2017 study in Norway showed that Airbnb users reported a net income of €49,183 per year, whereas the survey average was €58,942 per year.[36] While higher income does not automatically lead to spending more per day or to a longer stay, it does lead to more trips. Further research is needed to help destinations understand their P2P market and make more informed decisions.

Guests usually search for P2P accommodation by price. A survey of outbound travelers conducted in the United States and Finland on the P2P accommodation economy suggested that lower accommodation prices expand respondents' selection of destinations to visit (this was true for 67% of the respondents). Other motivators appear to be number of beds, desire to self-cater, distance from the city center, household conveniences, and the response time of the Airbnb host.[37] The desire for authentic and local experiences was found to be an influential but not a deciding factor in the case of P2P offerings.[38] Results provided by Booking.com based on a survey among their customers revealed that the largest difference between those who booked homes versus those who did not in terms of amenities is "self-catering facilities". More price-conscious travelers may be attracted to self-catering accommodation because it can save them money on restaurant meals.

P2P guests may spend more–or less. The consulting firm Deloitte estimated that the average Airbnb guests in Australia spent 1.6 times more per day than the average tourist. They found that 22% of their expenditure went toward accommodation, while 27% was spent on food, 17% on shopping, and 12% on leisure and entertainment. This spending, according to the research, directly contributes to the destination economy. The research did not indicate the reason for the higher spending.[39] Research in Norway showed contrary results; hotel guests were found to spend 40% more than P2P accommodation users.[40] This suggests spending patterns are destination-specific and complex, with multiple variables at play. Further research will be needed to identify possible patterns.

Business travelers are a growing market. The digital platforms do not solely target leisure travelers. In 2017, about 15% of all Airbnb bookings were for business purposes, and the company predicts that this will reach 30% by 2020.[41]

Women sharing dinner at a Community Homestay, Nepal.
Photo Credit: CommunityHomestay.com - Nepal.

The P2P Accommodation Economy: Opportunities and Challenges

The P2P accommodation economy is a source of income for people acting as providers, but it also has implications for providers' neighbors, communities, policymakers, and other travel- and tourism-related businesses—all of which need to be understood by destination managers. Destination managers need information on the key opportunities and challenges that arise from this type of accommodation.

Based on the literature review and consultations conducted during this research study, the main points on either side of the debate are summarized in Table 5, followed by a summary of the current evidence base for each point. This study is exploratory and therefore cannot confirm or refute these statements; it simply raises the main points and explores the existing evidence base. Areas for further research are explored at the end of the study.

Opportunities for the Destination

Stimulates expansion of tourism product offerings

1. **P2P accommodation can help to attract new market segments and demographics to existing and new destinations.** Whenever accommodation product offering changes, there is a potential to create and capture new markets that are looking for accommodation other than hotels. For example, homes with a kitchen and multiple bedrooms can attract families or other groups who might not be able to afford multiple hotel rooms, or might not use hotel services. Homestays can attract travelers who are interested in authentic experiences. The research in Jamaica, which is discussed more in the following section, showed a tendency of P2P to capture the domestic market. This area is particularly relevant to emerging destinations and should be researched further.

Table 5. Top 10 Opportunities and Challenges of P2P Accommodation from the Literature

Opportunities	Challenges
1. Helps attract new markets and demographics to new and existing destinations.	1. May be unregistered and unregulated.
2. Influences the type and nature of visitor purchases and services.	2. May not be following tax laws.
3. Builds consumer trust to visit a destination in new ways and try new products.	3. Can cause disturbances in a residential community.
4. Lowers the barriers to entry for entrepreneurship.	4. May cause housing prices and rents to increase.
5. Supports homeowners and helps prevent displacement.	5. May put visitors at higher risk.
6. Enables the dispersion of tourists in a wider geographical area.	6. May impact the job-intensive hotel sector.
7. Increases access to market, which is particularly helpful for community-based homestays.	7. May benefit only a small minority.
8. Provides flexible inventory to meet the rise and fall of demand and assists in times of crisis.	8. Providers lack organization and representation.
9. Has a relatively small environmental footprint.	9. Contributes to the impact of "overtourism".
10. Collects real-time data about visitors.	10. Internationally located P2P platforms divert income that would otherwise be earned locally.

2. **P2P accommodation influences the type and nature of visitor purchases and services.** Figure 7 shows the typical tourism value chain that tourist spending can impact. Research suggests that visitors who stay in P2P accommodation are more likely to rent a car to reach their accommodation than people who stay in an all-inclusive hotel. Guests cooking for themselves are more likely to frequent local stores and markets. Guests who stay longer have more opportunities to take tours and spread their spending to more areas. For example, Italian home-swappers on HomeExchange were found to be more active and to spend more time exploring, visiting museums, going on guided tours, or shopping than other visitors.[42] Understanding the P2P value chain is critically important and needs further destination-specific research.

3. **P2P platforms can help build consumer trust to visit a destination in new ways and try new products.** In countries that lack international recognition as tourism destinations, global digital platforms with strong brands–such as Airbnb, Booking.com, and HomeAway–can reach markets and help brand a destination. This may be particularly important in the case of emerging markets where visitors may lack trust in existing systems. The user reviews and other forms of user-generated content allow consumers to assess the quality of the experience before they book. Emerging destinations or those that are recovering from a crisis can benefit from user-generated content (UGC), as people tend to trust other people more than they trust official government reports or brands.[43]

Figure 7. Typical Tourism Value Chain
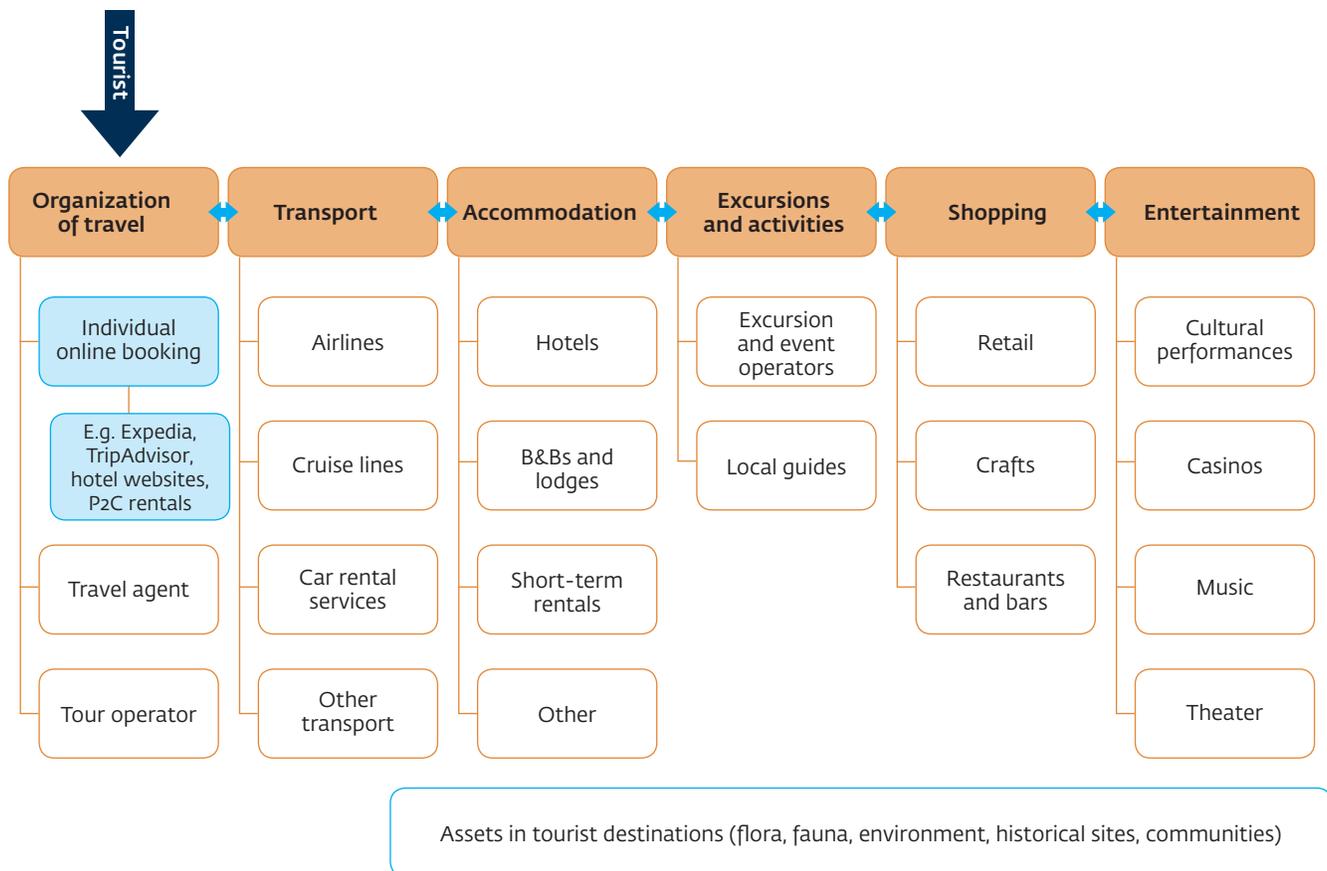
Source: Adapted from Inrate.

Supports local entrepreneurship

4. **The P2P accommodation economy lowers the barriers to entry for entrepreneurship.** Formalization and market access are frequently cited as barriers to inclusion. Digital platforms make it much easier for women, seniors, and people living in rural areas to participate in the global tourism value chain. For low-income families, this additional income could make a significant difference. For example, according to an Airbnb publication, a typical Airbnb host in South Africa earns US$1,900 a year,[44] which is 20% of the median annual salary in that country.[45]

5. **P2P hosting supports homeowners and helps prevent displacements.** According to some observers, additional income may also make it possible for single parents, empty nesters, and older people to buy and maintain their residences, assist with repairs and home payments, and provide vital supplemental income.[46] However, many argue against this opportunity, concerned that homeowners may be displacing lower-income tenants in order to profit from short-term rentals. Both arguments may in fact hold, with supporters split between renters and owners.

Allows wider geographic dispersion of tourism

6. **P2P accommodation may enable the dispersion of tourists in a wider geographical area.** Considerable evidence suggests that P2P accommodation rentals can play a role in dispersing tourism accommodation over a wider geographic area. A New York University study found that active Airbnb listings in New York City were dispersed throughout 90% of the city, compared to the concentration of hotels within just 10% of census tracts.[47] Work in Iceland has also revealed the potential of P2P accommodation to attract visitors to lesser-known areas; it helped reduce the impact of overcrowding.[48] For example, even though the lesser-known city of Akureyri has only 13 hotels, it is now able to attract visitors using P2P platforms. In rural areas of the United States, there are more P2P listings than hotel rooms (18.4% of active P2P listings versus 12.5% of hotel rooms are in rural areas).[49] This area is of particular interest for future research, given the importance of diversification and shifting from places with overtourism to rural areas where income-generating opportunities are far fewer.

7. **Digital platforms can increase access to market, which is particularly helpful for community-based homestays.** A main challenge of community-based tourism is finding, establishing, and sustaining access to market for confirmed reservations. An assessment of 218 community-based tourism projects in Africa, most of them located in rural areas, identified market access and advertising as the two most frequently cited limitations to project sustainability.[50] To fill this need, new startups that digitally link P2P accommodation with guests have appeared to solve this problem. Examples include Local Alike in Thailand[51] and Community Homestay Network in Nepal.[52]

Spotlight: Community Homestays in Nepal

Nepal is home to a new social enterprise: Community Homestay Network. An initiative of Nepalese tour and trek operator Royal Mountain Travel, the organization offers homestays in 13 communities with a total of 180 families. Community Homestay Network envisions empowering women in the rural communities of Nepal through tourism. Most women in Nepal are dependent on their husband's salary for survival. Offering these women the opportunity to host guests gives them economic independence. Women operate more than 80% of the community homestays in the network. Community Homestay Network has provided the entire infrastructure necessary for the women to host foreign guests, including mattresses and bathrooms. Shiva Dhakal, managing director of Royal Mountain Travel and the founder of the Network, notes that "The long-term goal of the organization is to become independent from the tour operators and channel all bookings directly to the Network. We are listed on all the major platforms: Booking.com, Airbnb, Expedia, and Homestay.com. However, it took a long time to get reservations; but last month we received 20 reservations via Booking.com. We are working toward a future where potential guests will be able to communicate and book directly with the hosts." The communities received a total of 3,904 guests in 2017, mostly originating from Western Europe and North America. Currently, 92% of all their bookings come from the travel trade: international tour operators booking via Royal Mountain Travel. The remaining 8% of bookings come via their website and P2P digital platforms. Community Homestay takes 15% of the fee as commission. The Community Homestay Network then contacts the community, which selects the family that will host. The remainder of the fee is divided among the host (80%) and the community (20%). The community fund is used to pay teachers' salaries and to finance community improvements.

Source: Community Homestay Network, Nepal.

Provides flexible inventory

8. **The P2P accommodation economy can provide flexible inventory to meet the rise and fall of demand and provides additional housing in crisis situations.** P2P accommodation rentals typically have lower costs and higher operational flexibility than traditional hotels and can more quickly increase supply in situations of higher demand.[53] They can provide solutions for destinations hosting events that attract many visitors during a relatively short period of time. A World Economic Forum/Massachusetts Institute of Technology study showed that during the 2016 Summer Olympic Games in Rio de Janeiro, 48,000 listings offered through Airbnb housed 85,000 visitors. These listings were the equivalent of 257 additional hotels. P2P accommodation rentals can also help alleviate the concerns surrounding hotel overheads and occupancy rates after an event ends, which can add a financial burden to the destination if demand isn't met.[54]

Large Events

During the 2016 Summer Olympic Games in Rio de Janeiro, Airbnb reported that their P2P providers earned more than US$30 million in income during the games. A survey showed that 20% of Brazilians and 25% of foreign tourists opted to stay in short-term P2P accommodation rather than in traditional accommodations.[55] Airbnb also partnered with the government of Gangwon province in the Republic of Korea to scale up listings in preparation for the 2018 Winter Olympics in Pyeongchang. According to the company, an estimated 9,000 guests stayed in P2P rentals during the games. Reservations averaged US$170 per night, 70% cheaper than the price of a hotel room during that period of time (US$460).[56]

P2P platforms have also been able to connect hosts with people who are temporarily homeless because of natural or other types of crisis.[57] In 2017, Airbnb launched the platform Open Homes, where people can indicate that they are willing to open their house to refugees or evacuees. The platform is free of commission and the hosts do not get paid. Most of the providers are in the United States and Europe. In 2017, the platform had 6,000 listings; more than half of these listings were offered by people who were not previous P2P providers. Authorized nonprofits and relief agencies can use the platform to search for temporary housing for those

they are helping; they are responsible for matching and booking. This program is now expanding to include refugees and other displaced people through partnerships with nongovernmental organizations in France, Canada, Greece, Germany, Italy, Spain, and the United States. Hosts can sign up for a special platform that approved international agencies can use to search for free temporary housing.[58] A similar initiative is the Room for Refugees network in the United Kingdom. This organization has more than 7,100 hosts registered in the United Kingdom and the United States and has provided more than 60,000 bed nights to refugees.

P2P may be more environmentally sustainable

9. **The P2P model has a relatively small environmental footprint in the destination.** P2P accommodation rentals clearly provide an opportunity to use existing buildings instead of building new structures; they thereby limit the built footprint and preserve historic buildings. This strategy is especially effective in extremely sensitive natural areas or areas with a highly important cultural heritage. Independent research on environmental resource use is very limited, owing to the difficulty of identifying providers to survey. Based on their own survey of 8,000 providers, Airbnb stated that P2P guests in Europe use 78% less energy, consume 48% less water, and produce up to 28% less waste compared with hotel guests.[59] Further research is needed to investigate this subject in more detail, including emissions from travel, which may be higher for Airbnb because of the higher likelihood of visitors using private vehicle transport to reach their destination.[60]

10. **P2P platforms collect real-time data and intelligence about visitors.** One of the benefits of digital platforms for destinations is their ability to collect data and glean insights on travelers in real time. Digital platforms can see, at an aggregate level, what travelers are searching for, what destinations they are considering, what kinds of accommodations and activities they are selecting, their levels of spending, devices used for bookings, booking windows, whom they are traveling with, and so on. However, this information is a benefit only if it is shared. If it is not shared, it can become the source of dispute about uncompetitive practices by the platform (see section *The Platforms*).

Challenges for the Destination

The rapid growth of P2P accommodation and other disruptive tourism innovations has also created destination challenges. Many of the challenges in the P2P accommodation economy are related to the management of this segment of the economy and the actual or perceived negative impact on quality of living for residents in the surrounding community. The most pressing concerns for destinations are the need for regulation (including a range of issues, from taxation to quality and safety assurance), the impact of the segment on traditional accommodation providers, and the need to support wider inclusion by removing barriers to access.

Adaptation and enforcement of regulation

1. **P2P accommodation is often unregistered and unregulated.** The growth and the quickly changing dynamics of P2P accommodation are often badly matched with existing destination regulations for accommodation. Some regulations do not include the P2P sector at all; some are not applicable to the P2P sector; and others that do apply are not actively or effectively enforced. The regulatory situation is complicated by the fact that, in some countries, laws and legislation for accommodation are determined at the national level, whereas in others, state or municipal regulation may be needed. Even when appropriate regulations are in place to address the concerns of the municipality, these are difficult and often costly to enforce. Listings on digital platforms normally conceal full names and addresses, which makes identifying and building cases against violators costly and time-consuming. It is also difficult to distinguish between private and commercial providers: the listings do not differentiate between private assets and conventional business providers.[61] Furthermore, most platforms do not share specific host information with city officials, because that would violate privacy regulation agreements.[62] Changes are beginning on this front in New York City,[63] and other cities may follow.

2. **P2P accommodations may not be following tax laws.** Tax rules in many destinations are specifically designed for hotels and other businesses offering accommodation services. In addition, many P2P accommodation rental providers are new to the sector and may be unaware of the different tourism-related taxes. This results in a financial loss for the destination, because when P2P accommodation increases the total number of visitors, the destination needs to spend more on visitor infrastructure and services to maintain the destination. For example, San Francisco officials estimate that lack of regulation around P2P accommodation resulted in losses of US$35 million in tourist tax in 2014.

Sri Lanka's Emerging Accommodation Sector

Tourism in Sri Lanka has surged from fewer than half a million arrivals in 2008 to 2 million in 2016. The government now aims to achieve 5 million arrivals by 2020. This tourism boom is met by two categories of accommodation: hotels and supplementary establishments, which include guesthouses, homestays, bungalows, and other accommodation, many of which are now available online through Booking.com and Airbnb. The Sri Lanka Tourism Development Authority (SLTDA) estimates that 25% of tourists opt to stay in homestays or similar accommodations, making it an important part of the product. However, the SLTDA is also aware that many supplemental accommodations are not registered, are not inspected for hygiene, and are not paying the typical 28–32% tax levied on registered accommodations. The government of Sri Lanka is now examining ways to regulate and collect revenues from the informal sharing economy without constraining it, as it plays an important role in generating income for residents.[64]

3. **P2P accommodation can cause disturbances in a residential community.** Research from Melbourne, Australia, showed that short-term renters in apartment complexes are three times more likely to be the subject of complaints about behavior than long-term residents.[65] Entire residential properties that are rented out are more likely to cause issues that affect the neighbors than when a private room is rented out.[66] Zoning laws and land-use strategies may also be compromised by P2P accommodation if residential neighborhoods become more transient zones and disrupt the sense of community. City planning officials in many locations are struggling to keep up, since not all zoning laws provide sufficient guidance on the legality of P2P accommodation rental activities.

Housing prices and community

4. **P2P rentals may cause housing prices and rents to increase.** A key complaint in large cities that are already experiencing a shortage of affordable housing is that short-term rentals are pushing up housing costs and restricting the availability of apartments to rent or lease. This drives lower-income residents farther from the city and worsens already tight housing markets. Studies in the United States and Canada suggest that the presence of Airbnb rentals raises housing prices and lowers availability.[67] A 2018 McGill University study commissioned by a hotel trade association of New York City estimated that between 7,000 and 13,500 units of housing were removed from the city's long-term rental

market to be rented out on Airbnb. This was estimated to increase the median long-term rent by 1.4% (or US$380).[68] New York City has now banned short-term rentals of under 30 days in buildings where the host is not present.[69] In Barcelona's popular Historic District, rents have increased by 23% in the last three years.

Similar concerns about the impact on affordable housing are the subject of new research in Cape Town, South Africa. Short-term rentals to tourists in the city's center are reportedly up to five times more profitable than long-term rentals to residents, so property owners are making the shift.[70] City regulators are responding by banning certain forms of home sharing, and local governments have tightened regulations. In 2018, the city of Palma on the island of Mallorca became the first Spanish town to ban short-term rentals. Under the new rules, only owners of detached townhouses will be able to rent to tourists.[71] New regulations as of June 2018 in Japan include registration requirements, the keeping of a guest registry, and a rental cap of 180 days a year.[72] Each destination is different, and a variety of economic factors affect the cost of living and housing rentals. Further independent research could be conducted to verify the impact of P2P accommodations on housing rents.

P2P can affect the reputation of the destination

5. **P2P accommodation may put visitors at higher risk.** Most P2P accommodation is unregistered and unlicensed, and therefore not inspected. This may put visitors at risk and affect the reputation of the destination, especially in markets where building codes are not well enforced.[73] In situations where registration exists, it may not be appropriate to P2P-style accommodation, increasing the likelihood that providers will stay under the radar as long as they can. Although there is no evidence that fires or accidents are more likely in P2P rentals than residential homes, the risks facing guests who may not be familiar with a building and its exits and fire extinguishers are always higher. These risks are exacerbated when hosts are not adequately insured. Personal homeowner or renter's insurance policies generally exclude most or all liability arising out of the use of the insured's property for commercial purposes. The platforms are not the actual providers of accommodation, so they have no obligation to take out insurance for the stay. Some platforms, such as Airbnb and HomeAway, offer insurance to hosts. However, if accidents happen in uninsured accommodation, they may negatively impact the reputation of the destination and could result in legal disputes.

Homestay Standards in Thailand

In 2005, the Ministry of Tourism and Sports in Thailand developed its first set of homestay standards. They cover accommodation, food, safety, hospitality, tour programs, natural resources, culture, the creation of value for community products (souvenirs), and homestay management. To qualify, homestay owners must:

- Sleep under the same roof as their guests
- Have a maximum of four homestay rooms and 20 guests at one time
- Register with the Department of Tourism
- Use the homestay as a supplemental, not primary, source of income
- Receive payment from guests in exchange for services

Certification is granted to communities (with a minimum of four participating homes) for a period of two years and is advertised through an official "Home Stay Standard Thailand" sign.[74]

P2P can reduce full-time employment opportunities

6. **P2P accommodation may impact the job-intensive hotel sector.** Research on the degree to which digital platforms in general, and P2P accommodation specifically, impact hotel sector employment is inconclusive. However, most studies agree that mid-range to low-end hotels that rely more heavily on price-conscious leisure travelers are more likely to be affected. Independent research in Spain found that tourists staying in hotels create more employment opportunities in the destination than those staying in private homes; P2P travelers created 9.8 jobs per 100 beds, whereas traditional accommodation created 53.3 jobs per 100 beds.[75] A study in Bali showed that large hotels employed two people per room, while homestay-type accommodations employed less than half an employee per room.[76] The World Economic Forum estimates that the decrease in demand for hotels could reduce long-term global job growth in the hotel industry from 4.3% to 3.0%, equivalent to about 1 million fewer jobs globally to 2025.[77] This shift, like others (for example, hotels to cruises, resorts to ecolodges), is largely controlled by the market. Further research in this area is needed to identify the new skills needed for P2P success.

P2P Accommodation in Cuba

While the Internet usage rate in Cuba is 40%, experts suggest that the proportion of people who can access the global Internet (and not solely the government-controlled Intranet) may be as low as 5%. Computers are prohibitively expensive for most Cubans, as is the cost of Internet and mobile service. Lack of Internet access and the prevalence of a cash economy presented challenges to Airbnb's entry to Cuba in 2015. Cuba had a thriving existing network of 20,000 *casas particulares* (private bed-and-breakfasts) whose owners often used middlemen (co-hosts) with Internet access to market to potential guests. Airbnb tapped into those small businesses, and they now help handle Airbnb profiles, requests, and bookings. Other hosts adapt by using Cuba's growing number of Wi-Fi hotspots. To handle payments in a country where many people do not have a bank account, Airbnb works with a Miami-based company, VaCuba, that issues and hand-delivers cash payments to hosts.[78] This solution has come across hiccups, with some hosts saying that their payments are often late or incomplete. Cuba has become one of Airbnb's fastest growing markets, with more than 22,000 rooms listed on the site since 2017.[79]

Photo Credit: Homestay.com - Cuba.

7. **P2P accommodation may benefit only the minority who are digitally skilled and have an asset to share.** P2P is often referred to as an opportunity for inclusion. In all but the most popular destinations, however, the income from P2P accommodation rentals is low because of infrequent bookings and the fact that most hosts can have only a few renters at a time. A typical Airbnb listing in 2017 was booked just 10 nights a year in Sri Lanka, 11 nights in India, 16 nights in Kenya, and 20 nights in Jamaica.[80] This income, while a good supplement, is unlikely to help very poor people. There is no guaranteed income and no access to employer-based benefits, such as health insurance and training.[81] Consequently, the perceived impact may be far larger than the actual impact, and there is a risk that expectations for the sector and for individuals may not be realized. Furthermore, to be able to participate in the P2P accommodation economy, people need a spare bedroom, a second property, or the ability to vacate their primary residence from time to time to make room for guests. They also need to be situated in a desirable location, have the necessary digital infrastructure in place, have access to digital financial services, and have digital skills and literacy.[82] In many destinations in emerging economies, these foundational elements are not in place. This can make it challenging for potential providers of P2P accommodation to be successful, especially since the main P2P platforms do not provide significant support for providers with limited digital and hosting skills (see the earlier discussion under the section *The Platforms*). Further research is needed to identify how and where economic benefits accrue directly and indirectly from the P2P sector.

Limited accountability

8. **Providers lack organization and representation.** Stakeholders in the P2P accommodation sector are more difficult to identify than those in traditional accommodation sectors, such as hotels, and in most destinations they are not organized. The platform Airbnb has started to address this situation through the establishment of "hostclubs". These are effectively associations of P2P providers, who can meet and discuss shared issues and concerns. Such organizations can make it easier for destinations to provide training and services to this otherwise rather hidden group of destination stakeholders.

Overtourism

9. **P2P accommodation rentals have been criticized for contributing to overtourism.** The phenomenon of overtourism—that is, the overcrowding of a destination by tourists—has become a politicized issue in developed cities like Amsterdam, Venice, and Barcelona. Residents in Amsterdam and Barcelona have argued that short-term rentals add to tourist congestion. In a new move to address these concerns in Amsterdam, the Dutch capital, officials announced a ban on P2P short-term rentals in busy areas.[85] In Barcelona, zoning laws in the historic center prohibit new hotel construction. An excess of demand has led to the conversion of residential areas into transient tourist zones despite the zoning law.[86] The resultant overcrowding may reduce the appeal of a destination, particularly in higher-spending market segments.[87] It is unclear whether the demand is driven by the availability of P2P rentals or whether P2P rentals are demand-driven, but either way, allowing uncontrolled growth of P2P accommodations in already crowded areas exacerbates existing congestion.

Barcelona

Few cities are as vocal about overtourism as Barcelona. Residents have been voicing their frustration about tourism's growth and impacts, such as congestion, pollution, rising rents, and declining quality of life. Much of it is related to the large numbers of cruise visitors, but some is also due to the presence of Airbnb, HomeAway, and other sharing-economy platforms. Between 2013 and 2016, the number of Airbnb hosts in Barcelona quadrupled from 4,000 to 16,000. Barcelona's city council is attempting to control this sector. Since 2011, tourist rentals must register with the city, pay a fee, provide rental insurance, meet certain safety standards, and pay taxes. The council suspended new tourist housing licenses in 2014. The following year, the city fined Airbnb and HomeAway €600,000 each for advertising 6,000 unlicensed apartments.[88] Up to 7,000 unlicensed rentals still operate. City inspectors seek out illegal, unlicensed rentals, and owners can face fines of up to €60,000.[89]

10. **International P2P platforms divert income that would otherwise be earned locally.** In the past, travelers would book directly with providers, but nowadays they rely on the available listings that a few large players control, meaning that digital platforms are taking some of the revenue that used to go directly to the owner. OTAs and tour packages sold in the source market pose a similar problem. Given the number of providers who are using the platforms, it appears that the increased market access is worth the marginal loss in revenue.

Photo Credit: Unsplash - Kinga Cichewicz - Barcelona, Spain.

Chile's P2P Accommodation Economy

The government of Chile initially welcomed the arrival of digital platforms as being useful for Chileans and did not move quickly to regulate them. Helen Kouyoumdjian, chief of the Development and Investment Division in the Undersecretary of Tourism in the Ministry of Economy, Development, and Tourism, expects the public sector to become more active in the digital economy as it increasingly becomes a priority.

In recent years, issues with P2P accommodations have emerged alongside the need to formulate new, targeted legislation. In Chile, hosts who rent out furnished lodgings—both for and not for tourism—are required to pay taxes on their rental income. Those who rent out entire apartments to tourists on Booking.com or Airbnb are required to register with the national tourism board and show compliance with health and sanitation regulations, as well as paying taxes.

The government estimates that the majority of rentals are unregistered and part of the informal economy and thus unfairly competing with hotels and registered tourist rentals. "It has opened a huge window into something that we in the government haven't seen before: many informal listings that were probably already being offered, but now being used through these platforms," said Ms Kouyoumdjian. For example, of the 3,268 active Airbnb listings in Santiago, only 508 (16%) are registered. The government is trying to encourage formalization with tax breaks and other incentives.

A separate issue is that Chilean law does not require digital platforms to pay taxes. A new law is being developed to regulate these different platforms so that Chile can benefit from the digital economy. "The government [wants to] support the market; we just want them to follow the rules," said Ms Kouyoumdjian.

Source: Interview with Helen Kouyoumdjian, Ministry of Economy, Development, and Tourism of Chile, May 2018.

The P2P Accommodation Economy in Jamaica

To validate and deepen understanding of some of the opportunities and challenges of P2P, the research team conducted a rapid assessment of P2P accommodation in Jamaica. The scope of the study did not allow for conclusive economic analysis of the sector, but it has enabled a deeper understanding of its opportunities and challenges and offers some potential solutions.

Tourism in Jamaica

In 2016, 25 million international travelers visited the Caribbean and spent US$30 billion, making it the most tourism-reliant region in the world.[90] Jamaica is the largest English-speaking country in the Caribbean, the third-largest island in the region after Cuba and Hispaniola, and home to 2.9 million people.

Tourism is one of Jamaica's most important economic sectors and is dominated by all-inclusive resorts offering a sun, sea, and sand experience. The country has a hotel inventory of 23,000 rooms; nearly 70% of these are in hotels with more than 200 rooms.

The government of Jamaica has set the goal of diversifying the country's tourism model to spread the benefits of tourism away from the coast, provide more entrepreneurship opportunities, and deepen economic linkages. The government has laid out a master plan for tourism development and a National Community Tourism Policy and Strategy, which call attention to the potential of community-based tourism for diversifying tourism impacts.

P2P accommodation is one way to create a more inclusive tourism model. The Ministry of Tourism and its agencies are now actively promoting the P2P accommodation economy in Jamaica as a model for product diversification. The sector still represents only a small share of total accommodation, but hosts are starting to organize. In April 2018, the first Airbnb Host Club in the Caribbean was launched: the Jamaica Home Sharing Association.

The analysis in the following section is based upon interviews with key government and private sector stakeholders in Jamaica, interviews and focus groups with P2P accommodation providers, a survey conducted by the Jamaica Home Sharing Association in May 2018, data from the Jamaica Tourist Board and the Ministry of Tourism, and data obtained from Airbnb,[e] Homestay.com, and TripAdvisor Rentals.

Jamaica at a Glance

- GDP grew by 0.5% in 2017, down from 1.4% in 2016
- GNI per capita (2016) was US$4,630
- Overall unemployment rate in 2017 was 10.4%; youth (age 20–24) unemployment rate was 25.4%
- 17.6% of population lives under the national poverty line (2010)

Source: World Bank Country data.

Jamaica's Vision for Community Tourism

"[A]n invigorated tourism sector in communities that enriches community quality of life through social, cultural, economic and environmental benefits, exemplifies sustainable livelihoods, and strengthens Jamaica's national policy values and interests."

[e]   The data provided by Airbnb to the World Bank team was considered a suitable proxy for the overall P2P accommodation economy in Jamaica, as it includes more than half of all P2P listings. Airbnb provided data to the World Bank for this market, but played no part in the analysis of the data.

P2P Accommodation

The listings in Table 6 provide an indication of the size of P2P accommodation in Jamaica. Providers indicated that many of them list their property/properties across multiple platforms.

Table 6. P2P Accommodation Listings for Main Platforms in Jamaica (April 2018)

	Homes	Condominium/apartments	B&Bs	Private room/ homestays	Shared rooms	Total
Airbnb		3,811	n/a	1,969	101	5,881
TripAdvisor Rentals	1,501	722	n/a	110	n/a	2,333
HomeAway	902	29	14			
Booking.com	537	454	88	45	n/a	1,124

Sources: P2P Platforms.
Note: TripAdvisor Rentals is owned by Expedia and includes the brands FlipKey, Holiday Lettings, Niumba, HouseTrip, and Vacation Home Rentals. HomeAway also includes the brands VRBO and Vacationrentals.com

Figure 8. Number of Airbnb Listings in Jamaica, by Type, 2014–2017
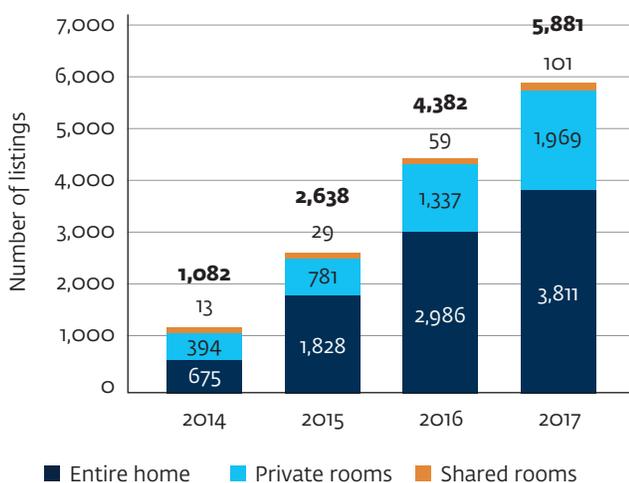
Source: Airbnb data, World Bank Group analysis.

Note: Entire home: Guests have the whole place to themselves. This usually includes a bedroom, a bathroom, and a kitchen. **Private rooms:** Guests have their own private room for sleeping. Other areas could be shared. **Shared rooms:** Guests sleep in a bedroom or a common area that could be shared with others.

Key Findings for P2P Accommodation in Jamaica

1. P2P accommodation represents a small share of the overall tourism market.
2. Almost half of all listings have never been booked, and average occupancy levels are low.
3. P2P accommodation shows geographic distribution patterns that are different from hotels and resorts.
4. A wider range of source markets use P2P than other forms of accommodation.
5. P2P accommodation is particularly attractive for returning Jamaicans and the domestic market.
6. High-performing providers tend to be educated professionals.
7. The majority of hosts are women.
8. P2P income varies, but provides a significant boost to the provider's income and to service providers.
9. Security and rising rents are the main concerns for residents living close to P2P rentals.
10. Licensing and taxation are the critical issues for policymakers.
11. P2P accommodation in Jamaica is commercializing from homesharing to rentals.

The following is an overview of the main findings of the P2P accommodation research in Jamaica.

1. **P2P accommodation represents a very small share of the overall tourism market.** In 2017, there were just over 2.4 million international tourist arrivals to Jamaica. In the same year, 59,522 guests used Airbnb, just 2.5% of all international arrivals to Jamaica. When domestic tourists are excluded from the total number of guests, Airbnb guests represented just 2.4% of all international arrivals in 2017, though the actual percentage may be slightly lower, because some guests make multiple bookings when staying in Jamaica. The other 97.6% stay in hotels, private homes, and apartments booked via other distribution channels, or with friends or family. According to the Jamaica Tourist Board, the estimated total gross foreign exchange earnings from tourism were US$2,724 million in 2017. In comparison, total revenue from Airbnb bookings was US$9.4 million, 0.345% of gross foreign exchange earnings. Even if all P2P accommodation were included, it is unlikely that earnings from P2P would exceed 1% of foreign exchange earnings from tourism. *This suggests that P2P at its current scale is not a significant threat to the viability of the existing hotel and resort sector.*

2. **Almost half of all listings have never been booked, and average occupancy levels are low.** Although the number of listings has grown quickly since 2014 and now represents almost 20% of all rooms in Jamaica, many have never been booked. Only 55% of the active listings (the properties listed on the platform) have been booked at least once since listed. The average listing (listings that had at least one booking during the study period) was 20 booked nights per year. This number has remained relatively stable over the last three years. Entire homes achieved the highest number of booked nights: 25 nights in 2017. When looking at entire homes that are available year-round, 25 nights would be equivalent to an occupancy rate of 6.8%. For private and shared rooms, the number of booked nights in 2017 was just 13 nights. In contrast, the overall occupancy rate for licensed hotel rooms in the country in 2017 was 64.9%. Interviews with providers suggest part of the reason for low utilization of available P2P accommodation includes guests' safety concerns. This problem is not unique to Jamaica. P2P accommodation providers living in less desirable neighborhoods indicated they received none or very few bookings, a pattern that has been aggravated by the recent spike in homicides and violent crime in the country.[91] *This suggests that the P2P model is not a solution for all disadvantaged areas because certain basic conditions are still needed.*

3. **P2P accommodation shows geographic distribution patterns that are different from hotels and resorts.** Montego Bay is the main tourist destination for international arrivals, followed by the other resort areas of Ocho Rios and Negril. The three areas combined received 77% of the total number of international arrivals in 2017 and have 80% of hotel room inventory. The capital, Kingston, received only 9.8% of all arrivals in 2017. In contrast, 27.2% of all Airbnb guests stayed in Kingston in 2017. Interviews with providers suggest the reasons for this difference are that Kingston is the airport hub for more adventurous travelers, reggae music aficionados, returning Jamaicans, and business travelers who constitute a growing market for P2P accommodation. P2P accommodation in Kingston is also particularly in demand during Carnival and during sports and music events; the city has relatively fewer available hotel rooms than the resort areas. However, the listings on the TripAdvisor Rentals platform are mostly traditional vacation villas located in the main resort areas. Their top locations for listings follow the same pattern as destinations for the overall international arrivals. Of all their bookings in 2017, 43% were for rentals in the Ocho Rios resort area. Homestay.com, which offers only private rooms, also has relatively more activity in the capital: 17% of all listings are in Kingston. These data may imply that the homestay (host-present) type of P2P accommodation provides more geographic spread than typical vacation rentals. *This suggests that P2P could be an effective tool to assist the government's strategy of diversification, but only in the case of homesharing, less so in the case of commercial rentals.*

Figure 9. Map of Jamaica

Source: Portable Atlas.

Figure 10. International Arrivals and Airbnb Guests in Jamaica, by Resort Area, 2017
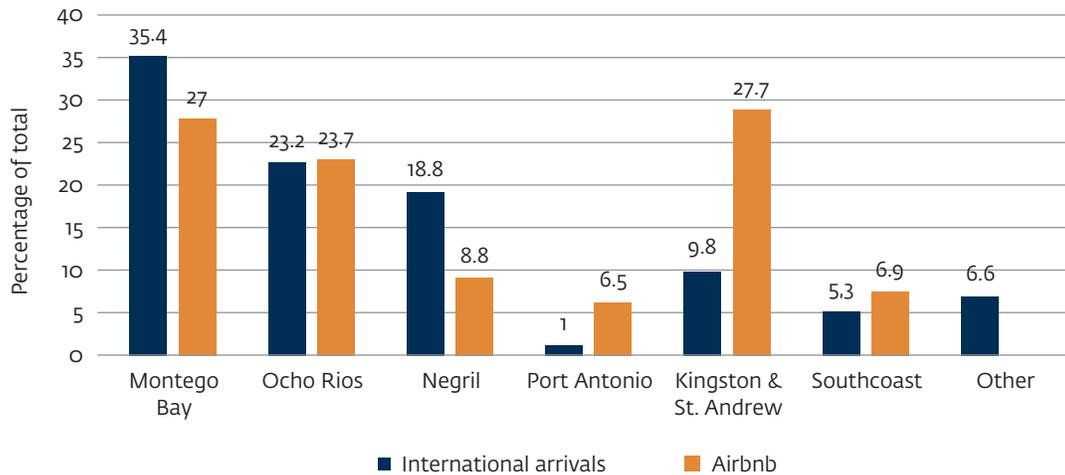
Sources: Jamaica Tourist Board and Airbnb.
Note: Montego Bay includes St. James, Trelawny and 25% of Hanover; Ocho Rios includes St. Ann and St. Mary; Negril includes 75% of Hanover and 75% of Westmoreland; Kingston includes Kingston & St. Andrew and St. Catherine; Southcoast includes Clarendon, Manchester & St. Elizabeth and 25% of Westmoreland; Port Antonio includes Portland and St. Thomas.

4. **A wider range of source markets uses P2P than other forms of accommodation.** The wider the market base of a destination, the more resilient it is to shocks. P2P providers are less reliant on the U.S. market than hotels are. North America represents 81% of all international arrivals, but only 63.2% of P2P guests are from North America. P2P providers, in contrast, are receiving a higher percentage of European visitors than hotels are. Almost 23% of P2P guests are based in Europe, compared to just 14% of hotel guests. Interviews with providers revealed that German and French visitors tend to be more interested in the local culture and are looking for opportunities for host-guest interaction. *This suggests that P2P can help improve market spread and resilience.*

Figure 11. Top Countries for International Arrivals and Airbnb Guests in Jamaica, by Market Share, 2017

International arrivals
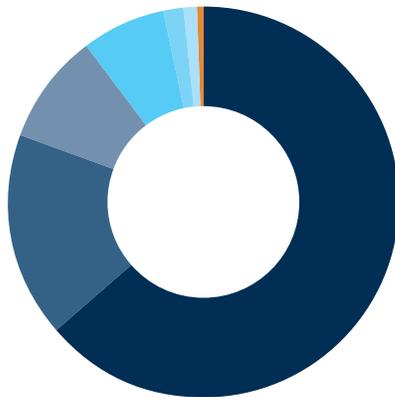
	United States	(64.2%)
	Canada	(17.2%)
	United Kingdom	(9.3%)
	Other	(7.2%)
	Germany	(1.3%)
	Italy	(0.6%)
	France	(0.3%)

Sources: Jamaica Tourist Board.

Airbnb guests

	United States	(54.4%)
	Other	(16.1%)
	Canada	(8.8%)
	United KIngdom	(6.7%)
	Jamaica	(5.9%)
	Germany	(5.8%)
	France	(2.3%)

Sources: *Airbnb.*

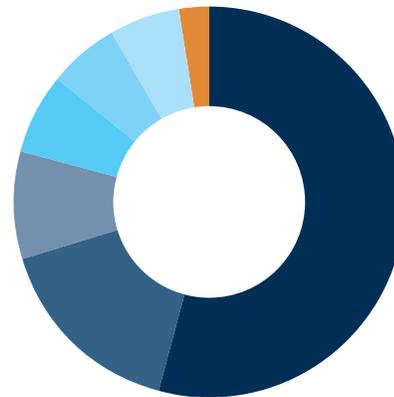5. **P2P accommodation is particularly attractive for returning Jamaicans and the domestic market.** Overseas Jamaicans, who traditionally stayed with their relatives, now represent 50% of the P2P market in Kingston. Providers explained that the ease of booking P2P accommodation, combined with the desire to rent entire apartments instead of hotel rooms, drives this choice. Overseas Jamaicans tend to stay a week or longer and travel in groups. The domestic market is also actively using Airbnb in Jamaica. Domestic tourists (resident Jamaicans) represent 5.9% of all the platform's guests in the country. According to provider interviews, while domestic visitors used to just stay with family and friends, now many of them use P2P accommodation when visiting for events, business travel, and leisure. *This suggests that P2P may help create new and monetize existing market opportunities.*

6. **High-performing providers tend to be educated professionals.** Interviews with providers in Kingston and site visits indicated that those providers with the highest occupancy levels are professionals with well-maintained properties in more desirable neighborhoods. They are often introduced to the concept of P2P accommodation through family overseas or their own travel experiences. Another important host segment is composed of empty nesters who are retired and use the extra space in their home to earn additional income; they also enjoy the interaction with guests. This category is more likely to run a small bed-and-breakfast, renting out rooms in their own home or in an adjacent apartment or house. The average age of an Airbnb host in Jamaica was 46 years in 2017, a slight increase from 2014. The share of younger hosts, under 30, declined from 16.7% in 2014 to 12.7% in 2017. *This suggests that P2P may not be benefiting the poorest people.*

7. **The majority of hosts are women.** In 2017, women represented 53.1% of all Airbnb hosts in Jamaica. Globally, women make up 55% of the platform's hosts.[92] Women represent 73% of Homestay.com hosts. In the cases where the homeowners are a couple or family, the woman often acts as the official host. According to providers, this is usually a strategic choice, as guests are thought to feel more comfortable booking and staying with a woman host. The extent to which women are used as a "front" for an otherwise male-controlled sector is an area for future research. From the data received, it is also unclear what percentage of actual bookings are captured by women hosts. *It is clear that P2P benefits women, but it is not clear how P2P revenue and listing type differs between men and women.*

8. **P2P income varies but provides a boost to the provider's income and to service providers.** In 2017, the average Jamaican Airbnb host earned US$2,409. The gross national income (GNI) per capita in 2016 was US$4,630;[93] the hourly national minimum wage in Jamaica is JMD$155 (US$1.25), so this is not an insignificant amount.[94] This average is for hosts who had at least one booking on this platform during 2017. The average income is likely to be higher than this, however, since most hosts receive bookings via multiple platforms. Some providers made additional income by providing transportation services. Hosting cannot, however, be considered full-time employment because most providers receive only 20 or fewer bookings every year. While it could not be validated due to lack of specific data, observations indicate that a relatively small group of providers receives significant income from their (multiple) listings, while the remainder of providers earn significantly less. P2P accommodation may, however, provide full-time work for service providers. A survey in Jamaica showed that 90% of providers hire others for cleaning and other caretaker work. Those providers with two or more listings tend to employ a full-time housekeeper. *More research is needed to fully understand the employment value chain from P2P.*

9. **Security and rising rents are the main concerns for residents living close to P2P rentals.** Many Jamaicans are concerned for their personal safety and opt to live in gated communities or apartments with secured entrances. When asked about personal safety, some hosts did indicate concerns. Most providers use the review system to check the rating of the guests before accepting a booking, and some notify guests in advance that they will check passports or drivers' licenses at check-in. Security is also a concern for neighbors, because security codes and keys for gates are shared with non-residents—either guests or service providers—who will get access to the secured area. An additional concern for residents is the increase in rents and the decrease in the number of long-term rentals due to P2P use. Providers indicated that short-term rentals provide them with significantly higher earnings than they would receive from long-term tenants. The downside of this is that fewer long-term rentals are affordable. *Careful regulation of P2P is needed, and guidelines should be developed for security.*

10. **Licensing and taxation are the critical issues for policymakers.** Airbnb providers have a low reported compliance rate with Jamaica's tourism licensing and taxation rules. To offer any type of tourism accommodation in Jamaica, as per the Jamaica Tourist Board Act of 1955, a property must have a Tourist Board license issued by the Tourism Product Development Company (TPDCo), and the provider must pay the Guest

Accommodation Room Tax return (GART). The GART rates are charged per occupied room night based on the number of rooms in the property. Properties that have between 1–50 rooms are currently charged at a rate of US$1.00 per night. This means the 59,544 Airbnb guests in 2017 staying an average of 4.5 days could contribute US$133,974 if all taxes were reported (based on double occupancy). The licensing issues stem from the problem that the rules are too complex and not well suited to the P2P model. To receive a license to operate, providers must meet 11 requirements, which can take up to two years to be able to fulfill. These include a certified application form, tax registration number, proof of ownership, food handler's permit, public health tourism establishment certificate, fire certificate, public liability insurance, proof of registration of business name, a security approval letter from Jamaica constabulary forces, a character reference from a justice of the peace, minister of religion, or a superintendent of police, and a TPDCo assessment recommendation. *If destinations want to have P2P providers registered and paying guest taxes, they need to make the process easy and suited to the scale of operations.*

11. **P2P accommodation in Jamaica is commercializing from homesharing to rentals.** Of all Airbnb listings in Jamaica, 71% are for entire homes or apartments, and stakeholders indicated that the fair majority of these are non-primary residences and not host-present rentals. Anecdotal evidence indicated that many of the private rooms are also not in host-present rentals; providers rent out separate rooms within an entire home if there is no demand for the entire listing. The number of host providers with several listings has increased slightly in the last four years. In 2014, 80.6% of all Airbnb providers had only one listing, while in 2017 this number had decreased to 77.6%. The resort areas of Montego Bay and Negril have a higher average number of listings per provider than other parts of the country. Short-term rental management companies often manage the booking process and maintenance on behalf of the owners in exchange for a flat fee or commission. In Kingston, a number of providers explained that they have reinvested or will be reinvesting part of their earnings into purchasing additional properties for P2P rental. The lack of hotel rooms in Kingston has even resulted in the construction of several apartment complexes that are purpose-built for P2P accommodation. These are very similar to vacation rentals, but are only rented over P2P sharing platforms. *Over time, the P2P market evolves from single to multiple listers; regulation needs to be agile and reviewed frequently.*

Photo Credit: Unsplash - Caleb Semeri - Hamilton Island, Australia.

Key Takeaways

While the case study of Jamaica is small in scale, it has helped validate some of the opportunities and challenges of P2P accommodation raised in the research. While most of the opportunities were validated in Jamaica, some of the challenges were not. In Table 7, those statements that were supported in Jamaica are green; those that were not supported are red. Orange indicates there is not enough evidence to decide. Owing to the exploratory nature of the research, these results are indicative only and would benefit from further analysis.

Table 7. Opportunities and Challenges of P2P in Jamaica

Opportunities	Challenges
1. Helps attract new markets and demographics to new and existing destinations.	1. May be unregistered and unregulated.
2. Influences the type and nature of visitor purchases and services.	2. May not be following tax laws.
3. Can build consumer trust to visit a destination in new ways and try new products.	3. Can cause disturbances in a residential community.
4. Lowers the barriers to entry for entrepreneurship.	4. May cause housing prices and rents to increase.
5. Supports homeowners and helps prevent displacement.	5. May put visitors at higher risk.
6. Enables the dispersion of tourists in a wider geographical area.	6. May impact the job-intensive hotel sector.
7. Increases access to market, which is particularly helpful for community-based homestays.	7. May benefit a small minority.
8. Provides flexible inventory to meet the rise and fall of demand and assists in times of crisis.	8. Providers lack organization and representation.
9. Has a relatively small environmental footprint.	9. Contributes to the impact of "overtourism", which reduces the visitor experience, making it hard to control capacity.
10. Collects real-time data about visitors.	10. The P2P platforms, if they are internationally located, divert income that would otherwise accrue to the destination.

The main takeaways of this analysis in Jamaica are as follows:

- **P2P accommodation may be able to help the government of Jamaica to reach its goal of diversifying the tourism product in Jamaica.** Digital platforms have resulted in an expansion of P2P accommodation offerings in Kingston and other non-resort areas. This inventory of mostly private apartments has been shown to be an appealing alternative for visiting overseas Jamaicans and other markets that are attracted by the self-catering facilities and competitive pricing these lodgings can offer. *Further efforts may be needed to promote this sector in rural areas.*

- **P2P accommodation may also be able to help Jamaica diversify its tourism market.** Homestays allow Jamaica to diversify from its traditional sun, sea, and sand product that caters mostly to North Americans. Home stays attract a more diverse geographic source market that is interested in a community-based tourism experience. Small bed-and-breakfasts and individuals offering rooms in their primary residence are also benefiting from the increased access to new markets that these platforms provide. Digital platforms have enabled the accommodation inventory to expand quickly for events and festivals when existing inventory cannot handle the surge in demand. *Incorporating a P2P local experience brand in the Jamaica Tourist Board marketing efforts will help with diversification.*

- **The P2P accommodation economy can generate service jobs,** since most providers employ people for cleaning and housekeeping jobs. However, these jobs are inconsistent, and their ability to address the problem of high youth unemployment is limited. More opportunities may be available through the provision of tours and activities for P2P guests (via an experiences platform). *Training in tourism awareness, digital platforms, business, and support for rural tours could be provided to expand the opportunities for young people in the sector.*

- **Regulation needs to adapt quickly to the change in accommodation offerings.** The government of Jamaica is taking a positive stance toward P2P accommodation, but new licensing systems are urgently needed. The process of licensing for home stays is cumbersome, requiring hosts to obtain forms from many different institutions; most P2P providers opt not to obtain a license. This means that the government does not have a clear overview of the size of the market and cannot fully control the safety of visitors. *If Jamaica wants to have P2P rentals registered they need to make the process easy and suited to the scale of operation.*

- **A fair taxation regime is needed to address the concerns of the hotel sector.** The main concern of the hotel sector is fair regulation and taxation. Representatives of the hotel sector indicate that the lack of enforcement of existing regulations and tax collection is preventing a level playing field for all types of accommodation providers. They are also concerned about the lack of quality control of the P2P offerings and the effect a possible incident could have on the reputation of Jamaica as a safe tourist destination. *Improved, low-cost training and minimum standards codes are needed to assist P2P operators in upgrading their standards.*

- **P2P accommodation changes over time from homestays to commercial rentals.** While P2P mostly engages women in Jamaica, it is not socioeconomically inclusive, nor have the relative benefits to women been verified. Lack of an attractive property is the main barrier to access for marginalized groups. Guests prefer to stay in secured apartment buildings and gated communities, owing to safety concerns. Relatively few providers are very successful, while others have difficulty attracting guests. Providers receiving the most reservations are professionals with well-maintained properties in more desirable neighborhoods. *Training and improved promotion and access to funds for upgrading might assist those with lower-standard P2P accommodations to join the successful group.*

- **P2P can be inclusive, but it does not happen without support.** The high demand for accommodation in secured environments in Kingston is driving up the supply of P2P and even driving the development of new purpose-built rentals. This activity could result in an oversupply and consequent fall in hotel occupancy. This does not seem to have occurred so far. *Updated and agile accommodation regulation is urgently needed to address this area.*

- **Better guidelines and protection are needed to address residents' security concerns.** The key issue for neighbors of P2P accommodation listings located in gated communities and apartment buildings is the possibility of criminal gangs taking advantage of P2P accommodations to attain access to secure areas. *Alternative security measures may be needed to address this concern.*

The main questions moving forward are how to improve the utilization of existing P2P accommodation, how to actively market this product, how to regulate it efficiently, and how to make it more inclusive. Further research is also needed to better understand the patterns of P2P spending and how to optimize these in line with the government's goals for economic diversification.

Recommendations for Sustainable P2P Accommodation

P2P accommodation presents destination managers with both opportunities and challenges. Eleven opportunities and challenges have been identified and, for the most part, validated, through the case study of Jamaica.

Each destination's needs, vision, and goals are quite different, however. Urban destinations suffering from overtourism need more stringent rules and regulations than rural destinations that may be trying to use P2P as an opportunity to diversify tourism product and support local livelihoods. Mature destinations may face fewer capacity and digital-access hurdles than developing destinations, which could be vulnerable to adverse social impacts. The Jamaica study also showed that the P2P sector changes rapidly over time, evolving from single to multiple listers. Whether the outcome is a net positive for the destination depends on the particular situation and how it is managed over time.

The World Bank Group recommends taking four steps toward sustainable P2P accommodation.

Figure 12. Four Steps toward Sustainable P2P Accommodation

01 Conduct a rapid diagnostic assessment

02 Establish government interventions and standards

03 Offer training, digital skills, and mobile banking support

04 Implement product development, marketing, and monitoring

Step 1: Conduct a Rapid Diagnostic Assessment

The first step in any policy dialogue should be an assessment of the scope and scale of P2P accommodation in the destination. The reluctance of the digital platforms to share their data means there is an overreliance on the research produced by the digital platforms themselves. Destinations must develop their own information systems to ensure valid data on the P2P sector, rather than relying on hotel association advocacy or platform-produced research. The Appendix provides three sets of assessment questions to guide this diagnostic process: two for policy and tax decisions and another for greater inclusion. The assessment can help policymakers and other stakeholders to better understand and clarify their approach to the P2P accommodation sector in their destination. The list is not exhaustive, and should be adapted to the specific situation and the role that the P2P accommodation fulfills in the destination.

Once this information is collected, it is important to have open public communication about the results. Greater transparency will help to raise awareness and lead to more transparent decision-making.

Step 2: Establish Government Interventions and Standards

The level of public-sector intervention required in P2P accommodation depends on the type of destination and the significance of the sector within the larger tourism economy. Government intervention is needed if P2P accommodation contributes to overcrowding, negatively affects the quality of life for residents, or if it is out of line with destination management goals. Regulation and intervention are also needed to coordinate the demand and supply of infrastructure and other public utilities. It is worth noting that the answer to this question will change over time, and only with valuable information can policymakers make good decisions. This section provides an overview of policies that are based on lessons learned from research in destinations around the world.

Ensure properties are officially registered. Registration is a good entry point for improved management. Cities are facing challenges with overcrowding: Amsterdam, Barcelona, Vancouver, and San Francisco are all leading the field in regulation, out of necessity. Most of these cities now require hosts who rent out their property through a digital platform to register with local authorities. Accommodation that is not registered is considered unofficial and thereby illegal. For example, all providers of holiday rentals in Catalonia, Spain, are required to apply for a HUT number (Habitatge d'ús turístic or Touristic Use License).

Simplify and adapt tourism licensing to work for P2P. Simplified licensing processes in line with the type and scale of the provider will help improve compliance and increase guest safety. The basic requirements should include security, smoke alarms, fire extinguishers, and information on evacuation procedures. Insurance coverage can also be a requirement for obtaining a license.

Work with platforms to ensure support with regulation and taxation. Enforcing policies can prove difficult, as has been experienced in San Francisco. One solution to is to enter into an agreement with the platform providers to assist with the implementation of municipal rules. This is not always easy and may require legal action to secure. These agreements may relate to enforcement of rules and regulations, tax collection, and data sharing. For example, Airbnb now collects a 5.5% tourist tax for Amsterdam and allows only registered properties in San Francisco to list.

Communicate P2P tax requirements clearly and work on tax updates where necessary. Traditional accommodation providers such as hotels are subject to different types of taxation: corporate tax, income tax, VAT, and tourist tax. Governments need to assess the size and the dynamics of the P2P accommodation sector to decide if it is necessary to modify the existing tax structures according to the destination type and its aspirations. For example, U.S. tax authorities allow individuals to rent out their homes for up to 14 days without having to pay taxes. The United Kingdom provides "rent-a-room" relief of up to £7,500 for owners or tenants who rent out furnished accommodations to a renter in their home.[95] These and other flexible approaches toward tax policies and enforcement mechanisms are still relatively new in the context of the P2P accommodation economy and require further research.

Consider setting a cap on the number of days P2P accommodation may be rented in any one calendar year. This approach will reduce noise and annoyance to neighbors and may be appropriate for overcrowded destinations and destinations where short-term rentals are driving out tenants. For example, in 2017, the city of Amsterdam introduced a new rule that requires hosts to self-report each time their property is rented out, with a maximum cap of 60 days; the city has actively begun to seek out violators who exceed the number of days.[96] About 2,500 unique rentals had reported by the end of 2017, a quarter of the total supply. Again, collaboration with platforms can help with enforcement. For Amsterdam, Airbnb has a tracker on the site that removes the property from the site when the maximum is reached. The limit is 90 days in London and 120 days in Paris' city center.[97]

Review tourism and town planning and zoning ordinances applicable to P2P accommodation. Municipalities may need to review or reconsider planning and zoning ordinances for P2P accommodation offerings. Typical municipal zoning codes include guidance on how a dwelling unit will be defined. This sets the stage for regulating how it can be used as a short-term rental. Local planners need to ensure that zoning and residential development regulations can distinguish between different forms of short-term P2P accommodation listings and their potential impacts on neighborhoods and the housing market.[98] For example, cities and municipalities in California and Hawaii have started to design and approve ordinances to allow homeowners to share their homes under specific circumstances in areas where it was previously prohibited.[99] In Cape Town, zoning laws do not permit property owners in an apartment building to rent out their place, but owners of a house can run a bed-and-breakfast without permission and can also apply for a permit to operate a guest house.[100]

Step 3: Offer Training, Digital Skills, and Mobile Banking Support

One of the main opportunities created by digital platforms is providing access to market for both existing providers as well as new entrants. But, despite the ease of use of new platforms, barriers to access remain. To participate in the P2P accommodation economy, a host needs a desirable accommodation for rental, digital access, an understanding of guests' needs and wants, and, for most platforms, a bank account. Research in this area is still new and will be informed by forthcoming World Bank pilot studies; some suggestions follow.

Support the development of reliable and affordable digital services. P2P accommodation providers must have access to digital infrastructure. This means access to reliable and affordable Internet service and the use of a computer or smartphone. In addition, they need the basic communication and digital literacy skills to access Internet service, as well as more specific skills, in particular knowing how to successfully present and manage their listing on the platforms. This includes the ability to upload photos to

websites and an understanding of how to be responsive to information requests from the platform and from potential guests. Research and interviews have shown that few platforms are providing the support needed to overcome the digital divide. In some cases, nongovernmental organizations, such as SEWA in India and Open Africa, step in to fill this gap. In other cases, co-hosts (individuals with the digital skills to manage bookings for others) emerge or are trained. In China, village terminals have been established to assist with e-commerce to get over the digital gap.[101]

Capacity Building in South Africa

Airbnb partnered with Open Africa, the South Africa College of Tourism, and the Cape Innovation and Technology Initiative to start a pilot program in 2017. Launched in Khayelitsha Township, South Africa, the program provides entrepreneurship, technology, and hospitality-skills training to 15 existing Airbnb hosts to help them grow their homestay businesses. A potential approach that emerged from the two-week program was cohosting, or the practice of having a tech-savvy person manage listings for hosts who lack confidence in their digital skills. Another insight was that tourism experiences, apart from just accommodation, may be needed to attract and sustain visitation. The added benefit of the training program was that it provided an opportunity for the women to get to know each other and initiate a support system.[102]

Facilitate options for mobile banking and electronic payments. In many developing and emerging markets, a significant portion of the population lacks access to financial services (bank accounts, loans, and so forth), and/or financial regulations and infrastructure prohibit online payments. It is therefore impractical, if not impossible, for many people to participate in P2P platforms either as a host or guest. As P2P demand grows in emerging markets, financial institutions and other stakeholders are starting to adapt to this reality by providing alternative options for people without access to traditional financial services. For example, Homestay.com, Airbnb, and HomeAway now all provide hosts with the option to receive their hosting fees using Payoneer, which gives people a debit card that allows users to deposit their funds at a local bank or cash it at an ATM.[103] Some of the platforms also offer Western Union and PayPal as payout options; in Cuba, an American International Service (AIS) debit card is an option.[104] These types of innovation can have far wider implications: they can assist microentrepreneurs in expanding many kinds of businesses.

Flexible Payment Solutions

The Irish company Homestay.com has arranged 1 million nights in homestays in 160 countries since their inception in 2013. The company allows only host-present accommodation on their platform. The average length of stay is 12 nights, and a large portion of their guests travel for educational reasons. The average price per person is US$31, and hosts earn an average of US$1,500 per year. The company also offers communities and small networks the opportunity to list on their portal, so that they can tap into the company's customer base and share in the commissions.

The guests pay a 15% booking fee to confirm a booking and then pay the host directly in cash on arrival (some hosts ask guests to make a full or partial payment in advance of arrival by PayPal or bank transfer). The company does not make any payments to the hosts. This way hosts are not required to have a bank account or to pay for the cost of international transfers.

To mitigate the costs and risks of last-minute cancellations, the company recently partnered with Payoneer to offer a deposit payment option to protect against cancellations. They are slowly rolling this out across their platform. When booking with a host who requires a deposit, the guest pays a deposit of 25% of the price of the stay in advance, at the time of booking. This 25% deposit will be transferred to the host directly using Payoneer if the guest cancels less than seven days in advance. This payment option will be offered in different countries in the coming months, depending on the availability and transaction costs of Payoneer. Cuba is their number-three destination in terms of revenue, after the United Kingdom and Ireland. According to Suzanne Cox from Homestay.com, "We are conscious of the costs to receive and make international payments for developing communities. Therefore, Homestay.com will continue to promote its 'pay on arrival' policy for lots of destinations, ensuring continued flexibility for both the host and guest traveling."

Source: Homestay.com

Encourage P2P providers to organize. In most destinations, traditional accommodation providers, such as hotels, are represented through member associations. P2P accommodation providers are mostly unorganized. One exception is Sharing Economy U.K. (SEUK), a trade body created in 2015 that advocates on behalf of the United Kingdom's sharing economy. Its members hail from the home-sharing, transportation, payment, freelance, and other sectors.[105] In large, established cities such as New York and Berlin, the platform Airbnb directly represents the interests of hosts when dealing with local authorities; the hosts are also organized in Host Clubs.[106] In smaller destinations, the P2P accommodation sector often lacks formal representation.

Step 4: Implement Product Development, Marketing, and Monitoring

Once the regulations and capacity are in place, it is time to develop the product, actively promote it, and carefully monitor the impacts.

Build the capacity of providers to offer quality products. Besides access to a desirable property, preparing, presenting, and hosting a property requires an understanding by the hosts of the needs and wants of the target market. Capacity building can help new hosts succeed while contributing to the development and management of the destination. Host capacity building may be needed to ensure that the P2P accommodation quality is consistent with the brand and identity of the destination. Training hosts in safety and security will help reduce risks for guests, increase awareness of the risks of gender-based violence, and improve guest satisfaction.

Improve data collection and statistics on P2P. Policy evaluation has proved challenging because of the lack of information about where individual properties are and how they are spreading and performing. Accurate measurement of the scale and impact of P2P is difficult, because the platforms do not reveal specific names and addresses.[107] While some platforms have begun to share some data, many do not share enough for useful analysis. Improved systems are needed to assess the size and scope of the sector. For example, the United Kingdom is developing a framework to define sharing economy businesses and individuals and to collect and disseminate statistics on their activities.[108] The Republic of Korea has also promised to begin capturing the digital sharing economy (including unregistered Airbnb hosts) in its GDP, starting in 2019.[109]

Market registered P2P accommodations as part of the destination offering. In destinations where very little tourism demand exists, listings on digital platforms need to be actively promoted. This can be done in partnership with the platforms and destination marketing organizations (DMOs). Poor neighborhoods and less well-known destinations particularly struggle to get bookings. Promotion can increase the attractiveness of these destinations, boost their brand and image, and attract new markets. It can also incentivize registration. This is a relatively new area and further work is needed to establish the best strategies for P2P hosts and the destination. This approach aims to highlight P2P as a new and exciting product that enables visitors to stay longer, bring their families, and engage in local activities and experiences in the destination.

Improve supporting infrastructure. P2P rentals can play an important role in dispersing tourism accommodation and can thereby help spread economic benefits over a wider geographic area. In some destinations, especially rural ones, this might require investing in transportation, road signage, and utilities infrastructure to ensure accessibility.

Expand opportunities for other products to be sourced through P2P. For people who do not have access to a space that meets the requirements for hosting, but have a talent or passion to share with tourists, there are opportunities to market cooking classes, walking tours, and other products through several digital platforms. Some of them require little or no access to finance or an asset. Many digital platforms offer experiences, including Airbnb Experiences and Vayable, which are both active on a global level. Vayable offers experiences provided by local people who can sign up as independent tour guides. Other platforms specialize in a specific region or country, such as Tastemakers Africa, Keteka in South America, and Hivesters in Thailand. Enhancing inclusion in the P2P accommodation economy can involve working with residents to design and market appealing tourism products.

The Knowledge Gaps

While the number of studies on the P2P accommodation economy is increasing gradually, more independent and objective research, particularly focused on emerging markets, is needed. The research presented here has been exploratory in nature and aims to identify and validate the main pros and cons for destinations while indicating areas for future research.

There are some significant knowledge gaps for both destination policymakers and development specialists looking to harness the P2P model for greater economic inclusion. Future research and economic studies could be used to deepen understanding in the areas noted below.

Road Map for Future Research

1. What are the employment impacts of P2P? Does P2P accommodation growth expand employment opportunities or reduce them?
2. Do P2P guests spend more or differently and how? What do P2P accommodation guests spend in the local destination economy, how long do they stay, and how does this compare with spending by other types of travelers?
3. Does P2P create new markets or diversify existing markets? Which demographic and geographic markets are attracted to what type of P2P accommodation?
4. How can P2P be encouraged in some locations and reduced in others?
5. Does P2P decrease hotel occupancy? Does P2P come at the expense of hotels? Who are the winners and losers?
6. How and when should P2P accommodation be marketed effectively as a destination product?
7. What are best practices for P2P licensing and registration?
8. What impact does P2P have on affordable housing and rental prices?
9. What are the characteristics of successful P2P providers? What skills are needed to be successful?
10. What innovations in the areas of digital access, training, and mobile finance are needed to facilitate greater inclusiveness?
11. Is P2P really an empowerment tool? How much do women earn from P2P in comparison with men?

Photo Credit: Nepal Community Homestay.

Conclusion and Next Steps

P2P accommodation is a fast-growing tourism product with implications for emerging economies. It presents many benefits for growing destinations, but it also poses some challenges to destination managers. Understanding the complex evolving landscape is crucial to developing successful policies and ensuring that the full benefits of product expansion can be realized. This exploratory report examined current research concerning the P2P accommodation sector, compared platform data, and was augmented with global insights from research in Jamaica and other countries. This report has attempted to capture some of the lessons learned from these challenges so that emerging destinations can sustainably manage P2P accommodation.

Better information is crucial to better decision making. The reluctance of the digital platforms to share their data makes it difficult to independently verify some of the information published. Destinations need to conduct their own assessments of the P2P sector to inform policy and planning decisions. To help this process, three diagnostic checklists have been developed.

More independent research is also needed to verify the impact of P2P on women and rural areas and to assess its impact in the creation and diversification of markets. The "Road Map for Future Research" provided herein is a good place to start.

Case studies from around the world bridge the experience gap. For destinations that are working out ways to facilitate and simplify business registration and tax codes, a collection of good practices could be very useful. Where crowding is an issue, zoning policies may need updating. Where growth and new accommodation are needed, finding innovative ways to market and upgrade P2P accommodation may be a good path forward. Global case studies are offered throughout this report; the notes provide details of where to go for more information on each of these.

Although each place is different, the Jamaica case study helped deepen our understanding of the scale of opportunities that P2P provides for destinations. The study explored some interesting areas for further work. For example, the research found evidence that P2P accommodation is linked to increased use of accommodation by overseas Jamaicans visiting friends and relatives. It also showed potential for diversifying tourism from resort areas and broadening the market segments. The study also revealed that, while P2P does support women hosts, it is not always socioeconomically inclusive, and that almost half of all hosts are not actively receiving bookings. Hosts in poor neighborhoods struggle to get bookings while those in wealthy neighborhoods thrive.

Building the capacity of hosts to succeed, through improved digital and business literacy, better management, engagement with customers, and improved marketing and promotion will also help drive higher revenues at the destination. Sustained training and support are a gap because few platforms can deliver on-site training. Ensuring that payment options are available for hosts without online banking, leveraging P2P to expand digital financial inclusion for remote communities without physical access to financial institutions, and providing financing options to those looking to upgrade their rooms are other areas that could improve performance.

If regulatory challenges can be addressed, and P2P is directed toward areas without overtourism, P2P accommodation may be a useful tool for emerging destinations. Improving information sources, addressing the issues of regulation and taxation, helping low-income hosts succeed, and promoting the product will help hosts, guests, and destinations maximize the potential of this new tourism product for inclusion while protecting the integrity of communities and the safety and security of residents and guests.

Please send comments and feedback to tourism@worldbankgroup.org

Appendix: Rapid Diagnostic Checklists

Destination Policy Diagnostic

Definitions

- Do we have a consistent, easy-to-understand definition of "P2P accommodation"? If so, what is it?
- Do we have a consistent, easy-to-understand definition of "community-led tourism"? If so, what is it?
- What are the different types of P2P accommodation in our destination?

Scope

- What is the current size and impact of the segment and what is our plan for growth? Do we measure it?
- How are we collecting data on the size and the impact of the P2P accommodation economy?
- What other data do we need for evidence-based policymaking? Are we sharing this data?

Stakeholder Mapping and Engagement

- Who needs to be involved in decision-making? Who are the main stakeholders?
- Do we engage with P2P accommodation providers and guests? If so, how? If not, why not?
- How are our relationships with P2P accommodation providers today? Friendly or strained? Why?
    - How do the news and media report on P2P accommodation?
    - Who is at the table today? Who is missing? Why? How will this be resolved?

Tourism Strategy

- How does P2P accommodation fit into our national or regional tourism strategy?
    - Does it match our vision for the destination? How does it complement our current products?
    - Which target markets are a good fit for this segment? Do we market it proactively? If so, how?
    - Do we have a budget for P2P engagement? If not, do we want one? (Why or why not?) Where will we get these resources?

Regulation and Licensing

- What is the current regulatory regime for P2P accommodation? Is it working? Is it enforced? Why or why not?
- Do we want to license P2P accommodations? If yes, how?
    - Do we have a suitable licensing system in place for P2P accommodations?
    - Do we need to revise this?
    - If not, what are the reasons and the implications?
- Do we have a registration system for P2P accommodation providers?
    - Do we need to revise this registration system?
- Do we want to levy tourism taxes on this segment? If yes, which taxes?
    - Do we have the system in place to collect the taxes?
    - Do we want the platforms to collect the taxes for us?
- Do we have safety and health standards in place for P2P accommodation? If yes, are these working?
    - Do we need to adjust current accommodation standards?
    - Are providers required to have insurance?
    - Are we undertaking inspections?
- Are the current zoning laws and land use plans applicable to P2P accommodations?
    - Do we need to adjust the zoning plans?
    - Do the land use plans address P2P accommodations?
    - Do we need to address noise and parking issues?
- Who is responsible for enforcement?
    - Is the necessary dedicated team time committed to enforcement?
    - Do we have the right expertise, including knowledge of how platforms work, APIs, and so on?
    - Does the regulatory authority have the *trust* of society? Why or why not?
    - Do we need a grievance system for guests and residents to voice complaints about violations or nuisances?

Destination Taxation Diagnostic

- What kinds of tourism taxes does our destination currently charge?
  - Arrival/tourist visa
  - Per room
  - Per bed
  - Per day
  - Other surcharges
- Is P2P accommodation already included in the current taxation regime? (Y/N)
  - If yes, is its current inclusion sufficient?
  - If no, is there an easy way to integrate it [into current taxation regime]?
    - Would we need to change a law?
    - Would we need to create a new law(s)/rule(s)?
  - How is P2P accommodation currently taxed?
  - Do we *prefer* to follow the tax regime for traditional accommodation or do we wish to create something new? Why or why not?
  - What does our current tax regime say about who can collect and pay these taxes?
    - Platforms
    - Hosts
    - Other?
  - Are there other requirements to be authorized to pay tax? Do those apply to P2P accommodation? For example, registration, inspections, licensing.
- Describe tax compliance for traditional accommodation providers.
  - What percentage of compliance do we have among traditional providers?
  - Is tax evasion a problem in our destination more generally? If so, how has it been handled?
  - Are taxes paid online? Do we have an online portal for the tax authority?
  - How is taxation enforced?
  - Under local law, are P2P platforms legally authorized
- What is current tax revenue used to cover? Are revenues sufficient? Why or why not? If not, what are our plans to remedy this?
- Have we run analyses regarding revenue generation for P2P accommodation taxation?
- Do we (or our team) have the expertise to create our own API (i.e., for tax revenue to be paid online)?

Entrepreneurship and Inclusion Diagnostic

Profile and Organization

- Which platforms are most prominent in our destination?
  - Have we established a relationship with these platforms?
  - Who should represent the destination in this relationship?
- Are P2P providers currently organized?
  - Is this functioning properly and can it be improved?
  - If not, what is the reason and what are the implications?

Inclusion

- Who are the current providers of P2P?
- What are the gender and socioeconomic dimensions of P2P?
- Do we have a diversity strategy (i.e., clear plans to increase diversity within the tourism sector) today? Why or why not?
- Which marginalized groups require support to enter the market or to be more successful?
- What are the main barriers to access for (potential) providers?
- How can we address each of these?
  - Access to a competitive type of P2P accommodation
  - Understanding market needs
  - Access to digital technology
  - Access to finance
  - Access to banking systems

Marketing

- How can we promote P2P accommodation within our overall destination marketing strategy? Why have we not promoted it to date?

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