

PART I

Chapter 3

## Policies for the tourism sharing economy

*This chapter discusses what the growth of the sharing economy means for the tourism sector and assesses key policy implications. The rapid growth of peer-to-peer and shared usage platforms is creating new marketplaces in areas as diverse as transportation, accommodation, travel and dining experiences. These developments present opportunities for governments to re-think how tourists experience their country and how citizens can benefit from participating in the sharing economy, but also pose challenges for established operators and raise broader policy questions in areas such as consumer protection, taxation and regulation. In a complex, fast-moving environment, it is imperative that tourism policy makers quickly grasp the key issues surrounding the sharing economy and position their jurisdictions for success. This chapter is intended to provide a starting point in that regard and offer guidance to policy makers on how to move forward.*

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

New technologies and business models referred to collectively as the sharing economy are changing the tourism landscape by giving people new options for where to stay, what to do and how to get around. These developments present opportunities to expand consumer options and grow the tourism economy, but also pose challenges for established operators and raise broader questions in areas such as consumer protection, taxation and regulation.

While there is no strict definition for the sharing economy (also known as collaborative consumption or the participative economy), the term generally is used to describe the new marketplaces that allow services to be provided on a peer-to-peer or shared usage basis. This includes peer-to-peer tourism services that offer alternatives to traditional tourism activities – for example renting part or all of one’s residence to short-stay visitors or providing private transportation services in a personal vehicle – and shared assets where consumers get membership and temporary access instead of ownership. While informational services (such as Tripadvisor) and intermediary booking services for traditional tourism businesses (including online travel agencies) are complementary to the sharing economy, they play different roles and are not considered part of it.

Informal, part-time and independent providers of alternative tourism services have long been a prominent feature of global tourism. In the past five years, the surging popularity of the sharing economy, enabled by technological innovation, has rapidly brought this segment of the economy to a scale that presents significant competition to traditional tourism service providers, which operate in a highly regulated environment in many countries. While the sharing economy is more prominent in certain branches of the sector (in accommodation more than dining, for example) the fast-paced growth and evolution of the sharing economy raises a number of questions for governments looking to promote thriving and sustainable tourism sectors that generate significant economic and social benefits for their citizens.

In light of this changing context, it is essential for policy makers to better understand how the sharing economy is changing tourism, in order to capture the benefits of innovation while addressing the challenges it presents in an informed manner. This chapter draws on survey responses from OECD countries and partner economies to establish the context for the sharing economy in tourism and assess the relevant policy implications. It concludes by outlining a path forward for policy makers.

### **Growth of the sharing economy in tourism**

The sharing economy had an estimated worth of approximately USD 26 billion in 2013 and has been growing at a rapid pace ever since (Economist, 2013). This exceptional growth is expected to continue and to reach a global value of USD 335 billion by 2025 (PwC, 2014). Much of this growth is in the tourism sector, where peer-to-peer services offer an alternative to professional tourism services on an unprecedented scale (Table 3.1). As a result, some

Table 3.1. **Tourism sharing economy in numbers**

Platform	Description	Number of users	Annual turnover	Valuation	Area of operation
<b>Accommodation</b>					
Airbnb	Short-term accommodation rental platform – primarily generates revenue through commissions paid through service fees by renters and travellers. Founded: 2008	Close to 2 million accommodations made available by hosts. Over 60 million guests since commencing operations. On one peak night in 2015, almost 1 million people stayed in Airbnb accommodation.	Total revenue in 2013 was USD 250 million. Expected to reach USD 900 million in 2015.	Valued at USD 25.5 billion (as of June 2015).	Global – more than 190 countries, 34 000 cities
HomeAway	Vacation rental platform – primarily generates revenue through subscriptions paid by homeowners. Also owns Bookabach and VRBO. Founded: 2005	Over 1 million paid listings.	HomeAway report total revenue increased 28.9% to USD 446.8 million in 2014 from USD 346.5 million in 2013. Nearly 2 000 employees.	Valued at USD 3 billion (as of February 2015).	Global – 190 Countries
Couchsurfing	Hospitality exchange and social networking platform – initially non-profit, has been restructured as for-profit organisation. Founded: 2004	Approximately 10 million members.	Data not reported. Registration and participation is free, platform only generates revenue through optional verification.		Global – 200 000 cities
<b>Transportation</b>					
Uber	Ride-sharing and technology platform, including peer-to-peer UberX or Uber POP service – driver partners pay company a fee to collect and emit payment. Founded: 2009	More than 1 million active driver partners, defined as taking 4 or more trips per month. More than 3 million trips each day.	Estimated USD 1.5-2 billion revenue in 2014. Projected to reach USD 10 billion in 2015.	Valued at USD 62.5 billion (as of January 2016).	Global – approximately 400 cities in 68 countries.
Lyft	Ride-sharing platform – driver is paid for ride, company collects 20% commission. Founded: 2012	Around 100 000 registered users. Average 2.5 million trips each month.	Gross revenue estimated to be USD 1.2 billion in 2015. Forecast to increase to USD 2.7 billion in 2016.	Valued at approximately USD 2.5 billion (as of March 2015).	National – 60 cities in 29 states in the United States
BlaBlaCar	Ride-sharing company based on sense of community – prices are capped so drivers do not profit and passengers pay only for running costs. Founded: 2006	Over 20 million registered users Approximately 3 million rides each month. Growth of 200% year-on-year.	Business Insider estimates USD 72 million in annual revenue (based on costs and average rides).	Raised over USD 100 million in funding for international expansion. Based on similar firms this would value the company at approximately USD 1.2 billion (as of September 2015).	Founded in France, Operates in 19 countries: BeNeLux, Croatia, France, Germany, Hungary, India, Italy, Mexico, Poland, Portugal, Serbia, Spain, Romania, Russia, Turkey, Ukraine, United Kingdom
<b>Dining</b>					
VizEat	Meal-sharing platform connecting hosts and guests – hosts are paid for the meal, platform collects 15% commission. Founded: 2013	Over 20 000 registered users.			International – 50 countries
EatWith	Shared dining platform to arrange dinner parties with host chefs – company collects 15% commission. Founded: 2012	500 hosts in 2014.		Valuation figure unavailable. Received USD 8 million in recent funding rounds.	International – 160 cities in 30 countries
BonAppetour	Web platform targeting tourists – allows users to arrange meals and cooking classes in the home of a local person. Founded: 2013	Over 500 hosts registered online.			International – 80 cities, strongest presence in Italy and France
<b>Travel Experience</b>					
Vayable	Online marketplace for personal tours and travel experiences. Founded: 2011	Does not disclose total number of registered users.	In 2013, booking revenue in June was around USD 350 000, jumping to USD 1.4 million in July.	Received USD 2.1 million in funding.	International
ToursByLocals	Online platform connecting travellers with locals for private tours. Founded: 2008	1 645 guides and 350 000 travellers registered online.			International – 134 countries

Source: OECD, adapted from [www.Airbnb.com](http://www.Airbnb.com), [www.HomeAway.com](http://www.HomeAway.com), [www.Couchsurfing.com](http://www.Couchsurfing.com), [www.Uber.com](http://www.Uber.com), [www.Lyft.com](http://www.Lyft.com), [www.BlaBlacar.com](http://www.BlaBlacar.com), [www.VizEat.com](http://www.VizEat.com), [www.EatWith.com](http://www.EatWith.com), [www.BonAppetour.com](http://www.BonAppetour.com), [www.Vayable.com](http://www.Vayable.com), [www.ToursByLocals.com](http://www.ToursByLocals.com) and industry sources including Business Insider, CNBC, CNN, Financial Times, Forbes, Fortune, Guardian, Reuters, Telegraph, Wall Street Journal and the Washington Post.

travel and tourism services, such as traditional hotel and car rental, may see new models disrupt, transform, or even replace, entire sectors of the industry (Forbes, 2015a).

There are several drivers of this growing popularity. Technology is a key enabler, as the digitalisation of the economy has created new ways for consumers and providers to interact and has led to new patterns of consumption and production. While peer-to-peer activities are not a new phenomenon in tourism, digital distribution platforms have made these activities more visible, accessible and widely used. Smart phones with location services and secure payment systems have become affordable and ubiquitous, with mobile broadband penetration reaching 78.2% in OECD countries – although data roaming while travelling remains expensive in many countries (OECD, 2015a). Technological advances such as data storage and analytics for match-making have also allowed innovative sharing applications to enter the market and increase the speed of the sharing economy's growth (Rauch and Schleicher, 2015).

A cultural shift means people are increasingly open to the idea of sharing resources, as well as to new flexible work opportunities that create a supply of service providers using these applications. Tourism consumers are more comfortable with digital experiences and have come to expect them in many of their transactions. Consumers now have an ever growing variety of options to obtain the same product or service, creating potential for more personalised or varied experiences to cater to a wider range of tourist tastes, needs and price points.

The sharing economy disrupts existing markets and changes the way consumers think about and use traditional services. When new and innovative firms enter these markets, it increases competition. Incumbent firms are forced to respond, often by lowering their prices and improving the quality of their services in order to remain competitive – two very favourable conditions for consumers. A study of taxi complaints in New York City and Chicago bears out this conventional wisdom – the arrival of Uber ([www.uber.com](http://www.uber.com)) and other transportation network companies which use online platforms to connect passengers with drivers saw a reduced rate of complaints, pressuring existing operators to improve services (Technology Policy Institute, 2015).

Another stark example of how the sharing economy transforms and rapidly opens up markets can be seen in the impact of ride-sharing firms on the value of taxi licences, which have traditionally been restricted in number. This creates a secondary market for their purchase and sale as well as a strong interest in preserving the status quo from licence holders keen to see their investment maintain its value. In New York City, taxi medallions fell in value by nearly 25% between 2013 and 2015 as a result of new competition from ride-sharing firms, and other cities have seen similar impacts (New York Times, 2015a).

### ***Sharing as part of the tourism experience***

Tourism is a prime market for the expansion of collaborative consumption business models due to the nature of its services. Travel consumers are increasingly experimental and willing to try the type of new and unique tourism experiences which the sharing economy can offer. This growing desire for authentic and engaging experiences is resulting in the fragmentation of tourism markets and the emergence of new niche markets, facilitated by technology platforms.

The impact of the sharing economy and level of penetration of different platforms in delivering tourism services varies across countries and sub-sectors. The market is more

developed in countries in North America and Western Europe where sharing economy platforms have been operating for a number of years, but is rapidly expanding around the world, notably in Asia and the Pacific region. The United States has been at the forefront of these developments, with sharing economy start-ups emerging and expanding at significant rates. The tourism sharing economy is smaller in other countries, but there is widespread acknowledgement of the strong potential for further growth and the need to better understand the implications for tourism (Box 3.1).

### Box 3.1. Evidence on the changing face of tourism accommodation in the sharing economy

Limited data is available to quantify the scale and impact of the fast-evolving and relatively new phenomenon known as the sharing economy. Available data is largely composed of estimates based on listings and information from the main sharing economy platforms. For example, the business association representing the European hospitality industry, HOTREC (2014), estimates that the accommodation sharing economy is more than double the size of traditional tourism accommodation sector in Europe, based on listings on the main platforms. The rapid growth and size of listings on sharing economy platforms, relative to beds available in traditional accommodation, provides some indication of the importance of these developments. Information on overnights may give a more accurate picture of penetration, as many of these beds are only on the market for part of the year and may be listed on multiple platforms. Sharing economy transactions and exchanges are not currently captured by existing systems to collect and collate tourism statistics. Work is currently being done in Colombia to measure the impact of the sharing economy in tourism using the Tourism Satellite Account. Capturing more data on sharing services in tourism is needed to better understand the impact and inform policy responses. In the absence of robust data, a number of studies on the tourism sharing economy are helping to build the evidence base, including:

- In a study to quantify private accommodation provision in France, the Ministry for Economy, Industry and Digital Affairs (2015) estimates that from a total supply of 8.8 million beds, 3.8 million are sharing accommodation offerings. Holiday rentals represent 183 million overnights, bed-and-breakfasts almost 8 million, home exchange almost 2.5 million and couch surfing around 2 million.
- According to a study by the Hellenic Chamber of Hotels (2015), HomeAway has more than 6 500 properties listed in tourist areas in Greece, 53% of which were situated in Crete and the island groups of Cyclades and the Dodecanese in October 2014. This compares with 9 677 hotels with 401 332 rooms offering 773 445 beds, 46% of which are located in these tourism areas.
- A study by Exceltur (2015), which represents tourism businesses in Spain, highlights the exponential growth in volume and concentration of peer-to-peer rentals in recent years. The analysis points to a 59.7% rise in the number of international tourists staying in rented homes between 2010-14, with the 2.7 million beds in holiday rental homes surpassing the 2.4 million regulated beds, notably in core tourism zones like Barcelona and Malaga. Two thirds (65%) of this supply is concentrated on 3 platforms – Airbnb, HomeAway and Niumba. Exceltur estimates the total economic and employment contribution from this activity to be significantly lower compared with the formal sector – estimated economic benefit 84.8% lower, with 9.8 jobs per 100 beds in tourist rental accommodation compared with 53.3 jobs in regulated businesses.
- Research by Bocconi University and Assolombarda-Confindustria (2015) in Milan in the lead up to Expo 2015 identified approximately 8 500 listings through the most popular online platforms, in a city with 455 hotels and 398 official non-hotel accommodation offerings. Analysis of Airbnb listings (sample size 505, or 60% of total) found that the majority (84%) were for private rental of an entire property, with 40% of hosts renting more than one property on Airbnb, while 20% also had properties to rent in other destinations.

Source: Exceltur (2015), French Ministry for Economy, Industry and Digital Affairs (2015), Hellenic Chamber of Hotels (2014), HOTREC (2014), Bocconi University (2015).

The rapid growth of sharing firms in the tourism sector has occurred primarily in four major subsectors: accommodation, transportation, dining and travel experience.

Shared accommodation arrangements are the most well-established, with platforms such as Airbnb ([www.airbnb.com](http://www.airbnb.com)) and HomeAway ([www.homeaway.com](http://www.homeaway.com)) leading these developments. This involves an individual offering all or part of their home for a short-term rental that visitors can book online. Airbnb for example had over 1 million properties in almost 200 countries in 2014, compared with global chain Hilton Worldwide which had 215 000 rooms in 76 countries (Federal Reserve Bank of Richmond, 2014). Airbnb is the third most valuable venture-capital backed company in the world with a valuation of USD 25.5 billion (as of June 2015). By comparison, Hyatt Hotels Corp has a market value of about USD 6.7 billion (Reuters, 2015).

Smaller local or niche platforms operate alongside the major global players in many countries. In New Zealand, for example, Bookabach ([www.bookabach.co.nz](http://www.bookabach.co.nz)) connects owners of holiday homes (known as “baches”) with people, mainly domestic tourists, looking to book a holiday home. Operating since 2000, Bookabach lists over 50 000 baches and was recently acquired by HomeAway.

Non-traditional forms of accommodation have grown in popularity in recent years, from glamping (high-service camping) and couchsurfing to staying in unique and unusual places. The growth in accommodation sharing options can be seen as an extension of this, facilitated by the sharing economy platforms. In countries like France, this growth can also be seen as a response to a lack of investment in new hotels (French Ministry for Economy, Industry and Digital Affairs, 2015).

Another well-established area is transportation, which includes car-pooling, ride-hailing and bike-sharing. Uber, Lyft ([www.lyft.com](http://www.lyft.com)) and Blablacar ([www.blablacar.com](http://www.blablacar.com)) are among the most prominent transformative models in the tourism sector. Car-sharing platform Uber operates in around 400 cities worldwide and was valued at approximately USD 62.5 billion in January 2016; it is one of the most lucrative start-up firms in history (Wall Street Journal, 2015a). Uber has gained prominence with business travellers, while car-pooling platform Blablacar caters to the leisure market and inter-city travellers. These services facilitate the movement of people and offer an alternative to, and may lead to improvements in, taxi and other transport services, particularly where supply or quality is inadequate.

It is important to note that platforms have adopted significantly different business models even within a sector. For example, UberX or UberPOP involves ordinary individuals offering rides in private vehicles and is fundamentally a profit-driven enterprise, both for drivers and the platform itself. By contrast, Blablacar drivers do not profit as passengers pay solely for expenses like fuel, although the platform does collect a transaction fee. These different approaches highlight the diversity within the vast range of sharing economy platforms, some of which closely mimic traditional commercial enterprise values and culture while others appeal to users’ sense of community.

Two other tourism subsectors where the sharing economy has been gaining popularity are dining and travel experiences. Collaborative gastronomy enables tourists to buy home-cooked meals as an alternative to takeout, or attend organised dinner parties with local residents. Companies like EatWith ([www.eatwith.com](http://www.eatwith.com)), BonAppetour ([www.bonappetour.com](http://www.bonappetour.com)) Feastly ([www.eatfeastly.com](http://www.eatfeastly.com)) and VizEat ([www.vizeat.com](http://www.vizeat.com)) are leading the development of the meal-sharing trend globally, which offers people the opportunity to dine at the home of a host who prepares a meal. For tourists, this presents a unique chance to engage in a culturally

authentic experience by eating local cuisine and getting to know local residents in a relaxed, convivial setting. Another example is Restaurant Day ([www.restaurantday.org](http://www.restaurantday.org)), a worldwide event that began in Finland. Taking place four times a year, it is a festival of one-day restaurants set up by anyone with an interest. Approximately 2 000 restaurants participate in each edition, with 72 different countries taking part since its inception in 2011.

A number of sharing economy companies are also involved in travel planning. Companies such as Vayable ([www.vayable.com](http://www.vayable.com)) and Sidetour (now part of Groupon), as well as ToursByLocals ([www.toursbylocals.com](http://www.toursbylocals.com)), WithLocals ([www.withlocals.com](http://www.withlocals.com)) and VoomaGo ([www.voomago.com](http://www.voomago.com)) allow residents to use their local knowledge to provide personal and customised experiences to tourists. These platforms offer tourists the opportunity to connect directly with locals who can plan entire trips, or portions thereof, in either individual or group settings as an alternative to traditional tour operators, typically at a lower cost.

While meal-sharing offers the unique experience of dining in someone's home, travel planning platforms facilitate connections with locals who provide tours or itinerary assistance. These are two examples of how the sharing economy can cut across vast geographic differences to make a local, authentic experience available for the average tourist. Israel and Korea (Box 3.2) have recognised the potential of these “global meets local” opportunities and are actively promoting their growth.

### Box 3.2. Sharing City Seoul in Korea

In Korea, Seoul has successfully established itself as a true sharing city. Through its Sharing City, Seoul initiative launched in 2012, the Municipal Government has taken a multi-pronged approach to embrace the sharing economy. The city is well placed to establish leadership in this area with its dense population, advanced IT infrastructure and extremely high broadband penetration. An important aspect of Seoul's initiative has been the online ShareHub platform, facilitated by Creative Commons Korea, which provides public education, news and information on various sharing services and projects (ShareHub 2015).

Through the Seoul Innovation Bureau, the Government provides financial and organisational support to selected sharing enterprises. These include Zipbob ([www.zipbob.net](http://www.zipbob.net)), which is an online social dining platform, and local travel guide services like My Real Trip ([www.myrealtrip.com](http://www.myrealtrip.com)) and Play Planet ([www.letsplayplanet.com](http://www.letsplayplanet.com)). Local government approval as an official sharing company acts as an incentive to businesses to participate. The Government also makes public building spaces and vacant parking lots available for residents to book for various community activities. The initiative has also introduced a vehicle sharing service as part of its transportation network called Nanum-Car, comprised of SoCar ([www.socar.kr](http://www.socar.kr)) and Green Car ([www.greencar.co.kr](http://www.greencar.co.kr)). The intention is to encourage citizens to use public transportation in the first instance, with car-sharing as an alternative option. Those who spend more than KRW 40 000 per month on public transportation get a 5% discount on SoCar, and low-income families receive a KRW 10 000 coupon each month (Kojects, 2013). The service is available in 292 locations city-wide with 492 vehicles which can be booked and paid for via internet or smartphone with a credit card.

As the sharing economy matures, so too do the business models and services available. Business travellers are increasingly using the likes of Airbnb and Uber and sharing economy brands are adapting their offerings to the managed travel market (CarlsonWagonlit Travel, 2015). Airbnb, for example, has evolved its business model to cater

to both the leisure and business market. The company has launched a dedicated Airbnb for Business service to tap into the corporate travel market, which includes a central billing system and dashboard for travel managers to track employee expenses.

There are also examples of integration between sharing economy actors, and with traditional tourism service providers. One such example is the partnership between Hilton and Uber, whereby Uber rides can be booked directly from within Hilton's HHonors app, which will have access to Uber rider data. The intention is to use Uber data to point guests to local restaurants and other popular spots. The initiative aims to provide a seamless travel experience and enhance the guest experience.

In its purest form, the sharing economy refers to services provided on a peer-to-peer or shared usage basis, but the nature of these exchanges is continuing to evolve as entrepreneurs recognise opportunities to leverage the sharing economy's principles to drive profits and better service delivery. True peer-to-exchanges are increasingly taking place in parallel with more commercial exchanges (CREDOC, 2014). Uber is perhaps the best example of a firm leveraging sharing economy techniques, such as harnessing the value of under-utilised assets, to create significant commercial opportunities for the platform and its investors.

As sharing services become more professionalised and awareness of them increases, it can be expected that the scale and nature of the sharing economy will continue to accelerate, with more predominantly commercial enterprises taking a role in this emerging space. Market dynamics also dictate that larger, more vibrant platforms that have more users may crowd out smaller, less populated marketplaces. However, the constantly evolving nature of consumer preferences and trends and the intensely local nature of many sharing economy experiences means that small, peer-to-peer enterprises will likely continue to play a key role in the future of the sharing economy.

### ***Innovation and tourism development***

The sharing economy is changing how people travel in ways that can benefit tourism, as well as creating challenges.

By providing a more diverse offering, the sharing economy may draw in or expand consumption by a new and different profile of tourists. Some may be attracted to the collaborative nature and unique, local experiences, while lower prices and digital accessibility may appeal to youth and budget travellers. The appeal to younger tourists is a consideration for tourism policy makers, given the opportunity to establish long-term relationships with future travellers today.

Survey data from Spain showed that budget and accommodation options based on the size and needs of the travelling group were the primary motivators for staying in tourist rental homes (Exceltur, 2015). A study from France, meanwhile, reinforced the opportunity offered by the sharing economy to provide the authentic local experiences that are increasingly pursued by tourists (French Ministry for Economy, Industry and Digital Affairs, 2015). In Japan, for example, sharing accommodation services are expected to offer a new alternative for international visitors interested in experiencing daily Japanese life, complementing existing hotels and traditional inns. The relevant ministries are working together to consider the implications and framework conditions necessary to support this.

These new products and services may tap into and better cater to neglected market segments and may also create new niche markets. Sharing economy developments can employ existing under-utilised assets and resources to generate value and expand the size



of the market, without the need for significant investment. They can provide alternative service options and additional capacity to satisfy demand. This in turn can moderate price pressures in the industry, as has been the case in cities like Dublin and Paris, where traditional accommodation services are at saturation point. In Finland, peer-to-peer private accommodation in rural areas allows communities to scale up offerings in response to festivals and events and also provides overnight options in areas which lack tourism services, such as along the Iron Curtain Cycle Trail. Transport sharing options like Uber, meanwhile, can help to facilitate traveller mobility as tourists familiar with these services do not have to try and figure out local public transport systems or find a taxi stand.

At the same time, these platforms can bring tourists to new destinations that were not previously popular, especially those that lack significant tourism infrastructure. These new areas can include more remote destinations as well as major cities. For example, a study by the Observatoire Valaisan du Tourisme (2014) looking at the impact of Airbnb on the tourism sector in Switzerland found that the services offered through the platform are a popular alternative in cities like Geneva and Zurich, as well as in alpine areas. The high cost of hotel stays in urban centres is a challenge in Switzerland and accommodation sharing has largely opened up a niche market that did not previously exist. While tourism services have typically been focused on ski-related resorts and activities in alpine and rural areas, the market for city breaks has been largely neglected. Airbnb accounts for around 8% of total bed capacity in Switzerland.

There is some evidence that the innovation and expansion in tourism services introduced by the sharing economy is leading to a net increase in the size of the sector. In the United States, for example, a substantial increase in the Airbnb market (10%) in Texas was associated with a slight decrease in hotel revenue (0.4%) (Zerbas, Prosperio and Byers, 2015). Elsewhere, a rebound in the hotel construction pipeline is reported to have coincided with Airbnb's hottest pockets of growth including San Francisco, demonstrating the opportunity for complementary growth (Slate, 2015). An impact study by Airbnb (2015) in Montreal, Canada, found that Airbnb guests spent an average of 5 nights and a total of CAD 909, compared to 2.7 nights and CAD 760 by visitors in traditional accommodation. This experience is consistent with Airbnb survey results in other cities, indicating that sharing visitors spend less per day, but stay longer and may be a complement to, rather than a substitute for, existing markets. Expanding tourism services in this way may advance a country's economy while requiring little to no additional investment.

By attracting additional tourists and creating new travel experiences, the sharing economy thus brings innovation to the tourism sector that can provide opportunity for traditional actors as well as other segments of the economy that today see less benefit from tourism. Increasing the supply and variety of tourism services and experiences can expand consumer options and complement conventional tourism offerings. While this may lead to some transfer of demand from traditional businesses, it also has the potential to grow tourism as a whole. The sharing economy also pushes traditional service providers to be more innovative and to re-think their service offering and business models in the face of new approaches and competitive pressures.

To date, the development of sharing economy services for tourism have largely emerged from outside the conventional tourism sector and are likely to have a growing influence on choices of tourism consumers in the future. Traditional tourism actors need to be proactive and innovative in responding to these developments. Tourism agencies

also need to engage and work with sharing economy actors as they play a bigger role in tourism.

Many tourism ministries in OECD countries have emphasised in their strategic policy goals the need to reduce seasonality and spread the economic benefits of tourism throughout the year and across the territory. Linked to this, governments are putting more focus on special interest or niche travel, in contrast to more seasonal mass tourism models geared towards sea-sand-sun locations. Governments are also looking for ways to boost competitiveness of the tourism offering in their countries. The authentic experiences provided by sharing economy platforms can particularly play an important role in expanding cultural tourism and attracting young travellers. At the same time, these platforms can complement existing strategies for sustainable tourism development that many countries are in various stages of implementing.

However, while the growth of the sharing economy creates opportunities for tourism, at the same time these developments present challenges for traditional tourism actors and raise broader policy issues. Governments must find a way to harness the opportunity to stimulate innovation and support the expansion and development of tourism as a whole, while addressing these challenges.

### Challenges and implications for tourism policy

When considering the significant growth of the sharing economy in the tourism sector, it is important to keep in mind that different actors are affected in different ways. Crafting effective public policy frameworks for the sharing economy requires an ability to strike a balance between these varied interests (Johal and Zon, 2015). Table 3.2 identifies the key sharing economy players as they relate to tourism and their respective interests – tourists, traditional tourism businesses (Box 3.3), sharing economy platforms, service providers and destination communities.

The rapid growth of the sharing economy is placing pressure on existing policy frameworks. This raises a number of important questions for tourism policy makers about how they should approach the sharing economy in areas such as regulation, taxation, economic growth and even the design of the social safety net. The availability of robust, credible data is an important constraint on forward-looking policy making in many of these areas. The sharing economy is a new phenomenon and much of the information about its development is from the platforms themselves, making it challenging to draw meaningful trends from impartial data sources.

#### **Consumer protection, safety and service quality**

Existing frameworks for consumer protection, safety and quality assurance can be difficult to translate to the sharing economy model given the much more diffuse and distributed nature of the marketplace, and the more informal nature of the transactions. On the one hand, rules designed to protect consumers could run against their core purpose by limiting the spread of the sharing economy – consumers are served by competition. On the other hand, the sharing economy model raises new consumer protection issues such as data privacy and financial accessibility, given the primacy of credit cards and smart phones in using these platforms.

Traditional service providers are subject to rules and standards which aim to promote the provision of quality tourism services in a safe and secure environment. In many cases

Table 3.2. **Key players in the tourism sharing economy**

Key players	Interests
Tourists	<p>Tourists benefit from the innovation and increased competition made possible by the growth of the sharing economy. The sharing economy also affords access to a wider range of experiences and enhances the local cultural and travel experience for tourists. Sharing economy developments provide new forms of trust and verification to promote safety and improve experiences, including reputational feedback systems and the ability to use globally-recognised platforms when travelling in different countries. However, many of these new tourism services challenge existing approaches to consumer protection, safety and quality assurance, as they may not be covered by regulations and standards in these de-professionalised marketplaces.</p> <p>Consumers have generally responded well to these new tourism services. According to the World Travel Market (WTM) 2014 Industry Report, one in ten holiday makers in the United Kingdom had booked using a peer-to-peer platform in their travels. Of these, 86% had a good experience and would use the service again.</p>
Traditional tourism businesses	<p>Traditional industry operators (e.g. hotels, restaurants) are among the most visible and vocal players in sharing economy discussions. In many cases, these businesses are licensed by governments or are otherwise subject to prescriptive regulatory frameworks, with implications for the operational flexibility and cost base. Typically organised through industry associations, these businesses raise concerns about the risk of unfair competition from new sharing economy competitors that are either not subject to, or are not compliant with, the same rules. They also highlight the potential negative impact on the quality of the overall tourism experience. It is important for policy makers to distinguish requests for fair play from pressure from market incumbents to preserve advantages against new entrants.</p> <p>Business operators have not generally responded well to these new services and have been slow to see the opportunities for innovation. According to the WTM 2014 Industry Report, one in five polled tourism businesses said they had been impacted by sharing economy firms, with 68% saying the impact was negative. There is some evidence the impacts are not evenly distributed – a study by the French Ministry for Economy Industry and Digital Affairs (2015), for example, found that low- and mid-range hotels were more impacted by this new competition than upscale hotels.</p>
Platforms	<p>The technology platforms for sharing economy activity in the tourism sector are a mix of global companies, like Airbnb and Uber, and smaller, local entities. In some cases they identify with the tourism sharing economy, in other cases they see themselves as strictly technology companies.</p> <p>The platforms' interests are in clearing the way for their marketplaces to operate, whether by creating new rules or resisting the application of regulations altogether. While in many cases there is recognition of the need for some regulation of the sharing economy, in general platforms have called to be regulated differently than traditional industry actors.</p>
Service providers	<p>The individuals who provide services in the sharing economy have interests that are distinct from the platforms themselves – the interests of the Uber driver are not the same as for Uber the company, for example. The interests of these service providers are complex and often poorly articulated in policy discussions, given the large and diffuse nature of this group.</p> <p>The growth of the sharing economy represents new, entrepreneurial and flexible income opportunities for service providers, allowing them to use existing assets to take advantage of the tourism activity in new ways. However, these new market entrants may be unaware of the legal obligations and implications of engaging in these activities. Service providers may also fall outside of protections in place to prevent exploitation by platform businesses or by consumers. The nature of the arrangements may lead to displacement of traditional employment relationships by more precarious independent contractor arrangements without benefits, for example.</p>
Destination communities	<p>Governments at the national, sub-national and local level play an essential role in setting the operating environment for the sharing economy in destination communities. They must balance the interests of these parties and consider implications for other public policy objectives, including revenue, accessibility and public safety.</p> <p>In some cases, the sharing economy may allow destination communities to attract more mainstream tourism where they have limited capacity in traditional infrastructure – this has long been the case in Cuba, for example, where there is a long tradition of visitors renting accommodation in private homes. The sharing economy may also allow for the benefits of tourism to accrue to a wider share of the local population.</p>

### Box 3.3. **HOTREC charter for a sustainable and responsible hospitality sharing economy**

According to the business association representing the European hospitality industry, HOTREC, the growth of short-term private accommodation rentals available through peer-to-peer platforms is resulting in unfair competition for its members and is creating risks in consumer protection and safety. HOTREC has called on public authorities in Europe to assess the true impact of these new business models on small businesses, local communities and social and economic cohesion. It has also called on the platforms facilitating these transactions to co-operate with regulators by sharing data and support enforcement of existing laws. HOTREC have set out a number of recommendations and action points for policy makers and sharing economy platforms:

**Box 3.3. HOTREC charter for a sustainable and responsible hospitality sharing economy (cont.)**

- Integrate short-term private accommodation rentals in legislation as tourism accommodation.
- Establish processes for registrations, permits.
- Measure short-term private accommodation rentals in tourism statistics.
- Enforce requirements and carry out inspections for safety and security.
- Comply with fiscal obligations.
- Verify visitor identity according to Schengen Convention requirements.
- Protect employees' rights and benefits.
- Protect quality of life in neighbourhoods.
- Clarify and ensure proper distinction between residential and commercial property.
- Control the dispersal of short-term private accommodation rentals.

Source: HOTREC (2015).

these rules may have become cumbersome and require modernisation. Sharing economy services which are exempt or operate outside this system may be able to unfairly compete because they are subject to lower, or no, regulatory standards. Some may argue that, in the long-run, if safety or service quality issues emerge, certain services may be perceived as less safe or of lower quality, with implications for brand management and the positioning of the destination. It should be emphasised that public authorities have a responsibility to protect consumers, including their safety and security.

Most existing consumer protection policies are premised on the assumption that consumers hold a weak bargaining position and are in need of protection from powerful firms. In a peer-to-peer marketplace, this dynamic is upended, and small-scale providers of tourism services in the sharing economy should also be considered in any policies to correct failures in these more equitable markets (European Commission, 2013).

While sharing economy participants may not require protection from large powerful firms with unequal bargaining power, there are broader issues of public safety to be considered that may require new interventions. With new value-chain dynamics of disintermediation, matters of liability arise when consumers engage in economic activity which may not be covered by existing legal instruments and with fewer middle men to be held accountable. There is also potential for some existing consumer protection regulations to become obsolete with the use of reputational feedback systems (Bracy, 2015).

Trust, or reputational capital, plays a vital role in peer-to-peer exchanges and reputational systems have been valuable in driving the sharing economy's growth in tourism. This trust factor is particularly salient in tourism. Travel is an experience good for which value is very difficult to assess prior to purchase and requires consumers to research carefully in order to reduce the costs involved in market exchange. These include financial, time and personal costs around safety and risk (Sigala, 2015). An important dynamic that motivates the sharing economy is the impact that disaggregated consumption has on reducing these transaction costs. In many cases, the sharing economy makes the cost of exchange between two individuals relatively cheaper than co-ordinating an exchange with a firm (Australian Institute of Public Affairs, 2014).

Many sharing platforms allow both buyers and sellers of products and services to rate their satisfaction with the transaction for the benefit of future users. These rating systems help reduce uncertainty and information asymmetry between parties to the exchange. They can also make consumers more willing to pay and incentivise the provision of high-quality goods and services by sellers. User ratings and peer reviews allow consumers to communicate the value of these services to each other and, ideally, push out bad behaviour. In this way, these systems may act as a secondary invisible hand that guides individuals towards market choices based on social norms and often against typical self-interest (Thierer et al., 2015).

However, these systems may be of limited use when it comes to certain issues, such as determining whether a vehicle is mechanically sound, a host has a troublesome criminal background or wider public safety and security impacts. User rating and review systems based on subjective individual views and preferences have accuracy and bias limitations. These limitations are recognised by the platforms themselves, which have a responsibility to both end-users and service providers. Uber drivers, for example, are subject to criminal background and motor vehicle record checks.

Furthermore, these reputational mechanisms are based on intense collection of data. While this data is valuable, it raises wider concerns around data security and use. It also creates pressure on privacy issues when platforms can use their market power to extract more data than consumers are comfortable with. This has the potential to result in price discrimination, and targeting or exclusion of marginalised users (Bracy, 2015).

Platforms have the capacity to use these rating and reputational systems to identify and exclude problematic or unscrupulous service providers and users. This requires the platforms interests to align with the interests of consumers and the wider public, which may not always be the case. Even if platforms do exclude problematic or unscrupulous providers and users, these individuals can move to other platforms. The role and responsibilities of platforms in protecting the public interest therefore also warrants consideration.

It should also be borne in mind that these reputational mechanisms by themselves do not amount to a consumer protection framework, although they can provide an important means of building trust in the market. Public authorities are strongly encouraged to take steps to better understand the main issues and overall context, and take the necessary measures to address these, where appropriate, such as adjusting existing regulations or adopting new rules to protect consumers and third parties who may be negatively impacted.

### **Regulatory requirements**

In many countries, the provision of tourism services is highly regulated. This can include licensing or standards for accommodation, transportation, tour and other service providers, as well as operating standards related to health and safety, accessibility, hygiene and cleanliness, noise controls and employment conditions. Regulated services often cover a large majority of the tourism sector, although some countries like Austria and Ireland also have a well-established segment of alternative, private or unregistered services. Tourism transactions in the sharing economy often exist outside most or all of these regulatory approaches. The co-existence of highly-regulated providers with unregulated competition creates a strong risk of unfair competition and regulatory arbitrage, as is evident from concerns about the use of sharing economy platforms by businesses to bypass regulations.

Governments are being called on to begin re-thinking current legislation to include sharing activities that do not neatly fit into existing regulatory frameworks. There have been a number of recent moves to map the responsibilities of sharing economy actors under existing regulations and clarify how these apply, such as in Austria (Box 3.4). There may be a lack of awareness or knowledge about the rules and regulations with which individuals offering services via sharing economy platforms need to comply, or the wider implications of engaging in these activities, such as the impact on rental tenancy agreements. While acknowledging the need to bring the activities of the sharing economy into the formal economy, the platforms for their part emphasise the fundamentally different nature of these new business models.

#### **Box 3.4. Review of legal framework for sharing accommodation in Austria**

In 2015, the Austrian Federal Ministry of Science, Research and Economy commissioned a study to analyse the legal aspects of renting private accommodation under the current legislation. The study contains a description of possible forms of contracts, the legal context and regulations with regard to registration and local/regional planning, including the specifics in different federal states, as well as to taxes, fees and charges. The aim is to inform individuals offering private beds, rooms or apartments for rent about the applicable rules and regulations and to raise awareness of the relatively complex legal environment when embarking on renting private accommodation. With this in mind, the Ministry has produced a short document providing information on the main provisions and laws which must be observed. This includes tenants checking the terms of their rental lease and consulting with the owner, getting written agreement of other residents in apartment buildings and checking additional state-level restrictions which may apply. Private accommodation rentals involving more than 10 beds are subject to the industrial code in Austria and require a business licence.

Source: Austrian Federal Ministry of Science, Research and Economy, [www.bmwf.wg.at/Tourismus/TourismusstudienUndPublikationen/Seiten/default.aspx](http://www.bmwf.wg.at/Tourismus/TourismusstudienUndPublikationen/Seiten/default.aspx).

Tourism is a particularly fragmented industry, composed of many different products and services that are overseen by several government ministries at national and sub-national levels. This makes it challenging for policy makers to co-ordinate and implement regulation as a means to level the playing field for all participants in the economy. Regulatory frameworks should not have the unintended consequence of negatively impacting tourism growth by inhibiting innovation, stifling new business creation or protecting market incumbents, but should support transparent and open competition as well as the wider public interest. This is particularly difficult where regulatory responses are not co-ordinated at a regional or national level, as enterprises may face vastly different regulatory requirements and compliance costs within a single national market, creating both disincentives to investment and growth and confusion for tourists and service users.

The growth of the sharing economy may therefore present an opportunity to reassess the overall regulatory framework for the tourism sector, to ensure it best responds to the current realities in the sector and optimises opportunities for the future. A public consultation conducted by the European Commission (2014) indicates that the framework governing tech-enabled transactions is not always adequate in terms of clarity, scope and approach to the modern realities of e- and m-tourism.

An important aspect of regulation in the tourism sector are requirements related to insurance, protecting buyers and sellers, as well as parties external to the exchange who may be negatively impacted. To date it has generally been very difficult for sharing economy service providers to obtain third-party insurance given the novel and unique nature of the arrangements. This can lead to market failures where personal offerings are inadequate and commercial offerings are prohibitively expensive.

In some cases, new market responses are emerging to address gaps, whether initiated by platforms – such as Airbnb’s USD 1 million Host Guarantee for loss and damages in excess of the homeowners existing insurance – or new offerings from insurance companies targeted at the needs of sharing economy providers (Queensland Tourism Industry Council, 2014; British Insurance Brokers Association, 2014; Insurance Business America, 2015).

Even with these responses, gaps in the insurance market remain one of the major obstacles to growth in the sharing economy. Efficient and easily accessible judicial procedures are required in order to resolve disputes and issues as they arise. However, some observers have argued that government regulators should not be too quick to intervene, leaving time for legal and liability norms adjust to new patterns of behaviour (Koopman et al., 2015). Evolution of the regulatory framework, including the insurance system, will support growth and development of the sharing economy in the longer term.

### **Tax implications**

Beyond regulation, the sharing economy in tourism also presents implications for taxation. This can include taxes specific to tourism, such as hotel or bed taxes, as well as more general treatment of part-time and informal activities for the purposes of value added taxes, personal income taxes and social security contributions. The decisions and enforcement actions taken by governments could either place pressure on tax bases, if services move into an informal sector with lower compliance rates, or increase the tax base, for example if hotel or tourism taxes are collected on stays in peer-to-peer accommodation. While the sharing economy may push more activity to micro-entrepreneurs it does not necessarily increase the size of the informal economy given the heavy use of data and digital payments, making transactions easier to track.

The classification of sharing economy activity does not need to be difficult, but the way that many of the platforms operate exacerbates definitional issues, such as mixed use (personal and business) property and employee/independent contractor issues (Oei and Ring, 2015). However, individuals offering peer-to-peer services may also not see themselves as businesses, or may be unaware of their tax obligations related to these activities and the payment process involved. Policy makers are also trying to keep up with the rapidly evolving situation and clarify how these activities fit into existing rules and regulations.

Where possible, compliance requirements should be tailored to the business models of sharing economy service providers and the tax administration should provide effective education and support. Furthermore, given the heavy use of digital services by these businesses, especially in relation to the use of booking and payment methods, there is considerable scope for the design of tax efficient processes by both the tax administration and third parties that support these activities.

Simplifying rules and communicating them as clearly as possible to raise awareness and lower the time cost of compliance is an important part of any response on taxation; the

tax system itself should not be an obstacle to compliance (OECD, 2015b). The Australian Tax Office, for example, provides clear and direct guidance to sharing economy participants by providing a short, plain-language website that explains the tax implications of earning income in different sharing economy businesses (Box 3.5).

**Box 3.5. Sharing economy compliance with taxation rules in Australia**

In May 2015, the Australian Tax Office released a statement advising that the tax laws which apply to activity conducted in a conventional manner apply in the same way to activity conducted in the sharing economy. There may be goods and services tax (GST) implications if a person is carrying on an enterprise and has earnings turnover of AUD 75 000 or more. These people will be required to register for an Australian Business Number and for GST. Those that provide accommodation services in the sharing economy may not need to register, irrespective of turnover, because most of their supplies are input-taxed residential rents which do not count towards turnover. This can be compared to a room in a hotel, hostel, bed and breakfast or other like establishment, which are normally subject to GST. There are also income tax implications if a person is earning assessable income.

Source: Australian Tax Office, [www.ato.gov.au](http://www.ato.gov.au).

Platforms can also play a role in providing clarity around tax obligations and supporting compliance, either by providing appropriate information to providers and governments, or even directly – for example in some jurisdictions, such as France, Airbnb collects and remits bulk payments of accommodation tax on behalf of hosts, or provides information on tax compliance and statements to support the preparation of tax returns. France recently made changes to its tourism tax system to require platforms to take on this role and to simplify the process for individuals as well as platforms. In doing so, France cited an interest in levelling the playing field and capturing lost government revenue.

**Inclusive economic growth**

The sharing economy has potential to drive economic growth and job creation by stimulating innovation and developing new experiences, creating new entrepreneurship opportunities and making the economic prosperity generated by tourism more inclusive.

The sharing economy also has implications for the distribution of economic benefits that come from a thriving tourism sector. It may generate added value by directing tourist flows beyond heavily visited tourism zones and encourage tourists to disperse to less well-known destinations. This can help bring tourists to areas that have lacked traditional tourism infrastructure, benefiting their economies and promoting their service and cultural sector businesses. It may also mean increased economic opportunity for segments of the population that otherwise would not benefit directly. A PwC (2015) survey in the United States found that providers were well-distributed throughout the spectrum of age and household income brackets. In most cases, this participation supplements rather than replaces their income.

Yet as an independent contractor with fewer legal protections than an employee, these opportunities may come with uncertainty and risk of exploitation for the hosts, drivers and other individuals delivering the services. These labour classifications have already been the subject of legal battles in various aspects of the sharing economy, notably regarding the



employment situation of Uber drivers. This has implications for the responsibilities of the platforms towards service providers with respect to employment rights and social insurance and impacts the nature and quality of employment. Governments may need to reconsider the way they provide social benefits, especially where they are tied to traditional employment relationships (Financial Times, 2015b).

Growth of the sharing economy in tourism may have positive spill-over effects, by reducing the ecological footprint of travel and creating a better understanding and exchange of cultural values. It may help to democratise travel, delivering benefits to people who may be unable to afford or access traditional tourism (Sigala, 2015). A study by New York University found that the lower costs of services in the sharing economy disproportionately benefit less affluent travellers, opening up a wider range of options and allowing them access to tourism experiences (Fraiberger and Sundararajan, 2015).

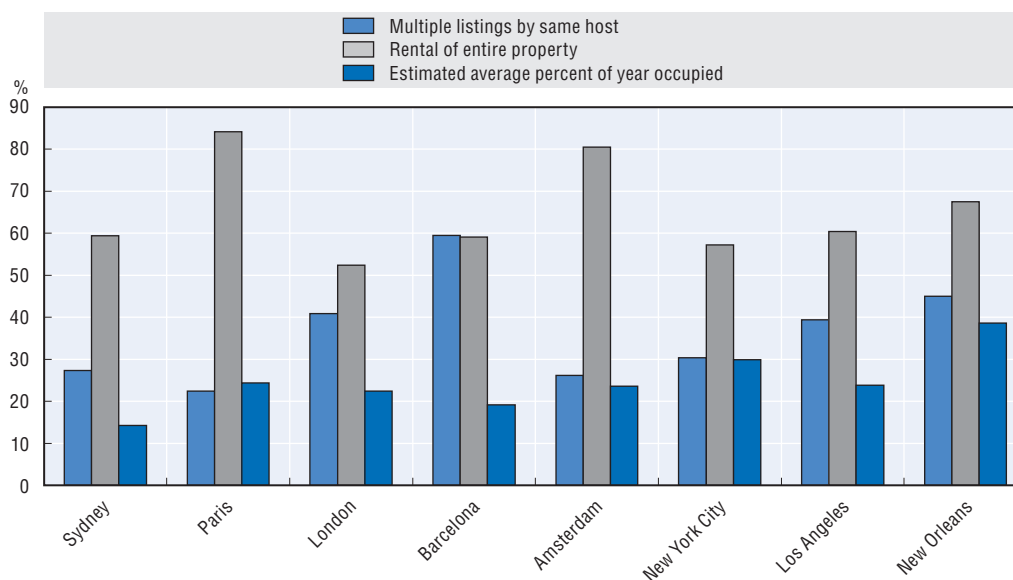
The sharing economy may also generate negative externalities. Accommodation sharing services in particular may impact neighbours and local residents, due to noise and other disturbances. In a worst-case scenario, poorly managed growth of these services may also have a detrimental impact on the historical fabric of destinations and reduce the appeal of areas as places to live and visit. One implication that has raised concerns is whether the growth of peer-to-peer accommodation rental places further pressure on housing affordability in expensive cities. The impacts here are ambiguous.

Evidence in the United States suggests that the scale of Airbnb usage does not to date present a significant factor in most major housing markets, and sharing may provide a supplemental income to support residents' ability to afford pricey housing (New York Times, 2015b). There is however some anecdotal evidence of landlords opting for short-term rentals as a more lucrative or flexible business model, lowering the rental housing supply (Los Angeles Times, 2015). Research in Spain indicates that the growth of peer-to-peer accommodation has been accompanied by a simultaneous increase in house prices and decrease in resident population in central tourist areas, notably in Barcelona's Old Town and Madrid Centre (Exceltur, 2015). In Paris, which is the number one city on Airbnb with over 40 000 properties, 70% of Airbnb listings are outside of the main hotel corridor. However, the explosive growth has led to both positive economic benefits and local backlash from neighbours concerned about neighbourhood change (Wall Street Journal, 2015b).

While it is difficult to distinguish between homes being converted into short-term tourist accommodation as a business and those being shared on occasion, some data collected by *www.insideairbnb.com* sheds light on the prevalence of full-time short-term accommodation rental. Looking at the share of people renting their entire home and the average share of the year that they are rented through Airbnb (Figure 3.1), a pattern emerges in which a significant share of the residential units being offered through the platform are being operated as tourism businesses, rather than occasional peer-to-peer transactions. This prevalence varies significantly in different cities however.

### Balancing the interests of tourism and sharing economy actors

How have governments reacted to the rapid growth of the sharing economy in the tourism sector? To date, the responses of policy makers can broadly be characterised as "wait and see". The full implications of the sharing economy for tourism are not yet clear and as a result, governments have adopted a relatively cautious approach to introducing new or amended rules that might capture the value the sharing economy offers or, conversely,

Figure 3.1. **Profile of Airbnb rentals in selected cities**

Source: Insideairbnb.com, used under Creative Commons Public Domain licence.

protect against the threats it may pose to existing operators, revenues and the broader public interest. At the national and local level three distinct patterns of responses can be identified, linked with the nature of the regulatory environment and degree to which the self-responsibility principle guides government intervention – proactive, reactive and no response (Box 1.20). These are likely to further develop and distinguish themselves as policy makers consider their options and determine the appropriate level of oversight.

Some examples of creative, nimble approaches that have been employed by local and national governments within OECD countries and partner economies are outlined below. These policy responses offer insights into how policy makers can harness the opportunity and innovation offered by the sharing economy while still ensuring that the public interest is safeguarded.

Policy responses have been primarily at the local level, as the regulation of zoning of buildings, public health and safety initiatives as well as transportation are often administered by municipal governments. Because much of the relevant regulation happens at this level, there is a diversity of approaches within countries (Box 3.6). This can lead to inconsistent approaches for those who are travelling to different areas within the borders of one destination country.

### **Accommodation services**

Numerous cities have taken steps to permit short-term rentals by homeowners, in recognition of the explosive growth of companies like Airbnb and HomeAway. The City of Portland (2015a) in the United States introduced regulations in July 2014 to permit short-term rentals if the host resides in the residence for at least nine months of the year, while requiring hosts to apply for a permit at a cost of USD 180, pass a safety inspection and notify their neighbours of their intent to apply for a short-term rental permit. Non-compliance with these requirements could result in fines of USD 500 for both hosts and platform providers. Airbnb will also collect and remit a tax of 11.5% on behalf of renters in

### Box 3.6. Local responses to the hospitality sharing economy in Germany and Spain

In **Spain**, the new sharing accommodation models are subject to regulation at the level of the autonomous regions. In Catalonia, the importance of bringing unauthorised tourism accommodation under control was clearly identified in the Catalonia Strategic Tourism Plan 2013-16. The Plan estimated that half a million beds were provided in unauthorised accommodation, making it the destination's main accommodation offer. The Regional Government has taken steps to regularise this activity and engage with the platforms to ensure compliance. Private accommodation rentals must now be licensed and registered with the Tourism Register of Catalonia. Airbnb was fined the highest sanction possible, EUR 30 000, for listing properties considered illegal and another EUR 1 500 for not removing these listings from their website (WTM, 2014). Since introducing these measures in 2012, the number of unauthorised private rentals in the region has fallen by almost 50% (Government of Catalonia, 2015). In Madrid, meanwhile, the Municipal Government decided to regulate private rentals through a licensing scheme that requires applicants to meet a set of minimum standards. Under rules approved in July 2014, tourist accommodation rentals must be registered and are subject to a minimum stay of five nights, along with other requirements including provision of a telephone number in case of emergency and Wi-Fi, transparent pricing policy and prohibition of use as a permanent residence.

**Germany** has seen different approaches within its borders. While the city of Hamburg has, subject to certain conditions, made it legal to rent out a primary residence on a short-term basis without the need to ask permission, Berlin has banned short-term rentals without the express permission of local government authorities in an attempt to ensure a reasonable supply of rental housing stock for residents. Different cities face different sets of circumstances – Berlin for instance, has significant concerns regarding housing stock and prices that may not be an issue elsewhere.

Portland, with a portion of those revenues going towards a fund to increase rental housing affordability in the city (City of Portland, 2015b).

Amsterdam has taken a similar approach, introducing a policy in 2014 creating a new accommodation category for private rentals that permits hosts to let out their residence for up to two months per year, under certain conditions. The property can be rented to a maximum of four guests at any one time and must comply with fire safety regulations. Permission must be obtained from the landlord or the owner-occupiers' association and there is a dedicated procedure for handling noise or nuisance complaints made by neighbours (City of Amsterdam, 2015; Airbnb Policy News, 2015). A subsequent agreement between the city and Airbnb spells out how the platform will collect a tourist tax on hosts' earnings, send twice annual updates to hosts reminding them of local laws and requirements and work with city officials to address illegal hotels (City of Amsterdam, 2014). Amsterdam has sought to position itself as a leader in the field of the sharing economy and was named as Europe's first Sharing City in 2015.

San Francisco, London and Paris are some of the other major cities that have also moved forward in the past two years with legislative and regulatory amendments to legalise short-term sharing rentals by home owners. In late 2015, San Francisco's residents voted to reject a proposal to limit short-term private rentals to 75 nights per year instead of the existing 90 day limit. The proposals would also have required guest and revenue

reports from rental hosts and hosting platforms every three months and included measures to ensure such private rentals are paying hotel taxes and following city code.

In other cases, although less common, these legislative changes are being implemented at national level, ensuring consistency for a tourist in that destination country. Greece, for example, recently made changes to its holiday rental licensing scheme through the Ministry of Economy, Development and Tourism (competent regional tourism offices). Short-term private home rentals are now freely permitted, while a simplified process was created in 2013 for rentals that qualify as a luxury villa. The latter require structural, fire, health and safety inspections, and are taxed at a rate dependent on the amount of income generated (Box 3.7).

#### **Box 3.7. Liberalisation of private accommodation rental in Greece**

In recent years, Greece has been active in introducing legislation aimed at reducing red tape, simplifying procedures and facilitating business growth in non-hotel accommodation establishments, including villas and apartments. Until 2013, individuals wishing to offer accommodation for short-term holiday rentals had to register as a tourism business for tax purposes, obtain a licence from the local tourism authority and comply with a series of other requirements. In 2013, these procedures and standards were significantly simplified and short-term private home rentals by individuals were permitted for the first time. Under certain circumstances, individuals were permitted to rent out a privately owned detached house without the need to register as a business or get specific insurance cover. Conditions included: minimum size of property, location, compliance with legislation regarding building permits, fire safety, hygiene, duration of the short-term home rental and granting of operating licence by the competent authority.

While houses that qualify as luxury villas remain subject to the 2013 regulations, as of 1 November 2015 other privately owned houses or apartments can now be rented on a short-term basis without the need to fulfil specific conditions and without the obligation to register as a tourism business. Private short-term rentals remain subject to income taxation – any income generated from a systematic short-term rental is considered as income generated from enterprising activities and is therefore subject to the corresponding tax rates in force. The impact of the 2013 legislative reform permitting the rental of privately owned luxury villas has so far been encouraging. It is too early to assess the impact of the 2015 legislative reforms, but licensing remains a key concern to ensure a level playing field. A study prepared by the Hellenic Chamber of Hotels (2015) in advance of the 2015 reforms identified a number of areas for action, including the need for a better understanding of the impacts of the sharing economy and the interaction with tourism, ensuring fair competition, promoting innovation and building on the strengths of the hotel sector.

Portugal has approved new legislation to monitor service quality and tax the growing sharing accommodation offer in the country. The aim is to support these sharing economy developments while ensuring such services are part of the formal sector. Since 2014, it is mandatory for sharing accommodation providers to inform their municipality of their status and activities. This can be done by submitting an online declaration through the website of Turismo de Portugal or the local municipality. Failing to do so will result in fines of up to EUR 35 000 and a 2-year ban from providing sharing accommodation services. Following the introduction of this procedure, the number of legal local accommodation

registered in official databases increased tenfold within weeks, providing the authorities with all data necessary to supervise and collect taxes.

While some governments are pursuing legislative changes in response to these new tourism trends, others believe such arrangements are no different than existing alternative accommodation services. Ireland for example has a long-standing tradition of home-stay accommodations that are very similar to sharing economy platforms like Airbnb. In fact, existing tourism legislation already outlines the compulsory requirements for protected establishments (e.g. hotels) and voluntary system for other forms of accommodations (Box 3.8).

#### Box 3.8. **Welcome Standard for alternative accommodation in Ireland**

Ireland has a long-standing tradition of bed-and-breakfast and home-stay accommodation. These establishments are very similar to sharing economy platforms which provide private rentals on a short-term basis. In a regulatory environment that is accustomed to these ideas, the increasing popularity of sharing arrangements may have very limited disruptive impacts. Currently, the *Tourist Traffic Acts 1939-2011* outlines the compulsory requirements for hotels and other accommodation establishments that use certain protected titles, including quality assurance approval as well as a listing system. Voluntary participation by other types of tourism accommodation in the listing system is strongly encouraged, as listed accommodations are eligible for training and business skill development initiatives and are promoted by tourism agencies. Ireland's national tourism development authority, Fáilte Ireland, recognises consumer tastes are changing and a wide range of new accommodation options are becoming available – not only through the sharing economy but through other unique experiences desired by tourists, such as pods, yurts and lighthouses. In response, Fáilte Ireland has developed the Welcome Standard, which is a code of ethics and set of minimum standards for all accommodation which does not fit into the existing quality assurance system. The new system aims to improve the tourism experience for guests, while maintaining authenticity, individuality, character and innovative ideas in tourism. The new Welcome Standard will bring many more operators into tourism's approved family as complementary additions to the traditional tourism accommodation stock.

Similarly, short-term holiday rentals are already regulated and taxed at municipal level in Hungary as they are covered by the commercial accommodation services regulation under other accommodation facilities. These facilities must meet minimum standards and operators must provide data on guest stays to the local government on an annual basis. Since 2014, Costa Rica has undertaken a survey to identify the location and owners of properties available on sharing economy platforms, and determine if they are complying with regulatory and tax obligations. The survey was undertaken with the help of the local government and chamber of tourism.

#### **Transportation services**

A number of sub-national governments in the United States have introduced legislation to recognise the existence of what are referred to as transportation network companies like Uber and Lyft. States including California, Illinois, Massachusetts, Nevada and Wisconsin have adopted largely similar legislation that requires companies to purchase a licence,

obtain liability insurance and conduct background checks on prospective drivers. These regulations recognise ride-sharing as a distinct entity from traditional taxi services.

The City of Boston has taken these regulations one step further and entered into a data-sharing agreement with Uber, under which the city would receive anonymised trip data that could be used to ensure the company is adequately serving all neighbourhoods and also to improve the city's own services in areas like traffic flow and congestion, transit routes in under-served neighbourhoods and optimal levels of parking availability (The Washington Post, 2015a; Uber Newsroom, 2015).

In Ireland, the Government took the opportunity of a recent review of the Taxi Regulation Act to clarify where Uber and other transportation network companies fit in the regulatory approach and to make clear which rules they are expected to follow.

Similarly, the New Zealand Transport Agency, Ministry of Transport and national police are undertaking a review of the regulatory framework for small passenger service vehicles, including how this framework applies to Uber. The goal is to ensure that the regulatory environment is fit for purpose and sufficiently flexible to accommodate new technologies. The process included data sourcing, research and stakeholder engagement with taxi and private hire services, governments, public representatives and technology services. Any proposed legislative changes will be subject to further public consultation. Uber has publicly welcomed the review, having previously expressed concerns about how the existing regulation was being interpreted and indicating the outcomes of the review could reassure the public about the quality and safety of Uber's services.

Given the rise of digital platforms, the Netherlands is actively looking at how to provide sufficient space for innovation and entrepreneurship while taking into account the public interests which must be protected by regulation. The Government is considering amending or abolishing some legal rules governing the taxi market in the short term, in order to create room for new initiatives and innovations and reduce the administrative burden. The discussions are also looking at the rental of private homes to tourists.

France has adopted different regulatory approaches for different segments of the sharing economy in transportation. Blablacar, which allows for inter-city ride-sharing, is embraced as a digitally-enabled version of car-pooling. On the other hand, France's version of the peer-to-peer UberX service, UberPOP, has been banned with criminal charges laid against the company and executives (Box 3.9).

### ***Dining and travel experiences***

As Table 3.1 clearly demonstrates, the sharing economy is less developed when it comes to dining and travel experiences. Though shared dining activities are likely subject to local health and safety regulations, there has been scant government attention paid to these companies to date, likely due to the grey zone they straddle between the regulated restaurant sector and casual invitations to share meals with acquaintances.

Israel's Ministry of Tourism has actively embraced this sharing economy tourism opportunity, training EatWith hosts and promoting the website, while health officials have conducted inspections of home kitchens in Spain (BBC Travel, 2015). Both Feastly and EatWith have also adopted their own insurance policies to protect hosts from any type of incident that might occur while guests are at their homes (TechHive, 2014).

In 2012, the Korean capital launched the Sharing City Seoul project. This includes 20 different programmes and policies designed to promote the sharing economy by directly

### Box 3.9. Distinction between for-profit and not-for-profit ride-sharing in France

Uber's peer-to-peer ride-sharing service UberPOP was launched in France in 2014. At its peak, 10 000 private drivers provided ride-sharing services to individuals via the Uber platform, charging between 20-40% less than traditional taxi services. UberPOP generated strong reactions from traditional taxi drivers and newer chauffeur-driven car services, resulting on occasion in road blockades and clashes with UberPOP drivers. Following legal action questioning UberPOP's legality, Uber suspended the service on 3 July 2015. On 22 September 2015, France's Constitutional Court ruled that the UberPOP service is illegal and subject to a penalty of up to two years in prison and a fine of EUR 300 000, under the 2014 Thévenoud Law governing competition between taxi services and chauffeur-driven car services. In its ruling, the Court made a clear distinction between not-for-profit peer-to-peer ride-sharing services, such as that offered by BlaBlaCar, and for-profit services like UberPOP. Uber's chauffeur-driven car services – UberPOOL, UberX, Blackcar and Van – continue to operate in France.

Source: Le Monde, [www.lemonde.fr](http://www.lemonde.fr).

providing access to unused public facilities and supporting sharing economy enterprises. Zipbob was one of the companies chosen for city support. It started as a meal-sharing platform and has broadened its activities to a range of social activities such as book clubs and excursions (Box 3.2).

Similarly, there has been little to no response from policy makers for the travel planning aspects of the sharing economy, perhaps as they closely mimic existing tour companies but operate on a more local level and at a much smaller scale than other sharing economy platforms. These activities have also not generated the same level of reaction from traditional tourism actors in these areas as has been the case for the accommodation and transport sectors.

## Path forward for tourism policy makers

For policy makers considering how the sharing economy will impact the tourism sector, there are three key areas that should be considered: strengthening the strategic operating framework, re-thinking existing political incentives and adopting modern regulatory approaches (Johal and Zon, 2015).

### Strengthening the strategic operating framework

Awareness of the issues related to the sharing economy is a critical first step. Developing a strategic operating framework that articulates key considerations and preferred policy objectives will help guide future decisions and provide a frame of reference for complex, difficult challenges.

An example of this approach in practice occurred when the United Kingdom commissioned an independent review of the sharing economy in 2014 and subsequently issued a government response to the review outlining how the country can become a global leader for the sharing economy (United Kingdom Department of Business, Innovation and Skills, 2014, 2015). The French Government has also issued a wide ranging study of the sharing economy and the major public policy issues that it raises (French Ministry for Economy, Industry and Digital Affairs, 2015).

At European Union level, a Collaborative Economy, New Business Models and SME Task Force has been established to focus on how to better capitalise on sharing economy opportunities and consider the impacts on traditional businesses, jobs and consumers. Tourism is included in the work of this horizontal taskforce, which is intended to connect the work of various Directorate-Generals in the European Commission active on sharing economy issues (Box 3.10).

**Box 3.10. EU taskforce on collaborative economy, new business models and SMEs**

The Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROWTH), which has responsibility for tourism, established the Collaborative Economy, New Business Models and SME Task Force in early 2015. The main aim of the taskforce is to inform DG GROWTH's perspective on these issues, with a view to recommending possible policy initiatives, as needed. Its overall purpose is to contribute to policies and actions creating growth and jobs in the European Union by better capitalising on the opportunities from new business models in the sharing economy. The taskforce also recognises that the sharing economy has a direct impact on the traditional business environment of various sectors, job quality and consumers. These issues need to be taken into account for effective and evidence-based policy development. The taskforce's mandate for the next two years is to act primarily as a creator and co-ordinator of synergies between existing activities in DG GROWTH and to reach out to other interested DGs across the European Commission which are also examining issues related to the sharing economy, in order to mainstream this work. DG GROWTH is working closely with DG's responsible for Communications Networks, Content and Technology (CNECT), Mobility and Transport (MOVE), Justice and Consumers (JUST) and Taxation and Customs Union (TAXUD), amongst others. The taskforce's work will contribute to the policy debate and fill knowledge gaps in the understanding of the economic impact of sharing economy on the various sectors of industry and economic activity in the European Union, including tourism.

In many cases rules that govern sharing economy enterprises will not be unique to tourism alone and therefore should be considered within a broader policy framework. Governments looking to establish a framework around the sharing economy and tourism should consider:

- **The impacts of the sharing economy on broader policy objectives.** For example, many countries have developed strategies around sustainable tourism that focus on reducing the carbon footprint of tourism, resource conservation and social cohesion. This policy priority is clearly aligned with many aspects of the sharing economy, which is premised on harnessing the value of under-utilised assets and establishing connections between individuals. How might an expansion of the sharing economy drive towards more sustainable modes of tourism? A broad range of policy objectives such as economic growth, affordable rental housing and accessible transportation networks are also potentially impacted by the sharing economy and should be carefully considered by policy makers.
- **The scope of the informal economy.** Many sharing economy transactions fall into a grey zone, with similar features as undeclared transactions which typically are not captured by government rules and regulations. However, the digital trail created by sharing



economy platforms means that regulators may have the opportunity to trace transactions that hitherto had been invisible. Informality is an issue in the tourism sector throughout the OECD, although the degree varies significantly by country. Balancing governments' interests in protecting against the erosion of their existing tax bases, ensuring the efficient and equitable taxation of different businesses, minimising compliance costs and supporting innovation in the market will be important.

- **The role of government in the marketplace.** In some instances, policy concerns may be addressed by sharing economy platforms or other private enterprises. For example, TaskRabbit ([www.taskrabbit.com](http://www.taskrabbit.com)) recently instituted a site-wide minimum wage, and Instacart ([www.instacart.com](http://www.instacart.com)) is offering part-time employment status with benefits to its in-store shoppers. Challenges around the appropriate insurance for ride-sharing drivers are being addressed by companies developing new products that cover both personal and commercial use of their vehicles. Assessing the adequacy of standards and guidelines self-adopted by sharing economy platforms will be a key focus for governments moving forward.
- **Impacts on social programmes and policies.** Whether and how more citizens shifting into part-time, non-standardised forms of work might impact their well-being and their eligibility for public social programmes should also be carefully considered. In some instances this may lead to the creation of new unions or co-operatives to protect workers' rights (Financial Times, 2015b).

Fundamentally, governments must consider whether they want to adopt a precautionary approach to the sharing economy, under which potential harms are deemed illegal, or a permissionless approach, under which innovation proceeds until it is proven to be harmful (Thierer, 2014). The appropriate route may depend upon which aspect of the sharing economy is under consideration. True peer-to-peer transactions at a small scale that see people share meals with tourists or occasionally let out a room to a visitor may be less concerning than disruptive shifts that fundamentally change the transportation or housing sector in a city or destabilise an entire segment of the labour force.

### ***Re-thinking political and cultural incentives***

Governments should also carefully undertake a self-assessment to better understand the relevant features of their own operating environments, including:

- **Political leadership and transparency.** Above all, the sharing economy quickly and starkly brings the clash of interests between different stakeholders into the light. Existing operators have a strong interest in preserving the status quo (e.g. preserving the form of current taxi or hotel regulations) in the face of new market entrants. Consequently, quiet and not so quiet forms of lobbying and political pressure are brought to bear on politicians and policy makers. Adopting a transparent, open approach to the decision-making process is particularly vital when considering market entry and barrier issues to ensure that decisions are being made in the public interest.
- **Bureaucratic incentives.** Civil servants should be encouraged to experiment and test the ideas and opportunities afforded by new technologies that may not easily fit within existing regulatory models. Greater use of policy or innovation labs (such as Denmark's MindLab [[www.mind-lab.dk](http://www.mind-lab.dk)]) that bring together diverse stakeholder interests to brainstorm, test and assess new approaches in the tourism sector should be encouraged.

- **Adopting an end-user mind-set.** Too often, government policies and programmes are designed from the perspective of governments themselves, and not the citizen or consumer. Are tourists and tourism operators being well-served by existing regulatory frameworks? If not, how can they be better served? Designing rules that make sense and are easy to understand should be encouraged to promote greater compliance and effectiveness for both existing and new market participants (OECD, 2000).

### **Modernising policy and regulatory approaches**

Since they rely on harnessing existing assets that they themselves typically do not own, sharing economy platforms do not face significant obstacles to growth from capital constraints. Rather, policy and regulatory frameworks pose the biggest obstacle to the operation and growth of these platforms in most countries. Therefore, understanding how existing frameworks might unnecessarily or unintentionally impede the growth of sharing economy enterprises, or otherwise stand in the way of fair competition between the sharing economy and traditional economy, is critical. In this regard, the following issues should be considered:

- **Adopting a whole-of-government perspective.** Many of the issues raised by sharing economy enterprises cut across departmental or level of government mandates, such as employment standards, competition, defining taxable activity and local zoning matters. As a result, the greater the horizontal and vertical co-ordination in a country, the more likely thoughtful, forward-looking approaches can be developed. For tourism policy makers, regulations that touch on transportation, accommodation and restaurants will necessarily involve officials from a range of ministries and potentially levels of government. Developing a taskforce of relevant officials from local, sub-national and national government departments to consider key short-term critical issues as well as longer-term matters for consideration is one potential approach to fostering a whole-of-government perspective.
- **Greater adoption of performance-based and self-regulatory approaches.** In some cases, command and control regulatory approaches are the best way to protect the public interest. However, there is growing recognition that in many areas, exhaustively listing the requirements businesses or individuals must comply with does not promote and may in fact stifle innovation (OECD, 2007). Policy makers should explore the development of flexible approaches to ensure that rooms for rent, or cars for hire, are safe. They should also explore working directly with sharing economy platforms to handle more complex regulatory requirements such as tax remittances and avoid imposing additional burdensome requirements on individuals. This is an opportunity to develop better approaches for all actors in the tourism sector, whether they are participating in the sharing economy or not.

Approaches that rely on self-regulation also make sense in situations where a business' incentives line up with the public's interests and their actions can be monitored independently. For example, EatWith has an incentive to ensure that the meals people prepare and host on their platform are of a high quality, and as a result it claims to only accept 4% of prospective hosts and requires interviews and demonstration dinners to ensure quality (BBC News, 2015). Sharetrade ([www.sharetradeinternational.org](http://www.sharetradeinternational.org)), a new initiative to recognise trusted sharing economy platforms with a common service quality certification, is another example of self-regulation at a broader, sharing economy-wide level.

- **Utilise the data and reputational information gathered by sharing economy platforms.** Many transactions in the sharing economy are rated by both parties to that exchange. These rating systems help to generate trust and the expectation that people will receive the service they expected and paid for. They also expose clients who do not show up or leave a room dirty or damaged. Governments should explore how they can leverage these rating systems to identify problematic service providers and target compliance resources towards high-risk, low-quality providers rather than those who receive uniformly excellent ratings from clients. Ensuring the accuracy and reliability of this data (e.g. preventing platforms from withholding unfavourable information) is a critical issue that will be challenging, due to the knowledge asymmetries about proprietary systems between platforms and regulators. Given the significance of the sharing economy for the tourism sector, it is also important to capture data collected by the platforms in regional and national assessments of performance and trends in tourism.
- **Waivers and exemptions.** In the absence of evidence about how sharing economy platforms impact existing marketplaces, it can be difficult to craft effective rules. Granting temporary waivers or exemptions to new enterprises can give regulators sufficient time to observe market dynamics and assess what, if any, types of rules make sense (The Mandarin, 2015). This approach has been used for ride-sharing in United States jurisdictions including New York City, Detroit and Pennsylvania.

In addition to these specific approaches, there are some systematic strategies that governments may wish to consider as they grapple with the impacts of new technology on the tourism sector. These include:

- **Periodic regulatory reviews.** Regulations tend to be written to capture a very particular time-period and often do not age well as technology, the economy and society progresses. Regular reviews or automatic sunset clauses for regulations that are particularly susceptible to technological progress is one way to ensure rules stay relevant to today's realities.
- **More transparency around consultations.** As regulatory frameworks are revisited, the more open and transparent the consultation process, the less likely that rules will be written to the advantage of a particular stakeholder group or lobbying interest, to the detriment of the broader public interest. Consumer welfare and market competition matters often privilege existing firms that have particular knowledge of how to game the system to their own advantage. Policy makers should consciously look to overcome that risk by ensuring broad, deep consultations with all relevant parties.

### Towards an evidence-based tourism policy agenda

The sharing economy has grown quickly and attracted both significant acclaim and criticism over the past five years. Policy makers the world over are struggling to understand what these new forms of business mean for economic opportunity and social patterns between citizens and how they will affect existing businesses across a range of sectors. Very few national or regional governments have presented a comprehensive policy or regulatory approach, and receptiveness by governments and by communities has been inconsistent. The body of research on the sharing economy is growing exponentially, but some particular areas are worthy of greater focus with respect to the tourism sector, including:

- Measuring the impacts of the sharing economy on the tourism sector, including the collection of baseline information prior to entry of sharing economy platforms and its

comparison with data that demonstrates economic impact (e.g. GDP, number of transactions, number of FTE positions created/eliminated/affected). Sub-sector information in areas such as accommodation, transportation and tours would be particularly valuable to assess how the sharing economy is either growing the economic pie or perhaps redistributing it differently.

- Understanding the experiences of key stakeholders who are involved or impacted by the sharing economy. What are the perspectives of local taxi, tour guide and hotel operators? How are individual citizens partaking either as providers or users of the sharing economy? Are tourists more or less likely to engage in certain kinds of sharing economy transactions when on holiday, as opposed to when they are at home? What is the role and business model of different platforms and what is their relationship with the service providers? What platforms and service providers offer the most peace of mind to tourists who are unfamiliar with local customs or languages? What are the implications for access to financing for tourism businesses? These types of perspectives will help policy makers gain a more nuanced understanding of the on-the-ground impacts of the sharing economy on the tourism sector.
- Better understanding the impact of the tourism sharing economy – especially peer-to-peer accommodation – on local communities. These effects are ambiguous and can point in multiple directions. For example, peer-to-peer accommodation may drive up housing costs but also offer a flexible additional source of income. Bringing tourism into new areas without dedicated infrastructure may increase noise and congestion but also additional customers for local businesses.
- Continued sharing of best practices and experiences amongst all levels of government (national, sub-national, local), particularly with regards to best practices in terms of regulatory responses will be vital as jurisdictions can learn from others that are facing similar challenges and opportunities. Connecting and collaborating on the policy issues around the sharing economy will ensure that best-practice models are adopted more easily and quickly.

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