

TOURISM SECTOR IS THE ONE MOST AFFECTED BY THE SHARING ECONOMY



The sharing economy is booming, and classic tour operators are getting into increasingly disadvantageous situations. One of the flagships of the economy is Airbnb. The company founded eleven years ago has become one of the strongest players in the field of accommodation providers and is increasingly spreading its influence, offering excursions, surfing courses and much more, as the company is no longer satisfied with the provision of private rooms and apartments.

Last year, the US company cracked the \$3.5 billion sales mark with all its services. With the multi-day package deals that are coming, Airbnb is slowly becoming an even bigger risk on the entire scale of the tourism sector.

The growth numbers are impressive. According to PwC, 22% of all sharing deals worldwide account to private overnight stays, which have grown six times as fast as the hotel industry since 2010. For example, in Germany their sales totaled about 5 billion euros, with private accommodation not even being the only tourist service in the sharing economy. The unrestrained advance of private providers is becoming a serious threat to “traditional” holiday organizers.

“Tourism is one of the sectors most affected by the sharing economy,” said the research service of the European Parliament. The classic passenger transport industry is also feeling the trend. For example, in Paris, a state-owned company has already caved. France’s SNCF railroad, for example, launched low-cost trains under the “Ouigo” brand to tackle the migration of railway customers to the Blablacar carpool service.

“Just as smartphones repressed film and photo cameras a few years ago, the sharing economy has the disruptive potential of replacing a property with temporary use of products and services in many areas,” says PwC partner Nikolas Beutin. He believes that the sharing economy could expand to more than \$335 billion in annual revenue by 2025.

The disturbing thing from the point of view of the tour operators is that until recently, it was almost exclusively a matter of private rooms. This caused somewhat annoying competition but now a completely different offer has expanded.

One of them is the online provider Yescapa. Founded in France, the company provides 6,500 RVs throughout Europe, making it something like Airbnb on wheels. The idea behind it is simple: across Europe, there will be 1.7 million privately used motorhomes.

Yescapa has developed a business model from the needs of the owners. Most booking customers fly for a vacation to southern European destinations and rent from there. If they do not find anything, they can alternatively check the offers from competitors like Paulcamper, Shareacamper or Campanda.

Moreover, even on water, the sharing economy is making a lot of money. At 14 million euros in external sales, the sharing platform Samboat, founded in Bordeaux, is in its second year of existence. 30,000 boats and yachts are provided by the company, which was acquired last year by

the French charterer Dream Yacht.

From the point of view of the classic tour operators, there is an especially alarming aspect. Usually, it is younger tourists who choose such offers. 53% of users, according to PwC's study, were between the ages of 18 and 39 in 2017. Thus, there is a big threat that the market will soon be overrun by the sharing economy. Younger vacationers are not driven just by lower prices, even though half of them, according to the study, consider it as an important aspect of their trip.

Subsequently, with the rise of the sharing economy, the reputation of package holidays is fading. Many of the millennials associated the term "package holiday" with expressions such as "heteronomy", "mass processing" or "a kindergarten for adults".

It is clear that there is big pressure on holiday organizers from all sides and the sharing economy also contributes to this. The strongest players in the field of the sharing economy, like Lyft (valued at \$16 billion), Uber (\$73 billion), which went public this year, or Airbnb (\$31 billion), which also plans to go public in 2019, are performing impressively on Wall Street. The classic tour operators can only dream of such a performance and things will likely only get worse.

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