

Turism – suurtes muutustes:

The impact of networked hospitality: Airbnb in Tallinn and other European cities

Silamäe, September 28, 2017

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HTH Research on Airbnb

- Delphi study (2015): What is this new experience?
Future scenarios
- Magnitude of the phenomenon.
- Growth dynamics: sharing – commercial.



Why are there no data?

Both destinations and researchers desperately need access to visitor data. Airbnb does not disclose these data.

1. *Avoid regulation.* This allows Airbnb to reach benevolent agreements with cities.

2. *Competitive advantage.* It allows the platform to monopolize on strategic traveler data.

3. *Marketing and lobbying.* It allows the company to preserve its hipster image.

Airbnb issues its own research report with the same template (and message) in each city.

Study Finds that Airbnb Hosts and Guests Have Major Positive Effect on City Economies

Airbnb fosters new travelers, longer visits, and more spending in more neighborhoods

Why are there no data?

We work with scraped data (AirDNA): publicly available website data.

Property file: characteristics of each listed Airbnb Unit

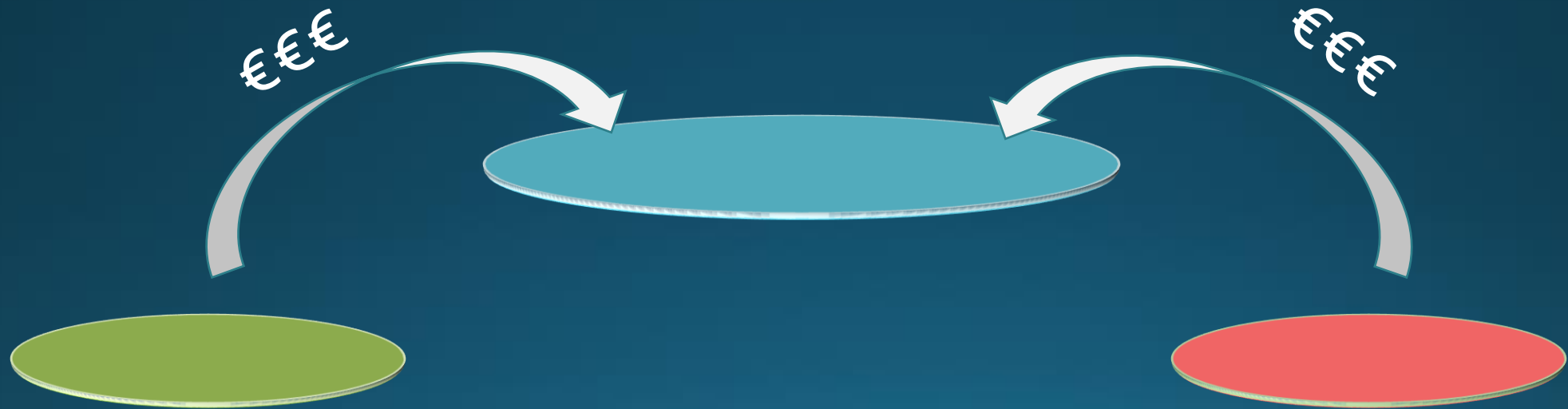
Transaction file: Daily updates of the status of each unit.

	Property records	Transaction records
Amsterdam	18.486	3,8 million
Berlin	48.253	11,6 million
London	91.337	12,8 million
Madrid	20.041	3,4 million

About platforms

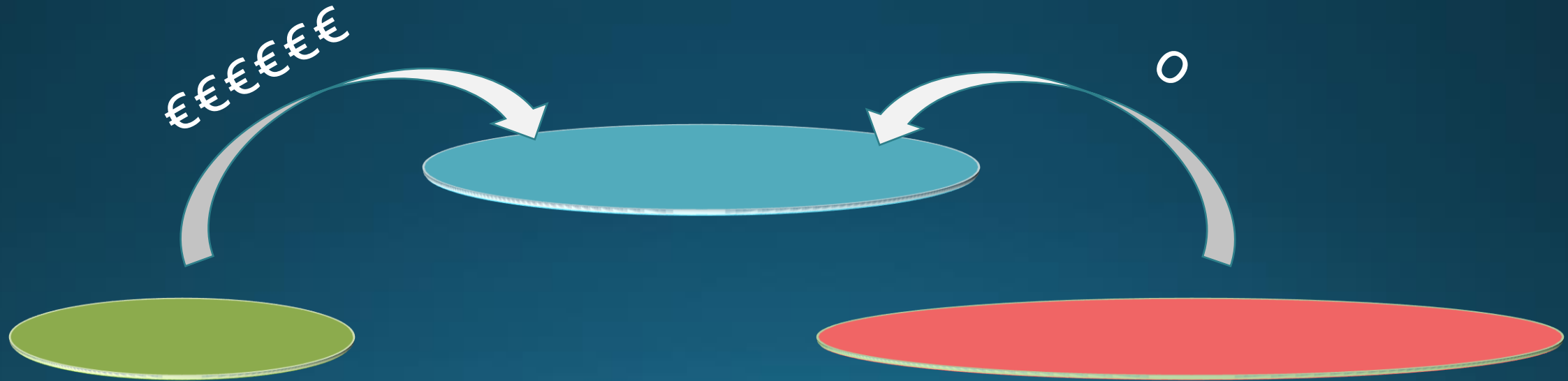
Rochet & Tirole (2004, 2006), Eisenmann, Parker, & Alstyne (2006).

“Two sided” platforms catering to two different customer groups.



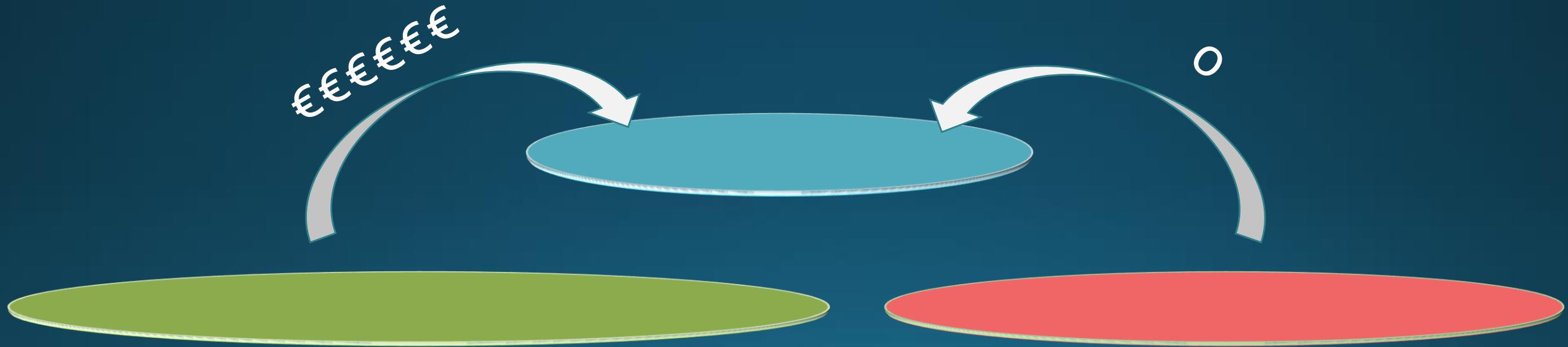
About platforms

One side can subsidize the other side to enlarge its customer base...



About platforms

... leading to increasing advantages of scale if business grows.



“Winner takes all competition”.

Monitoring for city destinations



Amsterdam Demand Growth
Jan. 2015 – Jan 2016:

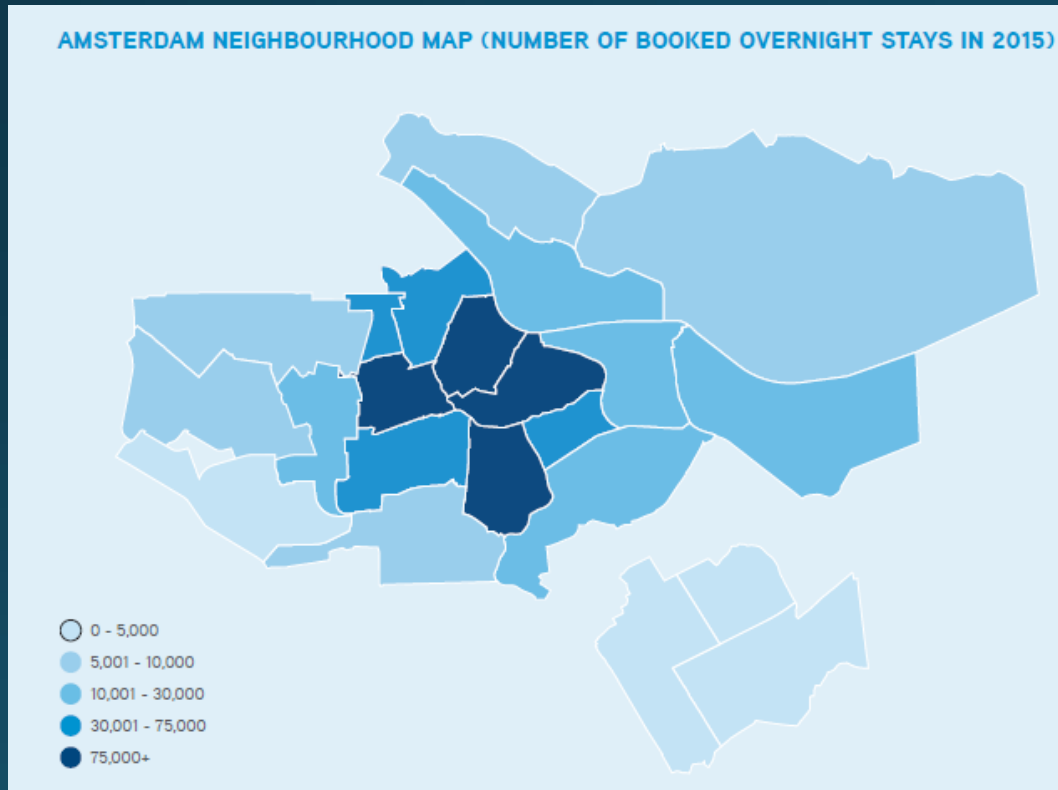
474%

Growth total bookings 2015 - 2016:

125%

Where?

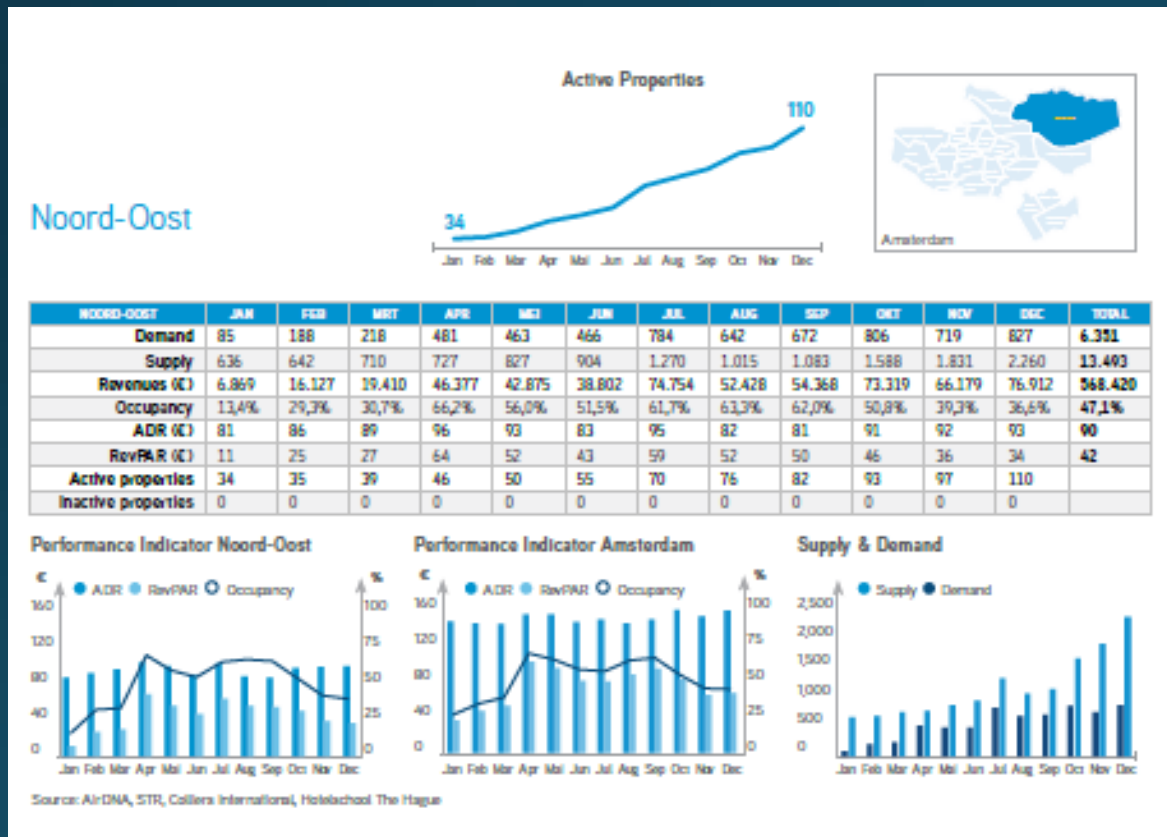
Empowering residents in peripheral neighbourhoods?



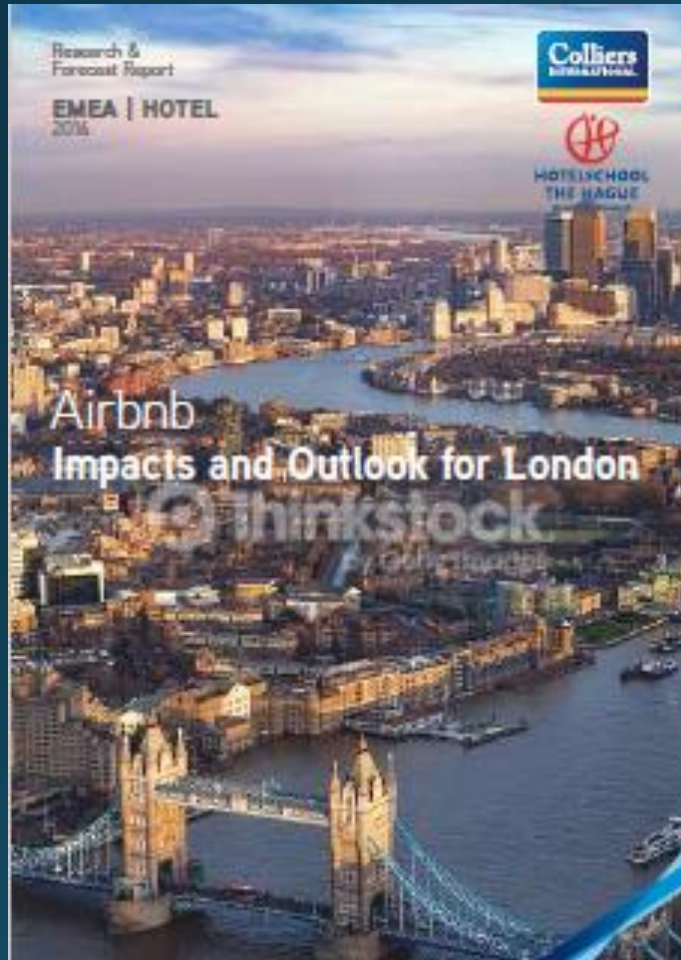
Source: Colliers Int. / Hotelschool
The Hague,
*Airbnb: Impact and Outlook for
Amsterdam (2016)*

The numbers

Detailed information per month and per neighborhood



Monitoring for city destinations



London Demand Growth 2015:

206%

Airbnb ADR:

£113

Airbnb Revenue:

£228M

How many visitors?

Overnight stays: 2.011.049 (a)

Length of stay: 4,61 (b)

Party size: 2,6 – 3,3 (c)

Visitors using Airbnb: $a * c / b = 1,3M$

(London 2015)

Monitoring for city destinations



Berlin Nights booked 2015:

1.033.901

Berlin Nights booked 2016:

1.734.903

Growth 2015 - 2016:

68%

Airbnb ADR:

€67

Airbnb Revenue:

€123M

How many visitors?

Overnight stays: 1.734.903 (a)

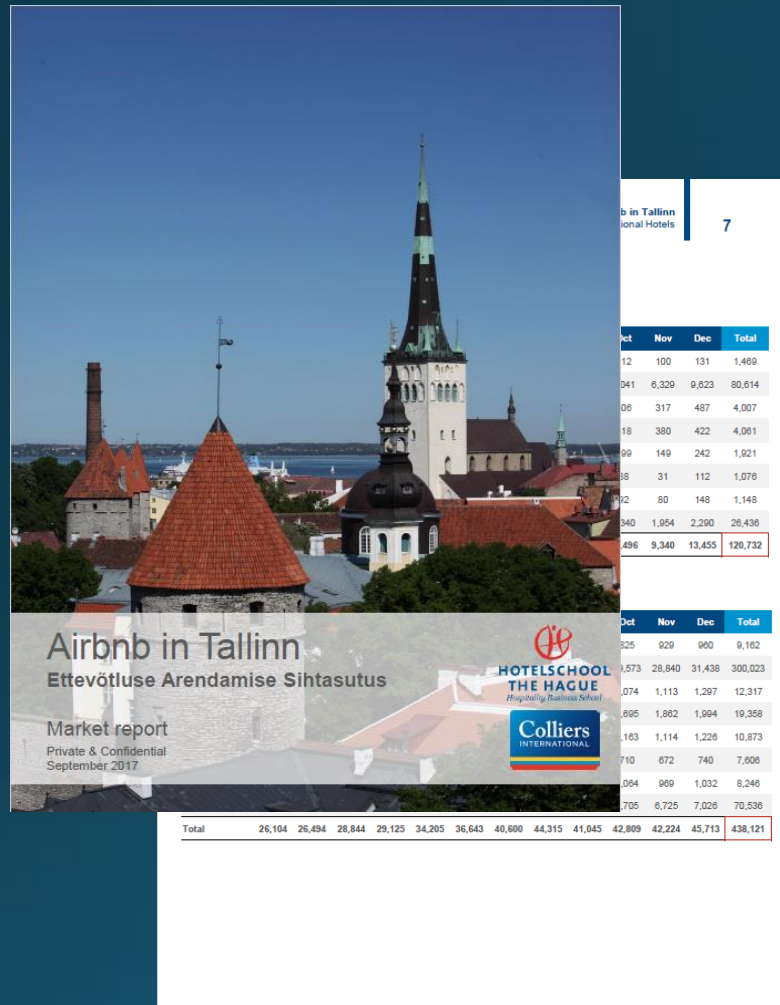
Length of stay: 4,73 (b)

Party size: 2,6 – 3,1 (c)

Visitors using Airbnb: $a * c / b = 1,03M$

(Berlin 2016 – up from 650.000 in 2015)

Monitoring for city destinations



Tallinn active units (w/ sales):

2.382 (1.909)

Tallinn Nights booked 2016:

120.732

Growth Q1 2016 – Q1 2017:

95%

Airbnb ADR:

€55

Airbnb Revenue:

€6,7M

How many visitors?

Overnight stays: **120.732** (a)

Length of stay: **3,29** (b)

Party size: **2,93 – 3,85** (c)

Visitors using Airbnb: **$a * c / b = 124.000$**
(Tallinn 2016)

Airbnb in Tallinn
Hotelschool The Hague & Colliers International Hotels 9

Key metrics: It's all about the money

TABLE 4: AIRBNB ADR PER REGION (IN €)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Haabersti	47	38	41	61	43	67	72	65	80	42	57	60	62
Kesklinn	68	56	59	61	61	64	63	65	57	54	53	68	61
Kristline	44	36	34	41	44	44	42	40	37	42	35	39	40
Lasnamäe	38	42	40	28	37	43	37	36	40	39	39	41	39
Mustamäe	39	36	41	37	29	25	26	24	24	25	29	24	28
Nõmme	32	30	30	43	28	27	26	28	26	29	43	34	30
Põhja-Tallinn	46	30	49	48	39	44	64	61	38	63	49	67	64
Total	60	50	53	53	54	57	57	58	52	56	48	62	55

Reservations and Length of Stay in 2016

TABLE 5: NUMBER OF RESERVATIONS AND AVERAGE LENGTH OF STAY

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total / average
Reservations	1,858	1,326	1,675	1,712	2,980	3,253	4,658	5,040	3,262	3,284	2,877	3,996	35,921
Length of Stay (nights)	3,45	3,80	3,31	3,30	3,14	3,15	3,25	3,01	3,34	3,24	3,19	3,01	3,29

TABLE 6: NUMBER OF VISITORS

	Booked nights	Party Size	LoS	Visitors
Average party size	120,732	2,93	3,29	107,221
Max number of visitors	120,732	3,85	3,29	141,135
Average				124,178

About “Sharing”

- Sharing = “more efficient use of underutilized assets”.



Reuse / recycle, or use
“high-idling capacity”.
Think of a power drill.

“Commerce with the promise
of human connection”.



Commercialization

Type of unit: shared rooms or entire homes?

% of revenue	4 cities
Shared room	0,3
Private room	17,3
Entire home/apt.	82,4
Total	100

Data for Amsterdam, Berlin, London, Madrid

Commercialization

Type of unit: availability of entire homes?

Days Available	4 cities
<31	19,2%
31-60	16,8%
61-180	28,2%
181-300	21,3%
>300	14,5%

Data for Amsterdam, Berlin, London, Madrid

Commercialization

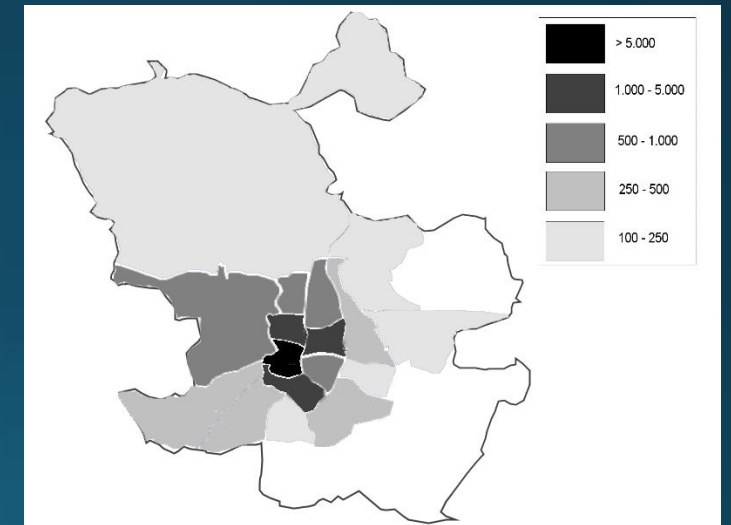
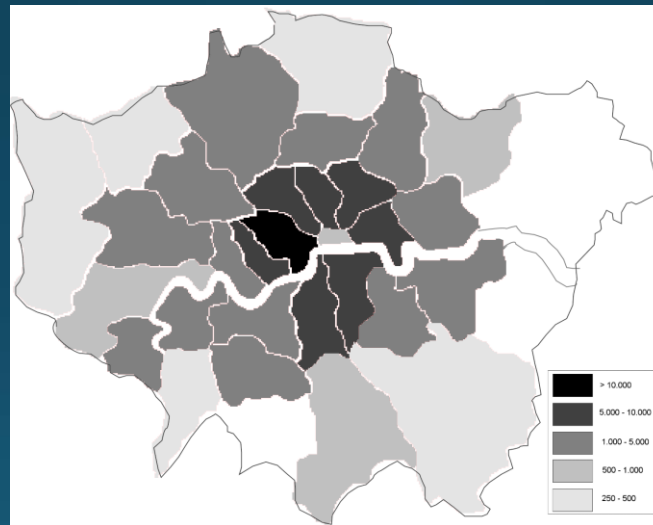
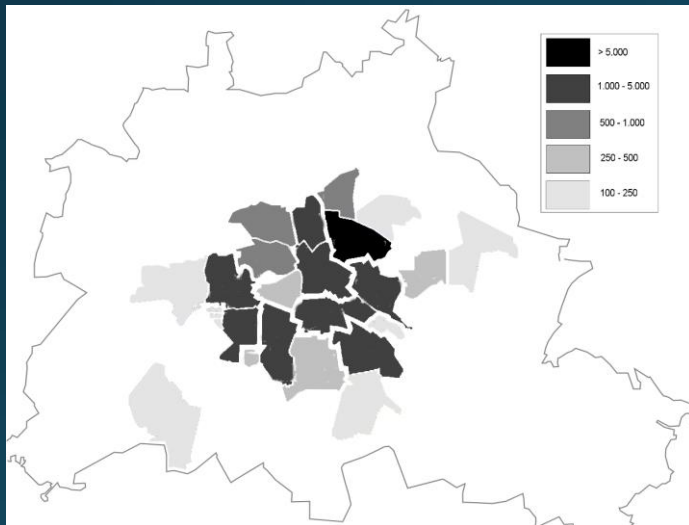
Type of host: role of “multilisters”?

Revenue %	4 cities
One listing	46,7
Two listings	15,3
3-10 listings	23,2
More than 10 listings	14,9

Data for Amsterdam, Berlin, London, Madrid

Commercialization

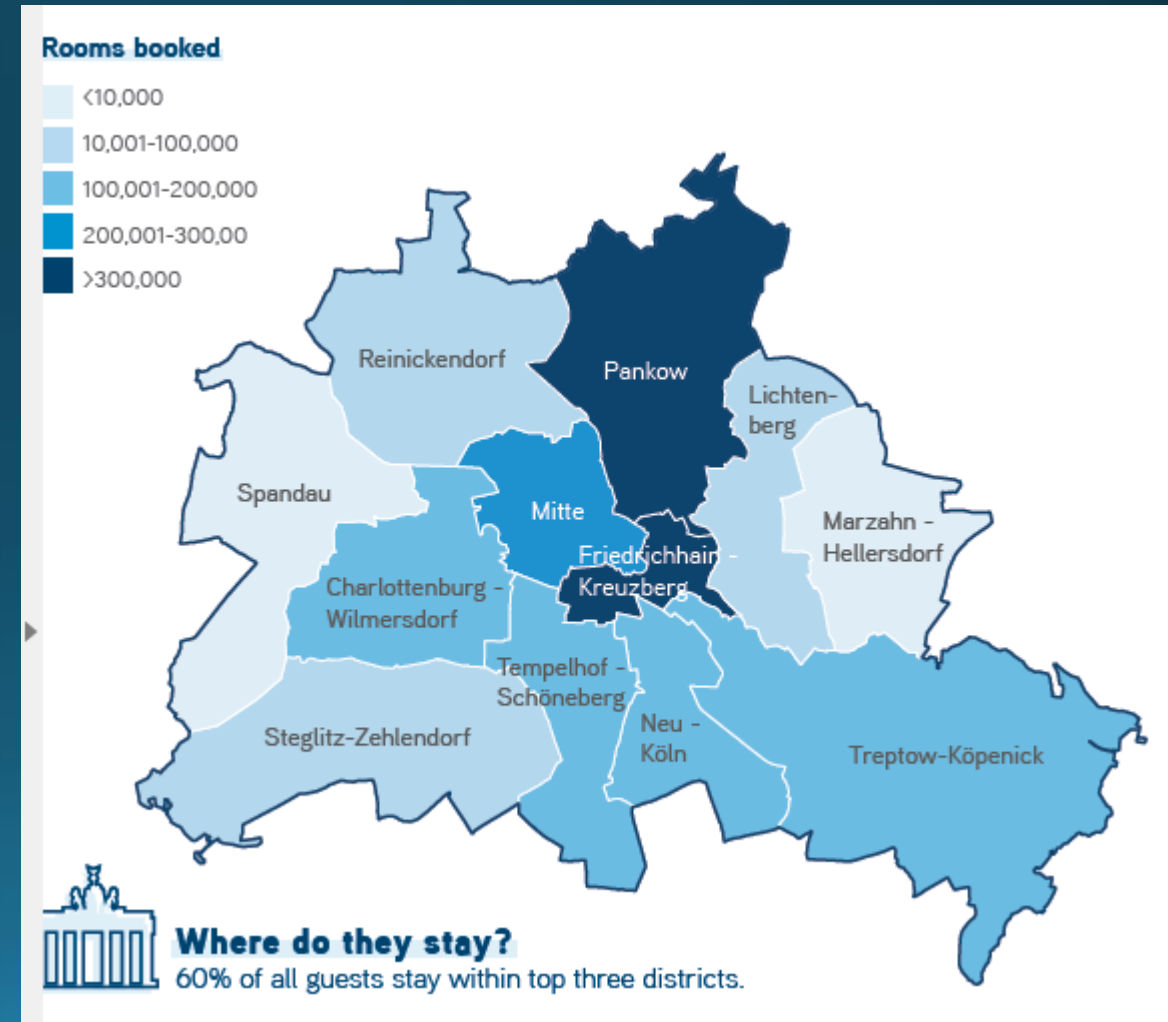
Spatial distribution: empowering residents in neighbourhoods?



Commercialization

Berlin, 2016

- 58% of reserved nights in entire homes, 40% in private rooms, 1,2% in shared rooms.
- Prenzlauer Berg: 12,9% of room nights, 14,1 % of revenue.
- Multilisters responsible for 44% of reserved nights, 47% of revenue.



Commercialization

Tallinn, 2016

- 94,4% of reserved nights in entire homes, 5,2% in private rooms, 0,3% in shared rooms.
- Kesklinn: 66,8% of room nights, 74,5 % of revenue.
- Multilisters responsible for 57% of reserved nights, 65,1% of revenue.



Commercialization

Affordable or exclusive?

€8546 ⚡
Amazing 3 bedder single room...
Shared room — 11.0 miles away

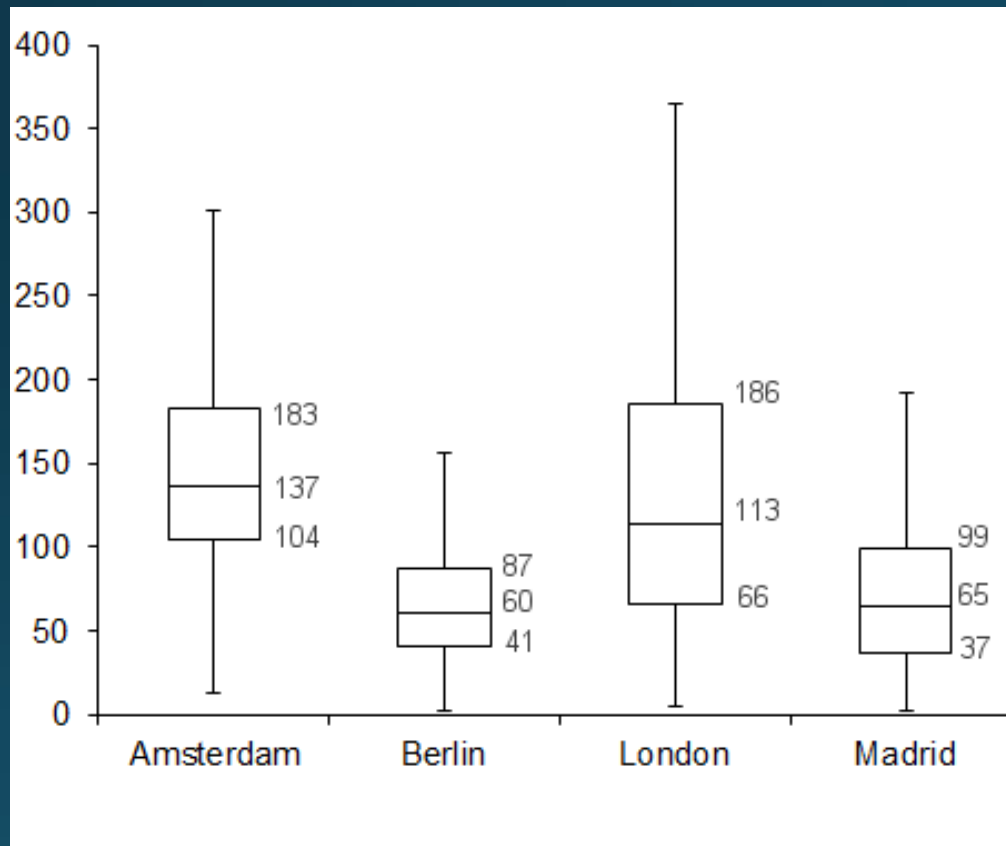
€9766
guests rooms choose
Entire home/apt — 5.1 miles away

€6104
ALTITUDE 360, ULTIMATE PE...
Entire home/apt — 9.8 miles away

Affordable does not necessarily mean sharing;
Exclusive is unlikely to be sharing.

Commercialization

Affordable or exclusive?



- Tallinn, entire homes, last 12 months:
- Mean €74
- 25 Percentile €41
- Median €60
- 75 Percentile €88

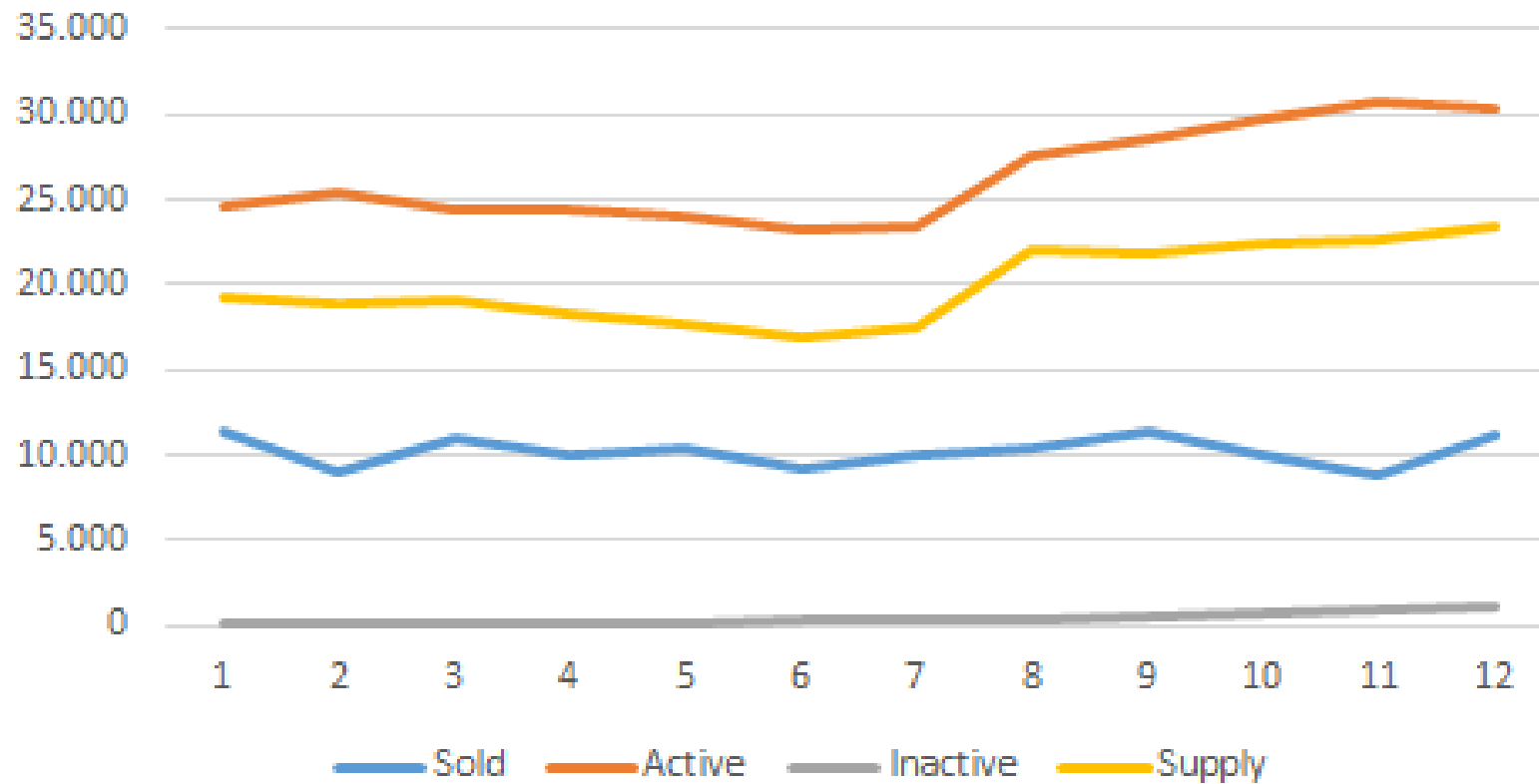
Commercialization

Our conclusion:

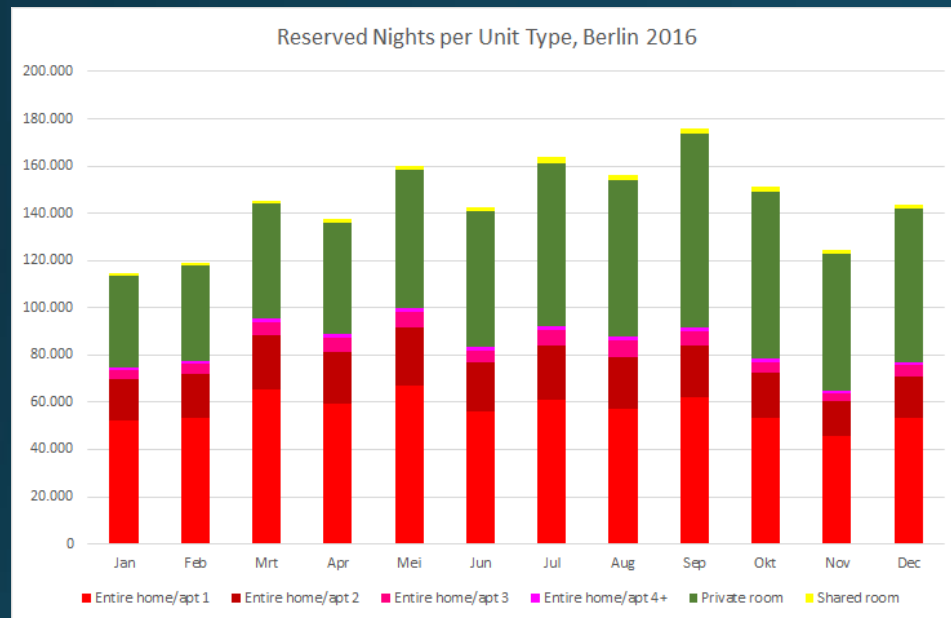
- Airbnb is a decentralized platform, the development of which obeys to specific local circumstances.
- It combines a substantial part of commercial activities with a minority of authentic “sharers”.
- Destinations with high hotel ADR have a strong incentive for commercial investments.
- Sharpens socioeconomic divide.
- Primarily low-cost option.

Regulation

Airbnb Offer Berlin 2016



Regulation



- Measures have not stopped abusive practices.
- But the situation has stabilized (new entrants are discouraged).

About “Sharing”



- Botsman:
Sharing = “more efficient use of underutilized assets”.

- Oskam:
Unsharing = “change the use of scarce assets, thus limiting their availability or access”.



About “Sharing”



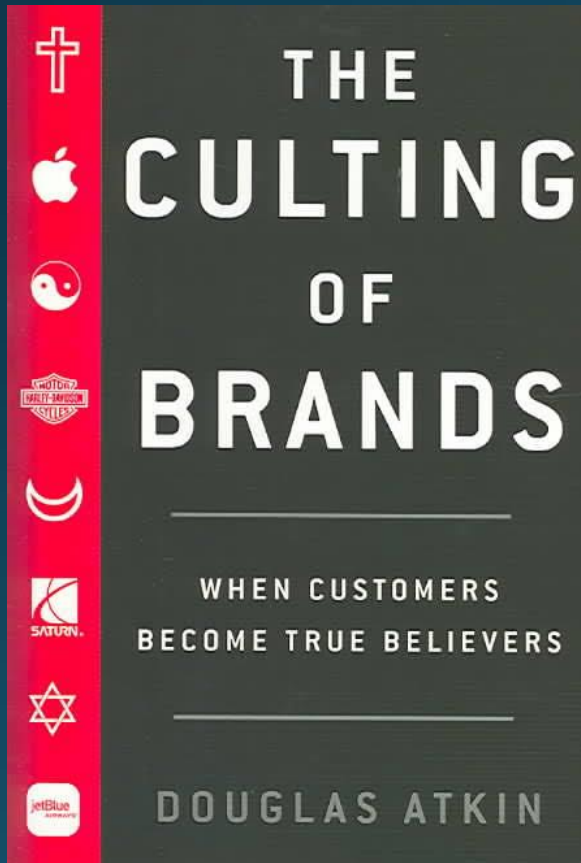
This is not an idealist movement for the distribution of wealth and the promotion of human contact;

but a movement for deregulation and unrestricted commercialization.

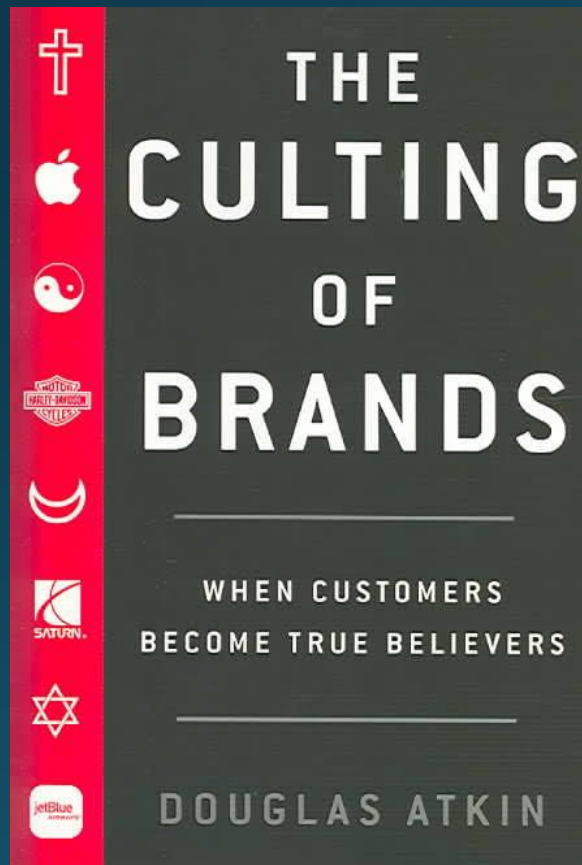


Experience

What are the differences; how genuine is this?



Experience



Airbnb campagne: "Don't go there. Live there".

The storyline of Airbnb campaigns is: "step away from mass tourism".

In 2016, Berlin had 1 million visitors who believed they were escaping mass tourism.

Experience

People use Airbnb:

- because of idealism
- because it is cheaper
- because they want to be surprised
- because they want to meet locals
- because they want to be independent

Unsustainability:

“Overtourism” will be one of the main sustainability issues for tourism & hospitality in the next decade.

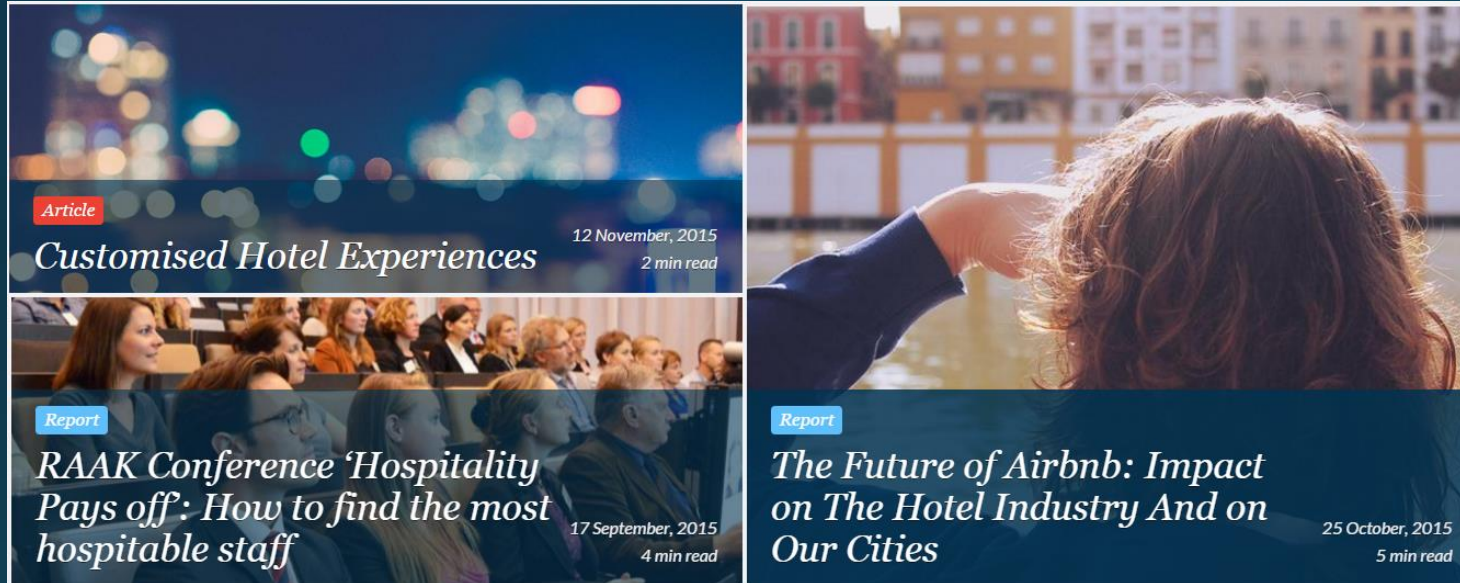
Airbnb is not the cause of this problem, but one of its symptoms.

The lack of transparency deprives destinations of ways to manage these issues.

Recommendations:

1. Look further than the company's advertisement campaigns and mantras.
2. Lack of transparency reduces destinations' abilities to manage tourism flows.
3. Especially the lower end of the housing market (e.g. students, starters) seem to be affected by price hikes.
4. Cities must regulate to protect their residents: housing, diversity and accessibility of services, gentrification.
5. The platform resists any type of regulation making most measures ineffective.

Thank you!



Latest research findings are posted on: blog.hotelschool.nl

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