Networks Becoming One-stop Travel Shops

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8 Networks Becoming One-stop Travel Shops

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This chapter explores whether peer-to-peer accommodation networks are rapidly developing into one-stop travel shops. Already, airplane seats and a wide range of tours, called *Experiences*, can be booked on Airbnb. Will tourists soon be able to book everything from airport transport, plane tickets, accommodation, local transport, tours, and travel insurance online? If so, what are the regulatory challenges associated with this? Who is qualified to offer an *Experience* of kite surfing?

Peer-to-peer accommodation networks in general, and Airbnb in specific, have upset the established commercial tourism accommodation sector, which views them as competitors who have fewer regulatory hurdles to manage and fewer taxes to pay (Chapter 11). Local governments are also in turmoil because trading of short-term accommodation reduces capacity in the long-term rental market. As short-term tourism rental is more lucrative, property owners are moving out of the long-term rental business (Chapter 11). Public debate has also been ignited about the alleged disadvantage to people with special needs (Chapter 22) and taste-based discrimination on these networks (Chapter 19).

The assumption underlying all of these discussions is that these peer-to-peer networks are primarily *accommodation* providers. They are not. As soon as a platform is working effectively and a sufficient pool of buyers and sellers actively participate in trading, network facilitators such as Airbnb are in the position to sell everything a traveler needs, including seats on planes, tours,

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local transport, travel insurance, travel vaccinations, and other travel-related services. Airbnb has high brand recognition, and Airbnb users have a high likelihood to book on the platform again. The return likelihood puts Airbnb first in Australia with 84%, followed by Flight Centre with 76%, and Booking.com with 75% (Roy Morgan Research, 2017). This puts Airbnb in an exceptionally good position to diversify. Already, Airbnb is moving towards becoming a one-stop shop for all travel needs with the introduction of *Experiences*.

Even airlines are leveraging Airbnb's sharing rental platform. In 2016, Lufthansa sold premium economy seats from Frankfurt to New York City on Airbnb (Farber, 2016; The Economist, 2016). In 2014, KLM offered the opportunity for three winners to spend a night in an airplane apartment on a grounded plane at Schiphol Airport in the Netherlands (Airbnb, 2017a; KLM, 2014).

The transformation of Airbnb from space trader into a one-stop travel shop has already started. It started with *Experiences* – activities, events and tours which have been available on the Airbnb platform since November 2016. At the launch, Brian Chesky, CEO and co-founder of Airbnb, stated (Airbnb, 2017b):

> Homes are just one small part of a great journey…This was the moment we realized we needed to create a holistic travel experience…The entire trip...to start with the magic...The magic is in the people. It's all about immersing in local communities.

Experiences provides immersion in local communities through engagement in small group activities and tours in selected destinations around the world. Airbnb positions providers as 'heroes' of the experience and place. *Experiences* provides the opportunity for tourists to walk in the shoes of locals. Unusual experiences include training like samurai in a traditional Japanese dojo; hunting for truffles in the Italian countryside; visiting the home of a person living off the grid in inner city Sydney; and learning stunt tricks on the beach in Los Angeles. Several *Experiences* are in direct competition with mainstream activities and tours, such as cooking classes, surf lessons, bike riding, hiking, and guided city-walking tours (Airbnb, 2017c).

This chapter explores the diversification of peer-to-peer accommodation networks and speculates about potential positive and negative side effects.

The transition to one-stop travel shops

A review of 36 platforms (see Chapter 6) indicates that there is no general trend of peer-to-peer accommodation networks expanding beyond offering accommodation and associated services such as cleaning and property management yet – Airbnb is the pioneer of diversification. The only other platform attempting to harvest the entrepreneurship opportunity (Chapter 7) of expanding beyond trading short-term accommodation is Australian-based start-up Riparide. On Riparide users can rent uniquely themed adventure-style accommodation: teepees, glamping tents, farm stay cottages, ski lodges, retro beach shacks and Kombi vans. Guests can also book adventure activities, such a Llama trek, ice climbing and surf lessons, as well as rent adventure equipment, such as surfboards.

To begin to understand the expansion of peer-to-peer networks beyond accommodation, the remainder of this chapter analyzes Airbnb as it takes its first steps towards transforming into a one-stop travel shop.

The introduction of *Experiences*

To understand the profile of *Experiences* offered by Airbnb, we conducted an analysis of four categories of *Experiences* in July 2016: sport (n = 41), nature (n = 59), entertainment (n = 64), and food and drink (n = 55). These categories have the highest potential of competing directly with the mainstream tourism industry at destinations. The analysis includes all 219 *Experiences* offered around the world in these categories in July 2017.

Table 8.1: Activities for sport, nature, entertainment, and food and drink Airbnb *Experiences*

Sport		**Nature**	
Surf lesson	24%	Hiking	20%
Bike ride tour	15%	Gardening or florist experience	14%
Stand up paddle board lesson	12%	Farming experience	10%
Sailing tour/lesson	10%	Photography	8%
Kayaking tour	5%	Walking tour	8%
Stunt lesson	5%	Sailing experience	5%
Other	29%	Horse riding	3%
		Kayaking	3%
		Other	12%
Entertainment		**Food and drink**	
Traditional dancing	11%	Culinary experience	33%
Music	11%	Cooking class	24%
Acting and theatre	9%	Wine tasting/winery tour	15%
Comedy	9%	Spirit tasting/workshop	7%
Photography	8%	Coffee tour/workshop	7%
Local food and beverage	6%	Beer tasting/brewing workshop	4%
Burlesque lesson	5%	Food markets and shopping	4%
Wrestling lesson	3%	Other	6%
Sailing and cruising	3%		
Motorcycle ride	3%		
Magic workshop	3%		
Other	29%		

Table 8.1 profiles the types of activities that can be booked through Airbnb *Experiences* in the sport, nature, entertainment, and food and drink categories. In the sport category, for example, surf lessons account for a quarter of all offers. Hiking is the number one nature experience on offer, followed by gardening or florist experiences and farming. Dancing and music dominate the entertainment category, and culinary experiences, cooking classes and wine tastings together account for nearly three quarters of all food and drink-related experiences.

We analyzed each of these categories further according to type, number of reviews, location, duration, inclusions, language, price, host gender, maximum group size, and the frequency of offering the experience. As shown in Table 8.2, most offers across those four categories are single-day activities, typically lasting for between three and four hours. Many offers include meals (37%), food/snacks (32%), a drink (57%), and equipment (53%). Food and drink experiences – not surprisingly – are more likely to include food (62% of all experiences in this category) and drink (84% of all experiences in this category), compared to the other categories. Similarly, the sporting activities are more likely to include equipment (83%) than the other categories. Most of the experiences (96%) are in English language, with some offered in the local and sometimes even a third language.

The average price is AU$93. Entertainment experiences have the highest average price at AU$100, and sport experiences the lowest at AU$85. Only the nature and entertainment categories offer *Immersions* (multi-day activities). The price for *Immersions* ranges from AU$203 for a one-day murder mystery to AU$976 for a walkabout nature experience over the course of three days in Los Angeles.

Group sizes range from 14 to 25. The average group size across all categories is seven to eight guests. The entertainment and food and drink categories tend to have larger groups than the sport and nature categories. There is great variation in the frequency of different experiences. Some sport and nature-related experiences run every single day; others only once a week. The average frequency across the four categories was two to three days per week.

Looking at the people who offer experiences reveals that most are male. They are also mostly located in the US, the global hotbed of Airbnb *Experiences*. US *Experiences* are predominantly located in Los Angeles – the home of 11% of all experiences globally. Four other major hubs for experiences are Barcelona (Spain), Tokyo (Japan), Paris (France), and Sydney (Australia).

Table 8.2: Profiles for sport, nature, entertainment, and food and drink Airbnb *Experiences*.

	Sport	Nature	Enter-tainment	Food and drink
Type				
Immersion (multi-day)	0%	3%	17%	0%
Experience (single day)	100%	97%	83%	100%
Review				
Most number of reviews	231	363	79	182
Percentage with no reviews	17%	22%	38%	13%
Average number of reviews	30.4	18.6	7.6	29.1
Location				
United States of America	**22%**	**32%**	**28%**	**16%**
Spain	**20%**	7%	8%	**15%**
Czech Republic	7%	2%	3%	0%
France	7%	3%	**14%**	5%
Japan	7%	8%	9%	9%
South Africa	7%	0%	3%	4%
Australia	5%	3%	2%	**18%**
Germany	5%	2%	3%	2%
Italy	5%	**12%**	8%	9%
Portugal	5%	8%	2%	2%
England	0%	8%	3%	4%
Brazil	0%	5%	3%	2%
Canada	2%	2%	0%	2%
China	0%	2%	0%	2%
Cuba	2%	2%	0%	2%
Ireland	2%	2%	3%	2%
Kenya	0%	2%	2%	0%
Korea	2%	0%	0%	0%
Mexico	0%	0%	3%	4%
Poland	0%	0%	2%	0%
Duration (experiences only)				
Maximum (hours)	5.5	12	8	6.5
Minimum (hours)	2	1	2	2
Average–mode [2] (hours)	2	2	3	3
Average–mean [1] (hours)	3.2	4.2	3.2	2.9
Inclusions				
Meals	22%	24%	38%	62%
Food/snack	20%	44%	27%	36%
Drink	66%	64%	80%	84%
Equipment	83%	56%	48%	24%
Language				
English	100%	93%	92%	100%
English and local language	27%	17%	14%	13%
English, local and other non-local language	2%	2%	5%	2%

Price (in Australian dollars)				
Highest price experiences	$175	$271[4]	$374	$236
Lowest price experiences	$39	$29	$10	$42
Average price experiences–mean[1]	$85	$94[4]	$100	$94
Highest price immersion	N/a.	$976	$475	N/a.
Lowest price immersion	N/a.	$448	$203	N/a.
Average price immersion–mean[1]	N/a.	$712	$273	N/a.
Host gender				
Male	76%	65%	56%	58%
Female	20%	25%	39%	38%
Mixed genders[3]	5%	10%	5%	4%
Maximum group size				
Largest	14	20	25	20
Smallest	3	2	2	3
Average–mode[2]	10	10	10	10
Average–mean[1]	6.7	7.3	8.8	7.9
Frequency (days per week)				
Maximum	7	7	5	6
Minimum	1	1	1	1
Average–mode[2]	1	1	1	1
Average size–mean[1]	3.5	2.5	1.7	2.6

Notes. [1] Mean – the sum of the values divided by the number of values.
[2] Mode – most frequent duration/price.
[3] More than one host.
[4] One Experience for AU$664 was removed from this analysis as it was an outlier.

Sport

Surfing lessons represent 24% of experiences in the sport category. Most are beginner lessons where visitors can learn to surf with a local. However, there was one advanced surfing experience with a former professional surfer at Bondi Beach in Sydney (Australia). Bike tours of cities are also popular, with 15% of all sports-related experiences globally providing this service. Other experiences include stand-up paddleboard lessons (12%); sailing lessons (10%); kayaking tours (5%); and stunt lessons (5%). Unusual experiences include kite surfing lessons; learning to play boules in Paris (France); playing street basketball in La Habana (Cuba); exploring caves in Cape Town (South Africa); and joining locals for a soccer game in Barcelona (Spain). All *Sports Experiences* are single-day activities taking, on average, 3.2 hours, and mostly offered in the US (22%) and in Spain (20%) by males (76%). Two-thirds of these experiences include a drink (66%). The average maximum group size is six to seven people and, on average, sport-related experiences are available three to four days per week with many only offered once a week.

Nature

One-in-five *Nature Experiences* relate to hiking in natural areas. Gardening and florist experiences, such as making a bonsai or a floral arrangement class, are also available (14%). Farming experiences, such as truffle hunting or visiting a lavender farm, represent 10% of *Nature Experiences*. Photographic classes and walking tours represent 8% each. The US (32%) and Portugal (12%) are home to most of those experiences, which range in duration from one to 12 hours. The average duration is four to five hours, and some provide a snack (44%) and drink (64%). The price ranges from AU$271 to AU$29 for an *Experience* and AU$976 to AU$448 for an *Immersion*. The activities have mostly male hosts (65%); a group size of seven to eight people; and run two to three days per week.

Entertainment

Learning traditional dances of the local city, and music-based activities represent 11% each of all offerings in the entertainment category. Acting and theatre (9%), comedy (9%), and photography (8%) classes also feature prominently. The proportion of *Immersion* offerings in this category is the highest, with 17%. The US and France are home to most entertainment offerings. The duration of *Entertainment Experiences* ranges from two to eight hours with an average of three to four hours. Meals (38%) and drinks (80%) are often included. The average price is AU$100. The highest priced *Immersion* costs AU$475 for three VIP party experiences over three days in San Francisco (US). The group size is slightly larger than in other categories, with group sizes of up to 25 and an average of eight to nine guests. This category has the highest proportion of female hosts (39%) of the four categories analyzed here. Entertainment activities typically run one to two days per week. Some of the most unique experiences include: burlesque lessons, Kimono experience, magic workshop, music studio recording, and a reality television workshop.

Food and drink

One-third of all food and drink-related experiences are culinary activities, such as behind-the-scenes experiences in leading restaurants, tasting local cuisine and dining experiences. Cooking classes are also a core offering, representing 24% of experiences in this category. Tasting and workshops relating to wine (15%), spirits (7%), coffee (7%), and beer (4%), as well as visiting a food market or going food shopping with a local host (4%) is also offered. Australia has the most offerings in this category (18%), followed by the US (16%) and Spain (15%). Most *Food and Drink Experiences* take three hours; there are no *Immersions* offerings. Most experiences include a drink (84%) and almost two-thirds include a meal (62%). The average price is AU$94, with prices ranging from AU$236 for a Japanese cooking class to AU$42 for coffee workshop, both offered in Tokyo. Host gender balance was more even in this category compared to sport and nature: 58% of hosts are male and 38% female. The average group size is seven to eight guests with group size ranging from three to 20. *Food and Drink Experiences* run, on average, two to three days per week.

Airbnb is also expanding its offering beyond accommodation through partnerships with airlines. As an initial step, Airbnb worked with Delta, Lufthansa and KLM, enabling passengers to book Airbnb accommodation via a direct link from the airlines' websites. The Australian airline (Qantas) offers its reward program members the opportunity to earn one loyalty point for each dollar spent on Airbnb (Qantas, 2017). Media agency Bloomberg (Zaleski and De Vynck, 2016) reports that Airbnb will expand this offering by developing an online flight-booking service that will compete with existing online travel retailers, such as Expedia and the Priceline Group, which includes brands such as agoda.com and booking.com. Media reports also suggest that Airbnb is working with the restaurant reservation app Resy, to allow booking restaurants via the Airbnb platform. This feature is expected to be launched in late 2017 (Hartmans, 2017; Roof, 2017). Airbnb will also soon offer audio walks through a partnership with Detour. Downtown Los Angeles, San Francisco, London, Paris, Tokyo and Seoul will pioneer this service (Mason, 2016).

Conclusions

As soon as a peer-to-peer trading network is firmly established and has a sufficient pool of buyers and sellers, it becomes easy to extend the range of products and sevices. Any successful peer-to-peer network offering travel-related services will inevitably try to become a one-stop travel shop. To date, only Airbnb has taken this step, possibly because its size and brand recognition place them in pole position.

The transformation of peer-to-peer accommodation networks into more comprehensive providers of travel-related products and services will almost certainly catch both the tourism industry and policy makers by surprise again (Chapter 11). Neither have managed to adjust to the new nature of short-term accommodation provision in tourism. In fact, only few established providers of tourism services have begun to think strategically about innovating to protect and grow their market share in view of the growing demand for local-hosted experiences. In 2009, for example, two large international travel companies – Intrepid Travel and WHL Group – jointly launched Urban Adventures. Intrepid Travel is a large Australian-based inbound tour operator, taking over 70,000 people on small group tours to destinations around the world annually. WHL Group is an international travel company, incorporated in Hong Kong, with over 300 local franchises worldwide (Intrepid Urban Adventures, 2017). This product aims to extend Intrepid Travel's small group multi-day immersive tour offerings by introducing shorter (one day or less) experiences. City tours are from two hours to a full day. According to their website, they offer 468 tours across 128 cities and six continents around the world (Intrepid Travel, 2017). Experiences appear on the website by region and theme. Tour providers are 'Affiliates' and the business model is franchise-based. This model is more akin to a regular tour business; however, Urban Adventures offers a platform to easily establish a tour business and market directly to customers via the Intrepid Travel network. However, unlike Airbnb *Experiences*, the owner of the business does not necessarily have to guide the tour, and there are more business conditions placed on the franchisee. For example, Affiliates must offer a guaranteed departure every day and there are no minimum guest numbers.

Other platforms are also attempting to harvest new entrepreneurship opportunities (Chapter 7). For example, in 2017, the Australian-based start-up, localyokl, launched a platform offering local guided, immersive experiences similar to *Airbnb Experiences*. Italian-based start-up Wimbify is planning to offer 'local hero' host city experiences, specifically targeting lesbian, gay, and bisexual travelers. The focus of Wimbify on a very specific niche segment may protect it from competition by Airbnb, which has – to date – not made an effort to cater specifically for niche markets (Chapters 22 and 24). Other social platforms have also emerged that connect travelers with one another. For example, the Australian-based Travelo app allows users to find and interact with like-minded travelers to create traveling communities.

The entrepreneurship opportunities (Chapter 7) and implications on employment in hospitality and training of people for future employment in hospitality are significant (Chapter 14): anyone who needs to earn some extra money can become a micro-entrepreneur and share their hobby with visitors. This is likely to further increase the proportion of people who will engage in contingent, gig-based employment; put pressure on permanent employment by established providers of these products and services now being traded among peers; but also open up income-earning opportunities for people who have difficulties working in inflexible permanent employment arrangements.

While tourism industry and policy makers around the world are still busy trying to develop suitable responses to the high demand for peer-to-peer accommodation trading, network facilitators are already moving into a new area, an area which may bring even bigger regulatory challenges. Who should be allowed to offer food experiences? Is there a risk that their non compliance with food and safety regulations of commercial food providers will put customers' health at risk? Who is responsible if an experience goes horribly wrong?

Questions for future research

With every expansion of the offerings of peer-to-peer trading networks, the number of research questions grows exponentially. Some of the key questions for the future include: at which point of the development of a peer-to-peer accommodation network can the network facilitator expand offerings? Are there entry points other than short-term accommodation that may allow peer-to-peer trading networks to become one-stop travel shops? Has Airbnb become so dominant that it is impossible for new peer-to-peer travel trading sites to compete? Is there an incentive for peer-to-peer travel trading sites to expand from connecting buyers and suppliers to themselves entering the market as suppliers, as is the case with Chinese networks (Chapter 13)? Which extensions of service offerings are most risky to consumers? Which kinds of regulations could be set in place to protect consumers? How do destination marketing organizations and industry associations integrate peer-to-peer offerings into their membership and governance structures? Do peer-to-peer experiences offer consumers more social capital than conventional tourism offerings? How will peer-to-peer travel trading sites disrupt pricing, commission structures and distribution channels in the tourism industry? What innovations are conventional tourism businesses making to address this changing marketplace? What are the implications of these endless micro-entrepreneurship opportunities for (training for) employment in the hospitality sector (Chapter 14)? What are the implications of potentially large numbers of tourism service providers entering the market on tourism and hospitality industry associations and destination marketing organizations, typically funded via membership fees by registered commercial providers?

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