

7 The Impact of Airbnb on the Traditional Accommodation Sector in Trinidad and Tobago

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Introduction

Changing consumer appetites and the digital revolution have given birth to a new modus operandi within the global hospitality and tourism industry (HTI). On the supply side, traditional structures and processes continue to be disrupted as new technologies are melded into the tourism value chain resulting in innovative products and services, an expanding base of stakeholders and the blurring of roles and responsibilities among consumers and suppliers (Altinay & Taheri, 2019; Farmaki et al., 2019). On the demand side, travellers are searching for more authentic and customised experiences through an immersion in the production process and co-creation of value with suppliers via technology. Through collaborative consumption or 'sharing', consumers engage in direct peer-to-peer (P2P) exchange of underutilized goods on a temporary basis, facilitated by sharing platforms. Sharing platforms specifically within the HTI have been widely discussed within the ambit of the sharing economy and are closely aligned to the creation of smart tourism destinations (Li et al., 2017). These platforms are necessary to foster interconnectivity and greater exchange of information among all stakeholders, a key characteristic of a smart destination (Jovicic, 2019).

A reordering of the accommodation sector has occurred with the advent of P2P accommodation platforms such as Airbnb, Homeaway, VRBO and Booking.com. They provide an avenue for non-commercial accommodation providers to sell temporary spaces to travellers (Dolnicar, 2019) and have been regarded as 'disruptive innovation' by the traditional accommodation sector, with concerns regarding loss of market share, tax avoidance and lack

of government regulations (CHTA, 2016; Gurran, 2018; Christensen, 2020). Additionally, policy makers have grappled with increasing public concern regarding inflated housing costs, shortages in long term housing options for local community members and transient occupants (Dredge & Gyimóthy, 2017; Qiu et al., 2020; Buhalis et al., 2020). Concurrently, the traditional accommodation sector is criticised for its inability to adequately meet the demands of today's traveller for more affordable and authentic experiences that are co-created and that allow for long-term and meaningful relations with service providers (Priporas et al., 2017; Sigala, 2017; Altinay & Taheri, 2019). Nonetheless, there are concerns that the P2P accommodation sector is adversely affecting tourism stakeholders and residents resulting in 'value co-destruction' and emerging discussions on its 'dark side' (Buhalis et al., 2020). It is arguable though, that it is not possible to create a perfect balance within the HTI which is characteristically fragmented. Furthermore, disruptions in the system are a necessity allowing for the most dynamic, formidable and innovative businesses to rise to the fore (Oskam & Boswijk, 2016). This case study strives to understand 'both sides of the coin' by exploring the impact of one P2P accommodation platform on the traditional accommodation sector within a small island developing state (SIDS) context.

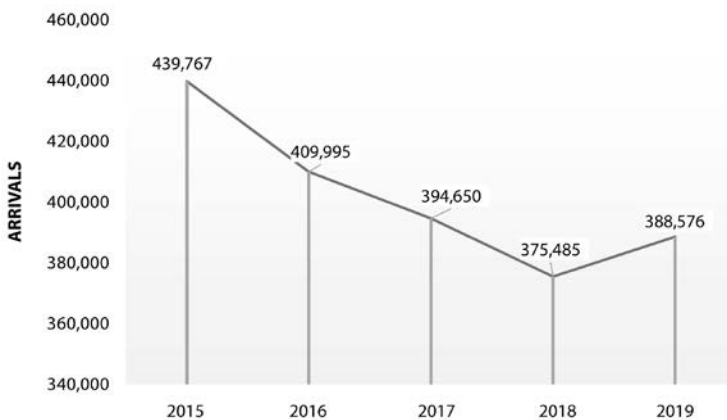
This discussion is critical in the context of SIDS, as they are most dependent on the tourism industry for socio-economic growth, development and survival. The researchers chose to focus solely on the impact of Airbnb since this platform is the largest (Mao et al., 2019) having 5.6 million active listings and four million hosts in over 220-plus countries and regions (Airbnb, 2020). Airbnb as an online platform allows persons (hosts) with available space within and outside their homes to connect with consumers (guests) looking for short-term accommodation. With serious implications emerging globally, little research has been conducted on the impact of Airbnb on Caribbean SIDS, Caribbean tourism and more specifically on the traditional accommodation sector. Noticeably, many Caribbean governments, since 2017, have signed Memorandums of Understanding (MOUs) with Airbnb, signalling a commitment to the promotion of home sharing among their citizenry, however, with meagre regulatory and legislative frameworks in place (Lorde & Joseph, 2019). Though not the most tourism dependent Caribbean SIDS, Trinidad and Tobago (T&T) was selected as the destination of choice for this study, based on its renewed focus on tourism development as a core diversification strategy (Oxford Business Group, 2017). It is against this background that this study seeks to explore the impact of Airbnb on the traditional accommodation sector in T&T through a qualitative approach to determine in the broadest sense – what impact has occurred, the extent of the impact, as perceived by the traditional accommodation sector, and

measures which can be introduced to manage the impact. This study is expected to equip policymakers with an understanding of the challenges and opportunities surrounding the operation of Airbnb, which can be used to guide pertinent policy discussions and framework development within the HTI. Additionally, destination management organizations (DMOs) will be provided with insight into how they can potentially align the destination to the 'new normal' and leverage opportunities presented by the sharing economy to increase destination competitiveness.

The case of Trinidad & Tobago

Tourism in T&T has been less of a priority for economic growth and development compared to its Caribbean counterparts (Oxford Business Group, 2017) since its economy is primarily based on the energy sector. Nonetheless, T&T has been consistently identified as a destination with strong tourism growth potential (Ministry of Tourism, 2020), although there has been a noticeable decline in tourist arrivals from 2015 at an average of 5.4% (Figure 7.1).

Figure 7.1: Arrivals to Trinidad and Tobago (2015-2019)



Source: Central Statistical Office, 2020

In 2019, a small increase of 3.8% was recorded. T&T has a wide variety of accommodation types including hotels, guesthouses, bed and breakfasts, villas and condominiums (Table 7.1). The combination amounts to an accommodation capacity of approximately 7731 rooms for both islands with 78% of the accommodation facilities existing in Tobago (Ministry of Tourism, 2019).

Trinidad consists predominately of hotels, guesthouses and bed & breakfast establishments and has four internationally branded business hotels in the likes of Hyatt Regency, Courtyard by Marriott, Hilton Hotels & Resorts and Radisson. Tobago, a leisure destination, has approximately 1400 hotel

rooms with no internationally branded hotels and a substantial number of villas and apartments. Greater accommodation capacity is required in part, both in quantity and quality, for the realization of future tourism growth (Ministry of Tourism, 2020). Airbnb, as it has done for other destinations globally, has provided additional accommodation capacity which has been useful during peak periods.

Table 7.1: A breakdown of the tourist accommodation rooms in Trinidad and Tobago.

Type of Accommodation	No. of Rooms		
	Trinidad	Tobago	Total
Apartments	144	928	1,072
Bed + Breakfast	143	54	197
Guest Houses	380	340	720
Host Homes	29	30	59
Hotel	3,062	1,436	4,498
Villa	30	1,155	1,185
TOTAL	3,788	3,943	7,731

Source: Ministry of Tourism, 2019

While exact figures are not publicly accessible from Airbnb on the total number of listings and hosts in T&T, it can be postulated that a significant increase since 2016 has occurred due to several factors (Adamiak, 2019). One of those factors is attributed to the decline in the economy in 2016 and 2017 and a miniscule growth of 0.3% in 2018, due to fledging global oil and gas prices. A glut in the housing sector emerged as many energy-based companies reduced staff, resulting in a significant number of expatriates exiting the country. Local homeowners with mortgage obligations or seeking to replace lost income became Airbnb hosts to facilitate short term stays while earning foreign revenue (Dolnicar, 2018). In 2019, the Minister of Tourism indicated that a policy for the regulation of Airbnb would be implemented however, to date this has not yet been realised (Neaves, 2019).

Literature review

The sharing economy, P2P accommodation & Airbnb

Research has indicated that this customary practice of sharing for free has now evolved into a monetary practice, which has enhanced social welfare (Kim, 2019). Nwaorgu (2018) argues that collaborative consumption and P2P platforms have disturbed modern consumerism and its nuisances and have brought about an acute appreciation for and inclusion into community. In their study of the impact of Airbnb on Barbadian tourism, Lorde and Joseph (2019: 2192) theorize: