Airbnb and the Formal Accommodation Sector: Perceptions of Stakeholders xnr

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Airbnb and the Formal Accommodation Sector: Perceptions of Stakeholders

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Executive Summary

The objectives of this report are to:

1. Understand the experience of being an Airbnb host.
2. Identify the challenges and opportunities posed by Airbnb as perceived by the formal accommodation sector.
3. Evaluate the economic performance of Airbnb vis a vis the formal accommodation sector.
4. Identify any relationship between online customer comments and economic performance of Airbnb for the region.
5. Compare the economic performance of Airbnb in the Canterbury region with other key regions in New Zealand.

Key findings from the report include:

- The informal accommodation sector in Christchurch has grown due to accommodation-booking platforms such as Airbnb, but users in this study utilise various booking sites to maximise occupancy.
- Formal accommodation providers may need to find new ways to attract Airbnb users in order to improve their competitiveness.
- It remains a challenge for government to regulate the home share accommodation sector fairly and effectively.
- The interviewees from the formal accommodation sector perceived that Airbnb is having a negative impact on revenues, particularly for motels and backpacker accommodation. Figures from ChristchurchNZ for 2017–2018 show that the formal accommodation sector in Christchurch is experiencing a small increase in occupancy rates and revenues per room but this may not necessarily be the case for these two sectors.
- Motel sector interviewees perceived that Airbnb is taking business from them more than from hotels.
- Compared to other main centres, revenues for the formal accommodation in Christchurch are lower for 2017–2018. Occupancy rates are also lower in comparison to other locations such as Wellington and Queenstown, which are also experiencing a decrease in occupancy rates.
- Interviewees from the formal accommodation sector perceived that Airbnb is more flexible in its pricing compared to them, and quicker in responding to market changes. They also perceived that price and revenues are dropping across the whole sector as supply saturates.
- The decrease in revenue experienced by Airbnb hosts is contrary to rising and positive guest sentiments about Airbnb in the region as showed by the online customer comments analysed in this report.
- Interviewees from the formal accommodation sector perceived that Airbnb providers are avoiding paying commercial rates and not complying with regulations. They perceived that this puts them at an unfair advantage, as they have to comply with regulations, which leads to their pricing structure being higher. They call for a level playing field.
- AirDNA data show that Airbnb accommodation in Christchurch is cheaper on average than the formal accommodation sector, perhaps reflecting lower overheads.
- We identified three Airbnb hosts types: professionals hosts (who overlap in character and interest with formal accommodation providers), semi-professional hosts (mainly owners of investment properties), and casual hosts (who offer rooms in their home).
- Semi-professional and casual Airbnb hosts perceived that it was unreasonable to ask them to comply with commercial regulations. They did not perceive themselves as offering a product similar to the formal accommodation sector and therefore should not be bound by similar regulations.
- Semi-professional Airbnb hosts seemed to pose the biggest threat to the formal accommodation sector, as they were most likely to be avoiding commercial obligations while acting as a business.
- Semi-professional Airbnb hosts also provided high-quality whole-house accommodation. From the interviews, it seemed that families and groups are opting for this accommodation in preference to hotels and motels.
- Both professional and semi-professional hosts are viewed as having the most potential to cause disruption to the residential community by: taking housing stock out of residential supply, having unsupervised properties, causing the population in residential areas to become transient, and causing problems with uncollected rubbish, parking and noise.
- Recommendations for regulatory actors and industry stakeholders such as the formal accommodation sector are provided at the end of this report (p. 25).

Introduction

Airbnb: The global picture

Airbnb is currently the largest short-term rental platform in the world. Founded in 2008, with headquarters in San Francisco, Airbnb offers a worldwide platform for services including hospitality and peer-to-peer (P2P) property rental. Services are accessible via its websites and mobile app, which allow members to book or offer short-term accommodation. Airbnb is an online community marketplace, which connects people. The platform allows ''hosts'' to rent out accommodation to ''guests'', charging both parties a fee for the transaction. Airbnb charges the host generally 3% and guests between 0% and 20% commission [1].

Airbnb started as a platform for peers to share their extra space while generating extra income (the so-called ''sharing economy'' model similar to Uber). Since its establishment, Airbnb has been adopted as a platform used by those renting out investment properties, and by traditional accommodation providers (e.g., hostels, backpackers accommodation providers, motels, and hotels) [2]. Airbnb is also part of the evolution of the self-catering accommodation sector, which became popular about 15 years ago. The hotel investment model has been challenged by Airbnb, whereby unit-title-owned and body-corporate-style investment units offer reduced risk for the single investor in the accommodation market. This poses some challenges for the timeshare concept, which is popular in Australia and the US. Airbnb, thus, follows the trend of sharing accommodation and this has to some extent led to the confidence among hotel investors falling [3].

Today, Airbnb offers a variety of products including *Host and Experience* (expanding the hosting role into tour guiding) [4] and *Airbnb for Work* (business accounts that companies can use to book work trip accommodation). Airbnb is also encouraging hosts and guests to use the "Instant Book" feature. Bookings through "Instant Book" do not require approval from the host before guests can be booked [5]. In 2018 Airbnb announced that it had expanded its offering to include hotels and luxury properties [6].

Airbnb is a growing global business. In 2018, Airbnb made a profit, and took over USD 1 billion in revenue for the third quarter [7]. Today, Airbnb lists more than 5 million properties in more than 81,000 cities and in 191 countries [8]. However, Airbnb is not the only accommodation-sharing platform. Other platforms that are currently offering similar accommodation sharing services to travellers are Couchsurfing, Warmshowers, Bookabach, Booking.com, 9flats, HomeAway, Wimdu, Expedia, Vive Unique, HolidayHouses, NZStays, etc. In 2017, Airbnb had approximately 15 percent of the global market share in home-sharing platforms, Expedia had 12 percent and 9 percent for Priceline [9].

As Airbnb has grown, its business model and effects on the community have attracted criticism in the international and national press [10–13]. In particular, Airbnb has been criticised for allowing businesses to avoid complying with taxes and regulations, and making it difficult for locals to rent by pushing up rental prices and removing long-term rentals from the market. In order to lessen such concerns, Airbnb claims to be cooperating with some governments to collect and remit hotel and tourists taxes [14]. Some cities around the world (Amsterdam, Barcelona, Berlin, London, Palma, New York City, Paris, San Francisco, Singapore, Tokyo, etc.) have started to introduce restrictions for short-term accommodation providers [15–19]. For example, in Barcelona:

- Hosts must register their accommodation as a "tourist household". They are given a registration number by the Catalonia Tourism Registry, which must be displayed on Airbnb listings. Airbnb owners are required to pay

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a tax on tourist stays, along with a personal income tax and in some circumstances, Value-Added Tax (VAT) [20].

- To allow for a level playing field for formal accommodation providers, this registration system allows the authorities to monitor the number of accommodation providers [20].
- In 2018, a total of 2,577 listings had to be removed from the Airbnb website as they were operating without a city approved license. Operating without such licence can lead to a court case [17].
- The Barcelona council has a team of 40 holiday-let inspectors who find illegal holiday-let properties. In 2016, Barcelona fined Airbnb €600,000 for advertising unlicensed flats [21].
- In 2018, Airbnb and the city came to an agreement that gives Barcelona officials access to all Barcelona listings [17].

Airbnb as a form of accommodation

When signing with Airbnb, hosts are able to set up a profile and specify availability, prices, cleaning fees, house rules, and their level of interaction with their guest. Hosts are solely responsible for the content that they upload on their profile. The platform also offers users some support services, including insurance. On its website Airbnb states that they cover every booking with USD 1 million in property damage protection and another 1M USD in insurance against accidents [22]. In addition, Airbnb sends hosts regular email "tips" including advice on prices.

Airbnb offers hosts the possibility to achieve "Superhost" status by receiving consistent high ratings. "*Superhosts are experienced hosts who provide a shining example for other hosts, and extraordinary experiences for their guests*" [23]. Those who have the "Superhost" status can be identified by a badge that is on their profile so that they can be identified. Airbnb promotes users with this status, allowing them to get more bookings and to increase their revenue [24]. Hosts are also able to obtain other statuses such as "Family/Kid Friendly" and "Business Travel Ready".

Requirements of hosts

Airbnb states that hosts are expected to be committed to the requirements of Airbnb guests. It is out of the scope of this report to discuss in full the terms of service, which are available on the Airbnb website [25], but the main messages are outlined below.

As part of the terms, hosts are asked to communicate in a clear and professional manner with potential guests and answer their messages within 24 hours. Hosts are also required to accept most reservation requests and to avoid cancelling reservations. If a host cancels a reservation after accepting, they can be subject to cancellation penalties. The host can become ineligible to become a "Superhost" unless the reason for cancellation is considered by Airbnb to be an "extenuating circumstance". There are four criteria that a host is required to meet in order to become an Airbnb Superhost:

- Host a minimum of 10 stays in a year
- Respond to guests quickly and maintain a 90% response rate or higher
- Have at least 80% 5-star reviews
- Honour confirmed reservations (meaning hosts should rarely cancel).

Airbnb in New Zealand

In 2017, Airbnb took bookings for 578,000 stays around New Zealand [26]. Around two thirds of the bookings were made by international travellers, with Australians being the biggest users of Airbnb accommodation in New Zealand [27]. The growth in Airbnb has introduced similar issues and publicity for Airbnb in New Zealand as it has internationally. In particular, the media has highlighted pressures on the residential rental stock, rental and house prices [28], Airbnb hosts' avoidance of commercial rates [29], as well as regulation and safety issues [30].

In 2018 the Auckland City Council introduced the Accommodation Provider Targeted Rate (APTR) system, commonly referred as a bed tax, to fund tourism marketing, events and support infrastructure. This implies that those who are renting out through short-term rental platforms such as Airbnb or Bookabach for more than 28 days each year are liable to pay both APTR rate and business rates. Hosts will be charged depending on the number of nights the property is booked, the zone they are in (zone A, B or C) and the property value [31].

Councils in Rotorua, Queenstown, and Hurunui are now charging commercial rates on properties used to provide short-term rental accommodation when properties are rented out over a certain number of days per year. Other councils around the country are continuing to monitor trends for this type of accommodation and are considering regulatory options, including the Christchurch City Council (CCC) and Wellington City. Resource consent for unhosted accommodation in residential zones is not uncommon in councils around the country (Hamilton, Taupo, Tauranga, Westland, Waipa, Buller, Central Otago, Dunedin, CCC, etc.). For example, the Hamilton council requires a discretionary resource consent for homestay accommodation. The overall trend seems to be that some form of official regulatory approach for informal and formal guest accommodation exists but there are no specific ones related to Airbnb yet.

Different regions in New Zealand have different market dynamics, which has led to different ways in dealing with Airbnb. For example, the lack of accommodation supply in Auckland and Queenstown creates challenges that regulators in other locations may not have to deal with. Queenstown, in particular, has a well-established apartment sector, particularly at the high-end, reflecting higher rates, and is a seasonal location, busy during the ski season, with also an established market in longer-stay apartments. Therefore, regulations for the short-term accommodation rental market reflect the market dynamics.

A cohort of high-end wealth investors in New Zealand is also using Airbnb as a revenue tool to increase returns to their real estate portfolios. The use of Airbnb over long-term rentals has implications for rental prices, as well as effects on the formal accommodation sector. An example is the William Corporation, who is actively advertising their properties in the city centre of Christchurch as being perfect for "Airbnb investment" [32, 33].

Airbnb in the Canterbury region

The use of residential properties to accommodate guests has become increasingly popular in the Canterbury region. Within one year Christchurch experienced a rapid growth of Airbnb accommodation listings. Figures provided by ChristchurchNZ show that the number of available Airbnb accommodation in the city had almost doubled in a period of 12 months to September 2017, rising from 1158 to 2035. However, according to ChristchurchNZ it appears that numbers had stabilised in April 2017, at 21 percent of all available accommodation. In 2018 the mean number of properties listed on Airbnb in Christchurch/Banks Peninsula was around 2,400 [34].

As well as the increase in Airbnbs in Christchurch, pressures are increasing on the formal accommodation sector as new hotels are under construction or being renovated. Newly opened hotels (e.g., Distinction Christchurch Hotel,

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Ramada Crowne Plaza Christchurch, and the Sudima Hotel Christchurch Airport) and other planned hotel developments (e.g., Luxury Hotel at the Art Centre and a hotel at the All Season site) will compete with some of the formal accommodation providers. This will possibly push rates down further. The reopening of new hotels and motels and the lack of events, which could attract visitors to the city, has contributed to the drop in occupancy levels [35].

The completion of Te Pae Christchurch Convention Centre is scheduled for 2020. There are also plans for construction of a new stadium to begin in 2020 and to be completed by 2023. This will increase accommodation demand in Christchurch, along with a forecast growth in the international visitor market. This might mitigate some of the local pressures on the accommodation sector.

The Regulatory Context in Christchurch

Given the dramatic increase in short term rental accommodation and the difficulty in identifying homeowners that are participating in this practice, regulatory bodies around the world have struggled to address this activity. This is also true in the New Zealand context.

A recent report to the Regulatory Performance Committee of the CCC in 2018 regarding Airbnb indicates that in Christchurch, this activity has also substantially increased [36]. In particular:

- Total Airbnb listings grew from 283 in June 2016 to 3,481 in August 2018
- Entire home listings increased from 114 to 1,471 over the same period
- The share of all guest nights grew from 0.7% to 21.6%, over the same period.

Under the Christchurch District Plan, the letting of entire or whole units is classified as "guest accommodation." This activity is only permitted in commercial and mixed-use zones. Guest accommodation requires a resource consent in residential zones outside the Central City. The District Plan permits units of 40m^2 or less to be used as guest accommodation in the Central City residential zones as long as it does not employ anyone who does not live on the site. It is the responsibility of the property owner to secure a resource consent if they wish to undertake short term accommodation in residential zones where a whole unit is involved. It is estimated in the Council report that around 1,100 listings meet these criteria and should have sought resource consent but have not.

The current approach to compliance with this requirement is reactive through the investigation of complaints received. To date, approximately 20 complaints have been received since June 2017. The Council acknowledges that this approach to compliance is perceived to put certain sectors of the formal accommodation industry at a competitive disadvantage compared to those renting their properties through Airbnb.

The Council is considering a number of regulatory approaches. For instance, applying business rates to residential properties used for guest accommodation. Also, the possibility of using a bylaw approach to require registration of all properties providing short-term guest accommodation. The Council is also monitoring the approaches used by other jurisdictions in New Zealand as well as considering advocating to national government to investigate options for an appropriate national regulatory framework.

Land use in New Zealand is primarily managed through district and regional plans prepared under the Resource Management Act 1991. In preparing district plans, councils can only consider the environmental effects of the activities being managed and explicitly cannot consider trade competition effects. Therefore, district plan rules cannot be used to "create a level playing field" between competing segments of an industry. Where different types or different scales of an activity create different environmental effects, they will be managed differently through the plan.

The CCC has also been constrained in initiating changes to the District Plan by the Canterbury Earthquake (Christchurch Replacement District Plan) Order 2014 until 30 June 2021. This order was revoked from 18 March 2019. However, the Greater Christchurch Regeneration Act 2016 continues to constrain the extent to which any proposed changes can be inconsistent with a recovery plan including the Christchurch Central Recovery Plan (CCRP). The current, fairly permissive, standards applying to guest accommodation in residential zones in the Central City were introduced by the CCRP.

Currently CCC is undertaking more research to determine the most appropriate options for future District Plan changes. In addition, a further report will be provided on the implementation of the application of business rates on entire residential properties in residential and rural zones used for short term accommodation for more than 120 days to be implemented by 1 July 2019.

Beyond regulations specific to Christchurch, there are also several legislative acts at the national level (particularly with respect to health and safety) which applies to home sharing accommodation. For example, the Building Act 2004 may apply for Airbnb accommodation providers depending on the scale of their activities and can include requirements for smoke alarms, sprinkler systems and disabled access. The Fire Safety and Evacuation of Buildings Regulations 2006 include requirements to provide a means of escape and an evacuation plan for any "premises providing accommodation for the public". Likewise, the Fire Service Act 1975 requires an evacuation scheme approved by the Fire Commissioner if accommodation is offered for more than five persons. The Health and Safety at Work Act 2015 likely also applies in terms of imposing a duty of care to eliminate health and safety risks so far as is reasonably practicable when conducting a business. However, each provider's situation needs be considered on case by case basis and the approach needs to be consistent on a national scale.

P2P accommodation from an academic perspective

From an academic perspective, peer-to-peer (P2P) accommodation is becoming a significant area of research within several disciplines, including tourism and hospitality, urban and regional planning, and housing studies [37–42]. Several issues related to Airbnb have been noted in the research literature, and mirror issues raised in the popular press. In Europe in particular, government at various levels have been engaged with academic researchers to seek to improve strategies to better manage the implications of the sharing economy for permanent residents and local tourism and hospitality businesses and maximise benefits.

International literature identifies several key issues. First, P2P accommodation has been described as unfair competition by the formal accommodation sector. Second, as often informal businesses, they are either not subject to the same health and safety requirements of the formal accommodation sector or as in the case of New Zealand, Airbnb providers are not always aware of the requirements or ignore them. The lack of compliance to health and safety requirements may pose some risks to the well-being of customers [43, 44]. Third, tax rules and legislation to regulate the activity remain nonexistent or unenforced in many countries [45]. In New Zealand, most local government bodies require a resource consent for un-

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hosted accommodation in residential zones and currently the Internal Revenue Department (IRD) is considering a more efficient taxation framework for guest accommodation to be brought into the mainstream tax system. Local government in many regions are also considering how to appropriately rate these properties, which can be problematic as many providers do not use their property as a business on a permanent basis. Fourth, there are competing interests at the community level between short-term visitor rentals and long-term housing availability for permanent residents and/or seasonal labour in some communities. Accordingly, this project attempts to increase academic, policy-maker and practitioner understanding of Airbnb through a case study of the Canterbury Region. The issues investigated include the economic performance of Airbnb in comparison to the formal accommodation and the listing strategies of operators from both sectors. The economic and social impacts of Airbnb as perceived by hosts and the formal accommodation market are investigated. An analysis of online customer comments from Airbnb on their accommodation in the Canterbury region is also conducted.

Purpose and scope of this report

The project aims to achieve the broad objectives:

1. Understand the experience of being a host for Airbnb
2. Identify the challenges and opportunities posed by Airbnb as perceived by for the formal accommodation sector.
3. Evaluate the economic performance of Airbnb vis a vis the formal accommodation sector.
4. Identify any relationship between online customer comments and economic performance of Airbnb for the region.
5. Compare the economic performance of Airbnb in the Canterbury region with other key regions in New Zealand.

The importance of research that has an impact on communities remains a cornerstone of collaborative research between universities and industry stakeholders. This project is the first collaborative research between the University of Canterbury and ChristchurchNZ in the area of tourism. Also, the CCC has contributed to this report in the area of the regulatory context.

Methods

Qualitative method

This section provides a brief description of how the data for this report was collected. Full details can be found in the Appendix.

This study used semi-structured in-depth interviews with Airbnb hosts and representatives from the formal accommodation sector in the Canterbury region to:

- Understand Airbnb hosting behaviour.
- Understand the perceived impacts of Airbnb on the formal accommodation sector.

Semi-structured in-depth interviews were chosen as the best method to obtain detailed information and opinions from **22 Airbnb hosts** (17 from Christchurch, 4 from Hanmer Springs and 1 from Akaroa), **5 industry leaders** (four industry associations and one formal accommodation platform provider) representing various sectors of the formal accommodation sector, and **10 formal accommodation providers** (i.e., hotels, motels, and backpackers accommodation providers from Christchurch). Semi-structured in-depth interviews consist in asking a series of pre-determined but open-ended questions.

This method is particularly valuable for providing information and background on issues that are complex and cannot be directly observed. It is particularly useful for issues that require the "deeper" meanings to be uncovered. The data saturation method was used to determine the number of interviews to be conducted with each group. It refers to the point in the research process where no new information is uncovered from the interviews which signals to researchers that data collection can cease.

In order to anonymise participants' responses in accordance with the University of Canterbury ethics requirements, participants' quotes are labelled only by the initials of their category: Airbnb Hosts (AH), Industry Leaders (ILs), and formal accommodation providers (FAP), and their participant number. Other steps have been taken to anonymise the responses where information shared is not otherwise publicly available and may suggest the identity of the respondent. For example, referring only to "industry leaders" or "formal accommodation providers" allows the particular organisations to remain anonymous.

The study also conducted a focus group with six members of local resident associations to understand the implications and effects of Airbnb on local residents. However, the detailed findings of this focus group are not included in this report, only a brief summary is provided. This does not suggest that the views of residents are of lesser importance or that the impacts of Airbnb on this group is lower. The report prioritises the views of Airbnb hosts and stakeholders from the accommodation industry.

Data analysis of the in-depth interviews was conducted using thematic analysis. Thematic analysis is the interpretation of data using coding systems to identify patterns and themes, and to discover relationships between them [46]. The analysis was performed across the interview transcripts of each category of participant (Industry leaders, formal accommodation providers, Airbnb hosts and resident groups) in order to find common themes within and between each group. As with any type of qualitative research, the findings cannot be generalised to the views of the entire formal accommodation sector or Airbnb hosts in New Zealand.

Quantitative method

The quantitative data used in this study were derived from two sources. First, AirDNA data was purchased. "AirDNA collects short-term vacation rental data from hundreds of sources, including Airbnb and HomeAway, to build a comprehensive view of the short-term rental market" [47]. The company only reports "active" properties that are actually located in the geographic boundaries of each city. Revenue data is calculated on the basis of daily rates and cleaning fees. Fees for additional guests or last-minute discounts are not included. The data provided by AirDNA accurately models listing level revenue and occupancy rates on a daily basis. Second, formal accommodation data was obtained from ChristchurchNZ to allow for comparisons between Airbnb and the formal accommodation sector.

Sentiment analysis of user generated reviews and comments about Airbnb

We also explored how customer perceptions of Airbnb accommodation evolved over the time period under consideration (June 2016–August 2018). Furthermore, what was of interest is whether there are any differences in customer opinions between main countries of origin, and major Canterbury tourist locations. In order to do this, 130,000 available reviews of Canterbury Airbnb hosts by customers were utilised that have been posted on the Airbnb website between 2012 and 2018. To this data, we applied opinion feature mining [48]. This technique summarises Airbnb reviews based on the accommodation specific features customers have voiced opinions on. These opinion features are extracted based on data mining and natural language processing.

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Findings

The first section presents the findings of the interviews with the formal accommodation sector, the interviews of the Airbnb hosts (p. 12), and the findings of the focus group (p. 17). Following this, the results from the comparison of Airbnb data with that of the formal accommodation sector are presented (p. 18). The final section presents the findings of the sentiment analysis of Airbnb customer comments (p. 23).

Interview findings

Opinions of formal accommodation sector and industry leaders on the impacts of Airbnb

For the first stage of the qualitative study, we interviewed leaders from industry associations as well as formal accommodation providers from hotels, motels, and backpackers. Most of the formal accommodation providers and industry leaders had formal training or many years of working experience in the industry. Most of them were in a managing position and had worked there for a few years. Formal accommodation providers said that on average guests were staying one to two nights in the Canterbury region. Managers of backpacker accommodation said that they were not tracking the length of stay of their guests but it was vaguely around the same. Hotels, motels, and backpackers accommodation all had a reception area and direct contact with their guests. They said that they always meet and greet their guests and that they were making sure that they enjoy their stay. In the following sections, the overall findings of the interviews are presented.

Overall effects of Airbnb on the formal accommodation sector

In general, the five industry leaders perceived that the industry is currently "finding it tough" and attributed their current difficulties to competition with Airbnb. Both the industry leaders and hotel accommodation providers thought that motels are the sector most affected by the impact of Airbnb. They perceived that Airbnb is taking business from motels, with revenues being hit the hardest. The interviewees from the Hostel and Backpacker sector were clear that their business has been affected but interviewees from the hotel sector perceived that they are the least affected compared to other accommodation sectors:

> *There is no denying that the introduction and influx of Airbnb has had a direct impact on particularly the motels' sector. Not necessarily in the corporate space. If you are travelling into a city for that Monday through the Tuesday, you are probably going to stay at a motel or hotel as supposed to an Airbnb. But for that recreational, domestic, international tourist particularly in the holidays or in the weekends, then arguably they probably are going to choose the flexibility of Airbnb versus a commercial accommodation property (IL5).*

As well as the perception that they are hit the hardest, it is not surprising that motels are the most sensitive to the impacts of Airbnb on their business as they are often Ma & Pa owner operators who have their life savings invested [35].

Interviewees from the backpacker sector felt that Airbnb is targeting the free independent traveller (FIT) market by offering budget accommodation. They thought that it was "unfair" and that Airbnb had a competitive advantage because they are running their businesses without regulations or an emphasis on health and safety. They also perceived that Airbnb operators do not have the same overheads as formal accommodation providers because of the perception that Airbnb is unregulated. They also perceived that the drop in occupancy levels was due to the loss of guests to Airbnb, which has led to:

- Staff reduction to ensure cost savings.
- Investment in business being deferred due to current market trends.

Effects on price

The interviewees in this study mentioned that Airbnb was providing downward pressure on price for all formal accommodation sectors. The managers of backpacker accommodation, who typically sell themselves as "low price", mentioned that Airbnb is outcompeting them on price. Other industry leaders and accommodation providers interviewed also mentioned that even hotels and motels are dropping prices to compete with Airbnb. Hotel providers interviewed stated that people are questioning the price of hotels, and where the extra cost is going, if an operator such as Airbnb can offer lower prices. Motel providers interviewed noted that now hotels are also dropping their prices to motel levels, which highlights pricing as a significant challenge facing these sectors of the formal accommodation market in response to Airbnb. One interviewee from the hotel sector mentioned that they are starting to attract former motel customers and this will hurt the motel business. As such, interviewees from the motel sector perceived that they were getting hit from both sides, by hotels and Airbnb.

Interviewees from the backpacker sector said that Airbnb was able to offer cheaper accommodation and that this was particularly appealing for those travelling as a group and who favour privacy. These interviewees mentioned that Airbnb is driving prices down by emailing hosts with the suggestion to lower price, so it is a "race to the bottom" and almost impossible for them to compete in the market. They also mentioned that backpacker accommodation providers who advertise on Airbnb are also being pushed down the Airbnb listings, which tend to be ordered by price (lowest to highest).

Location

Interviewees from the backpacker sector mentioned that Airbnb can also out-compete them on location. Some said that whereas traditionally backpackers are located in certain popular locations, such as close to tourist attractions or transport hubs, today due to Airbnb offering accommodation in geographically dispersed areas, potential customers are finding it more convenient to use Airbnb if they want access to different geographic locations throughout the city:

> *And a lot of people are going to places all over the city so possibly better location to where they want to be. Because you can just search by location, if you got some event on, or sports event in the park or something you'll (in nowadays) be able to find a house-within a kilometre from it anyway/half a kilometre... probably a few hundred metres (FAP2).*

Regulations

Industry leaders and formal accommodation providers are of the common view that overheads due to regulations put formal accommodation providers at a disadvantage relative to Airbnb. Industry leaders, along with hotel, motel, and backpackers' accommodation providers stated that they want a "level playing field". They said that if Airbnb hosts want to act as a commercial entity, they should comply with the same regulations as other commercial providers. Motel providers and backpackers accommodation providers were particularly strong in demanding a level-paying field. In their view, this would involve Airbnb complying with existing regulations so they could not avoid the associated overheads, to pay commercial rates, and to adhere to the district plan. A backpacker manager mentioned that Airbnb only requires hosts to tick a box saying that they comply with local regulations—otherwise, there's no verification or enforcement of this requirement.

Findings

There seemed to be some lack of awareness among the respondents we interviewed, that the current district plan does require Airbnb hosts to get resource consent if they offer entire units in residential zones outside the central city.

Not only do interviewees perceive that Airbnb operators have a financial advantage due to non-compliance to aspects such as minimum safety levels, but they also perceived that Airbnbs would potentially be unsafe if operators are not investing in the maintenance of properties and completing duty of care towards guests. They thought that an incident related to safety of guests could affect the public image of New Zealand accommodation providers more generally. Industry leaders emphasised that the risk that something bad might happen is higher when there is a high level of under reporting of Airbnb hosting.

Several hotel and motel providers used a fire at an Airbnb accommodation in Sumner as an example to illustrate the issue of standards for safety. However, it must be noted that fire safety regulations do apply to Airbnbs but providers either comply, are unaware or ignore these regulations. Hotel and motel providers also mentioned a case in Hamilton where an Airbnb host had spied on guests with cameras installed in his property (see Airbnb in New Zealand, p. 5). Hotel owners said that they were concerned that the next incident could be an international headline, and potentially damage the New Zealand tourist industry.

Industry leaders and formal accommodation providers said that they were frustrated with the lack of action around regulation of Airbnb in the Canterbury region. They noted five councils have implemented commercial rating for P2P providers (see Airbnb in New Zealand, p. 5) but this has yet to happen in the Canterbury region. Industry leaders said that in their view the local government has other more pressing priorities. This points to a lack of awareness of the activities of local government to understand and respond to short term accommodation issues in the region and of some of the regulatory constraints imposed by national legislation including specific earthquake response legislation.

The CCC provides advice to the public on its website regarding the rules relating to rental holiday accommodation. This says the following:

> *The use of an existing residential house for rental holiday accommodation (e.g., Airbnb, holiday houses and baches) is not a permitted activity in the District Plan, which means that a resource consent is required. This is because non-residential/commercial activities can have negative effects on residential neighbours and the character and amenity of residential neighbourhoods. The resource consent process enables these effects to be assessed and a decision made about whether a proposed rental accommodation activity is appropriate in that particular location [49].*

As some of the interviewees mentioned, it seems unlikely that all Airbnb operators in Christchurch are complying with the requirement to seek resource consent if they are renting their whole property.

Market Segments most/least affected

Interviewees from the hotel and motel sector revealed that they are both competing for the corporate sector, with business travellers still using these formal accommodation providers. This sector is not currently impacted by Airbnb, as indicated by respondents. They also said that there will always be a segment of the market who seek a full-service hotel style product. Traditional agent-based and wholesale distribution will not use Airbnb as they don't supply trade commissions. Formal accommodation providers thought that many travellers to New Zealand use agents for security and service, or at a price point where they don't want to arrange their own travel. This represents an ongoing market for hotels in particular. This may also explain why interviewees from the hotel sector in particular were not overly concerned with the impacts of Airbnb. However, hotel and motel accommodation providers thought they were losing family/group bookings to Airbnb. Industry leaders explained that families or groups (bigger than four people) would have to book two rooms of hotels or motels. They thought that this would make hotels and motels less convenient than Airbnb for this market segment. Industry leaders thought that Airbnb appealed strongly to families and that a motel was not fitting the "family model" more generally.

Motel providers interviewed also thought that leisure travellers or FITs are no longer coming to motels. One of the industry leaders thought that the Chinese FIT market is flocking to Airbnb, and a large and increasing proportion of Chinese travellers are now FIT. Backpacker accommodation providers revealed that their target market is generally young people. People who want to go on an active holiday, and who want somewhere comfortable to sleep, somewhere that they don't mind being "a little bit untidy or messy" (FAP1).

They said that they want to offer their guests a safe location and emphasise budget and meeting new people. They also felt that their business is being impacted by Airbnb as discussed previously.

Points of difference

Interviewees from the hotel and motel sector stated that they still offered a point of difference with Airbnb. One of the hotel providers said that they would have the advantage of a long history in the business, loyal customers, great customer service, and a brand that they have built. Motel providers emphasised health and safety, security, quality of service and the existence of on-site staff, as a point of difference. Motel providers also stated that they offer lower rates if contacted directly. Hence, one way for these providers to compete more effectively with Airbnb would be to strengthen their positioning and brands along those points of difference.

Airbnb take-up and lessons

In order to compete more effectively, the Airbnb platform and/or some of its features have been taken up by formal accommodation providers. This includes advertising on online platforms and offering accommodation suitable for families (e.g., whole houses). Industry leaders had the opinion that "*if you can't beat them join them*" (IL5). This opinion had been adopted across all the formal accommodation providers interviewed in this study, who mentioned that they had started to advertise their properties on Airbnb. Motels and backpacker accommodation providers, in particular, said that they are now advertising on Airbnb, as they thought that customers find Airbnb easy to use and that this might be the first place where they look for "cheap" accommodation. Motels and backpacker accommodation providers interviewed mentioned that they tend to use channel managers, which interact with multiple platforms including Airbnb, so that bookings can be taken through any of a suite of platforms. Hotel providers interviewed mentioned that they could learn from Airbnb, and some said that they are now renting out houses on-site for long-term guests if required. Furthermore, hotel, motels, and backpacker providers interviewed acknowledged that Airbnb is here to stay and that the formal accommodation sector needs to learn to work around it.

Findings

Local factors

Some of the industry leaders and formal accommodation providers thought that Christchurch has unique factors that make the accommodation situation different from elsewhere in New Zealand. They though that the earthquakes of 2010 and 2011 had an effect on both the supply of accommodation, and on the demand for visitor accommodation. The formal accommodation providers perceived that there is now an abundance of Airbnb accommodation. They said that there is also an excess supply of motels since the rebuild period (see Airbnb in the Canterbury region, p. 5). However, there is also a suspicion that demand for visitor accommodation in Christchurch has not fully rebounded. Industry leaders and formal accommodation providers thought that the government and other agencies are not keeping up with infrastructure, events and attractions that would attract visitors to the city (e.g., delivery time for stadium, Metro Sports Centre and the convention centre). Some of the anchor projects are delivered by the Crown/Central Government, including the Metro Sports Centre, but other events are not solely government's responsibility [50]. Interviewees from the hotel sector stated that they are not doing "badly" in Christchurch, but are performing "poorly" compared to the rest of the country. They said that they are anticipating future facilities, which will help their business, including a convention centre by 2020, a multi-sports facility by 2021 and a stadium by 2023.

Data and Statistics

Industry leaders and formal accommodation providers interviewed said that they were uncertain about the statistics around tourism and Airbnb accommodation, and stated that they would like to have more complete and reliable figures. Hotel, motel and backpacker accommodation providers interviewed said that Airbnb should be encouraged to provide monthly data in the same way as hotels, motels and backpackers accommodation, so Stats NZ can provide statistics from all players in the sector.

Motel operators and backpackers accommodation providers said that they had noted that tourist arrivals at Christchurch airport have increased, but their bookings have not. They said that they would like to know in detail where these people are going. They would like to know if these visitors are leaving Christchurch, or if they are going to alternative accommodation providers like Airbnb.

Other effects of Airbnb

As well as the effects on the formal accommodation sector themselves, industry leaders interviewed pointed out other effects of Airbnb on the community. They thought that Airbnb was putting pressure on affordable rentals, as residential accommodation was repurposed into short-term rentals. They said that this repurposing was also causing areas to lose their sense of community, as the population became more transient (see Airbnb in New Zealand, p. 5).

Backpacker accommodation providers interviewed speculated that Airbnbs could make things worse for tourists in the long run if they forced backpackers accommodation to close. They thought that the market segment, who are usually served by backpackers accommodation, would have to rely on Airbnb, which might provide an intermittent service.

Interviews with Airbnb hosts

In this section, we will discuss the interviews conducted with Airbnb hosts.

The qualitative results indicate that Airbnb Hosts (AH) naturally fit into three main categories: a) 5 professional hosts (PH), b) 10 semi-professional hosts (SPH), and c) 7 casual hosts (CH). Professional hosts typically use Airbnb as an additional marketing tool for their formal accommodation business. Most of these businesses were already established before they adopted Airbnb. These hosts use several platforms simultaneously (e.g., bookabach, booking.com, Expedia, Trivago, Ctrip Amazing Accom and Agoda) to advertise their properties. Semi-professional hosts said that they use Airbnb to pay off investment properties as illustrated in the quote below:

> *I don't want to be cleaning when I am 60. And so that is still the plan to sell it. So, it's a short-term thing. We have put some value into it, we are providing a good service in the meantime and hopefully, there will be some capital gain at the other end. There may or may not be. But in the meantime, it's as good of an investment as putting money in the bank (SPH21).*

Most professional and semi-professional hosts interviewed said that they do not share the same space with their guests, although some do, and some manage properties for owners who share the space with guests. They mentioned that they generally have minimal to no contact with their guests. Casual hosts stated that they use Airbnb to make some extra money and to pay off their mortgage. They rent out rooms in their private homes and they share the space with their guests. Some casual hosts said that they started offering Airbnb when they had retired, to give themselves "something to do" and to enjoy the "good company". Consequently, it appears that professional and semi-professional hosts present more direct competition to the formal accommodation sector than casual hosts, as shared/hosted accommodation is a different category of offering than the formal sector provides.

In our findings, a few of the hosts overlap between categories. For example, some participants host their guests in a sleepout which they do not share (which would categorise them as semi-professional), but may spend time with them similar to a casual host. However, the majority of hosts could be clearly classified into one of the three distinct categories.

Professional hosts said that they had been offering Airbnb accommodation for one to six years, semi-professional hosts from five months to three years, and casual hosts from less than one year to three and a half years. Despite offering accommodation services, most of the hosts across all groups said that they had little to no previous experience or training in the accommodation sector apart from four participants managing a holiday house or a motel. None of the hosts in this study said that they had formal training in hospitality.

Characteristics of the accommodation offered by the different hosts

Professional and semi-professional hosts mentioned that they offered many types of accommodation between them including entire houses, luxury homes, cottages, apartments, and apartment units (see Table 1). They said that some of this accommodation is located in the city centre, within walking distance to many attractions (e.g., museum, art gallery, and the Botanic Gardens), and activities (e.g., cafes, restaurants, and bars). According to the hosts, guests have exclusive use of the property most of the time when renting with professional and semi-professional hosts, but not with casual hosts. Casual hosts said that they rent out spare bedrooms in their house or attached to their house, and share the space with their guests. However, most of the hosts said that they have set rules for entering parts of their house.

Findings

Professional and semi-professional hosts said that they had a variety of accommodation available suitable for different types of guests. They accommodate groups of one to two people, and frequently, business travellers, in apartments. They said that large groups (e.g., families, extended families, students, workers, sports teams and supporters) typically book entire homes. Professional and semi-professional hosts said that they are able to provide short-term to long-term accommodation due to the nature of the properties that they have available (e.g., apartments, apartment units, and houses). Long-term guests included special cases (e.g., people coming to New Zealand either for training, long-term business, or to live). Casual hosts said that they can generally only accommodate up to four people due to the nature of accommodation that they offer and do not offer long-term stay. However, with hosts prepared to consider special cases, this implies a blurring of the boundary between short and long-term accommodation stay. Some of the hosts suggested that this might have implications for the rental market in Christchurch, as long-term rentals are traditionally advertised through property managers, with formal legal rental agreements. Some of the professional hosts said that they were putting their long-term guests onto such contracts after they make initial contact through Airbnb.

Most professional and semi-professional hosts said that they have no interaction with their guests. They said that in some cases, they might meet the guest when they check-in, or when there is a problem. Semi-professional hosts who were living on the property also mentioned that the level of further interaction was left to the guest. All of the casual hosts mentioned that they would definitely interact with their guests on arrival to show them around the house, to explain to where things are, and to provide them with a key.

All groups mentioned that they host both international and domestic guests. They said that bookings were more frequent in the summertime, but they also though that in Christchurch, generally booking numbers had dropped across all accommodation types. Professional/commercial hosts appeared to have more frequent bookings (daily/regular) than the semi-professionals, who had more frequent bookings than the casual hosts.

Airbnb accommodation has become more popular for larger groups as noted by one of the hosts:

> *(...) People have realised they are getting a lot more for their money and they are getting use of a home if they are a family or a group and you know, it's far more private than trying to stay spread out in hotels (...) so it's a far more flexible type of accommodation. A lot of Chinese guests coming into New Zealand they particularly love holiday homes because they can cook food that they like (PH2).*

Professional and semi-professional hosts felt that Airbnb guests prefer to stay in an Airbnb accommodation for various reasons. They thought that tourists often used Airbnb as it is familiar to consumers worldwide, particularly compared to other platforms. They said that guests frequently appreciated the location and value for money available through Airbnb. Both professional and semi-professional hosts perceived that guests liked Airbnb accommodation as it allows them to socialise with their fellow travellers, as they are able to stay in the same space. Most of the hosts thought that Airbnb is more cost effective than staying in a hotel or motel, guests often had more space, and guests are able to live a normal life (cook, wash/dry their clothing). They thought that this also contributed to a personal feel and sense of "home", especially when travelling as a family or group. Casual hosts thought that their guests were staying with them because they want to have some interaction while they travel. One of the casual hosts said that guests also want "*reasonably priced accommodation and learn some of the Kiwi way*" (CH10). However, some of the casual hosts also said that they struggle with accommodating for disabled guests. The ability to cope with disabled guests, or guests with other particular needs might be a weakness of Airbnb. Formal accommodation providers could emphasise a point of difference in being able to handle those guests with special needs.

	Professional	Semi-Professional	Casual
Type of accommodation offered	• Not shared	• Not shared	• Shared
Self-contained (kitchen and laundry)	• Yes	• Yes	• No
Type of guests	• Couples • Corporates • Workers • Large groups	• Single person • Corporates • Large groups	• Single • Couples • Corporates • Small Groups • Families
Able to host children	• Yes/No	• Yes/No	• Yes/No
Type of stay	• Short term • Long term	• One to three nights	• Typically one to two nights
Level of engagement with their guests	• Not at all	• Not at all • Casually	• Always
Lockbox system available	• Yes (the majority)	• Yes (the majority)	• No (the majority)
Guests have exclusive use of the property	• Yes	• Generally yes	• No

Table 1: Characteristics of the accommodation offered by the different hosts

Airbnb hosts' motivations for offering short-term accommodation and for using the platform

The motivations for offering Airbnb-type accommodation varied between the three groups (see Table 2). Professional hosts said that the primary factor that motivated them to list their property on Airbnb was to advertise, so as to maximise revenue. They said that they felt that they needed to be competitive so they utilised Airbnb as another channel to reach potential guests.

Many of the semi-professional hosts said that they had purchased investment properties with the purpose of running them through Airbnb. They thought that it was a great opportunity. One of the semi-professional hosts said that "*everyone*" was doing it and that the "*returns are quite good*" (SP9). A few of the semi-professionals thought that renting out properties through short-term booking platforms was much more convenient than having a tenant. Casual hosts said that their primary motivation was to earn extra money. They also said that they were really enjoying meeting new people and socialising with them, and that it was giving them something to do when they retire.

Findings

The motivations for using the Airbnb platform were fairly similar across all groups (see Table 3). Many of the hosts said that the platform is user-friendly and charges lower fees. This represents a strength of Airbnb for hosts. There was also a range of comments from the hosts about the level of security that the platform provides. Although most experiences are positive, hosts mentioned that there are some safety problems and issues with some of the guests. This represents a weakness of offering Airbnb-type accommodation, which some formal accommodation providers would be better prepared for (e.g., by employing staff who are experienced in dealing with guest behaviour). Across all groups, hosts felt that the review system was very helpful when selecting their guests. They found it helpful to read past reviews before deciding whether they were going to accept that person as a guest. A few of the hosts said that having access to public liability insurance in case something in the property is damaged was important (see Airbnb as a form of accommodation, p. 5). Professional and semi-professional hosts said that in the past they had to use the insurance through Airbnb to cope with undesirable guests or damage. Professional hosts said that they preferred to use Airbnb rather than other platforms because they thought that their disbursement was better. In particular, they liked the fact that Airbnb collects the payments from guests at the moment when they book, and deposit to the hosts the next day. They also said that Airbnb also takes the commission out of this payment automatically, unlike other platforms, which bill hosts once a month for their commission.

Downsides of offering accommodation through Airbnb

Across all groups, hosts identified some downsides of offering accommodation through Airbnb. Professional hosts said that both property owners and guests frequently had high expectations, which they found hard to deal with. Some of the hosts, who were managing properties on behalf of owners, said that they felt that they were often caught between the owners and the guests. They said that property owners wanted more money from the guests for their stay. They felt that guests, on the other hand, wanted to pay less and receive a "hotel-like" experience (e.g., a room with a balcony and complimentary breakfast). Professional hosts also mentioned that there have been a few negative incidents in the properties (e.g., fraud, robbery, and fire). Semi-professional hosts said that one of the downsides of hosting through Airbnb was that people would not respect the property (e.g., people were smoking in the house, bringing more guests or pets, using all beds, having parties, checking out late, urinating on the sofas, putting cigarette butts in the pots, or spilling soft drinks on the carpet).

Casual hosts said that they had often experienced their guests being disappointed when they arrived and had to find out that the accommodation was not as they had expected. They mentioned that some guests were disappointed that they would not have the entire house for themselves, contrary to their expectations. Casual hosts also said that some of their guests were expecting a similar standard to a hotel (e.g., the room was too cold or the towels were not fluffy enough). Casual hosts also said that they disliked the state in which some guests had left the property.

A few of the hosts said that despite these types of incidents, Airbnb recommended to these hosts that they not place a bad review of guests that have damaged the property, in case this provoked retaliation. As a result, some of the hosts said that they questioned the review system. This has possible implications for trust in Airbnb for hosts. Hosts might need to take other measures to verify the guests' character, if they cannot trust the rating system. Formal accommodation providers perceived that they often have the advantage to be able and prepared to collect guest details though credit cards or passport, to provide some security against undesirable guests. In general, hosts who lived onsite said that they had fewer negative experiences than hosts who lived remotely as they were able to "keep an eye" on guests and to act immediately if required. They said that this was likely due to guests' reluctance to behave badly in front of the owner.

	Professional	Semi-Professional	Casual
Economic (to make profit)	• Very important	• Important	• Not important
Economic (to pay off investment property)	• Less important	• Very important	• Not relevant
Economic (to pay off home mortgage)	• Not relevant	• Very important	• Very important
Economic (to make a little bit of extra money)	• Not relevant	• Less important	• Very important
Social (to have something to do and to socialise)	• Not relevant	• Not relevant	• Very important

Table 2: Airbnb hosts' motivations for offering short-term accommodation

	Professional	Semi-Professional	Casual
Easy to use	• Very important	• Very important	• Very important
Lower commission than other platforms	• Very important	• Very important	• Very important
Security	• Very important	• Very important	• Very important
Guests are screened and verified	• Very important	• Very important	• Very important
Guests pay directly	• Very important	• Very important	• Very important
Doesn't require EFTPOS	• Less important	• Very important	• Not mentioned
Offers insurance	• Very important	• Very important	• Very important

Table 3: Airbnb hosts' motivations for using Airbnb platform

Findings

Across all groups, some of the hosts said that the initial phase of hosting through Airbnb was "nice" but that things become "difficult" once issues with guests start to arise. They felt that Airbnb was protecting their guests and that for hosts who have no or little experience, it is hard to get their money back for damages caused by guests. In fact, Airbnb recommends in the terms of service (see Airbnb as a form of accommodation, p. 5) handling the situation directly with the guests before involving the company. Some of the hosts said private insurance companies had to pick up the claims and that as result they had started to increase their prices. Professional hosts said that with time they had become better in solving incidents with guests through Airbnb. Semi-professional host and casual hosts said that they had to "learn things the hard way".

All groups said that Airbnb was sending out messages to hosts on a regular basis suggesting that they were too expensive and recommending that they drop their prices. Some hosts thought that this was part of Airbnb's business plan, e.g., it was suspected that Airbnb were aiming for a high volume of cheap accommodation, and this was not in the interests of the hosts. However, these hosts though that their accommodation is such that they would aim for a higher price point to cover their overheads. Less experienced hosts said that they had considered dropping their prices in response to these emails, but more experienced hosts said that they were not able to drop their prices further. Professional hosts said that they had greater overheads and felt they were struggling to compete on price.

	Professional	Semi-Professional	Casual
Use all platforms for maximum coverage	• Very important	• Less important	• Not relevant
Market themselves to corporates and groups	• Very important	• Less important	• Not relevant
Market themselves to short-term tenants	• Very important	• Very important	• Very important
Location	• Less important	• Very important	• Less important
Super host status	• Less important	• Very important	• Very important
Review and five-star rating system	• Less important	• Very important	• Very important

Table 4: Marketing practices

	Professional	Semi-Professional	Casual
Cleans the property	• Contracts cleaner	• Cleans by self	• Cleans by self
High standard of accommodation	• Importance varies	• Important	• Less important
Creates home-like experience	• Importance varies	• Very important	• Important
Provide breakfast	• No	• Rarely	• Often
Gives advice on local information	• Mostly	• Mostly	• In all cases
Shares meals or drinks	• No	• Rarely	• Often
Lives on site	• Not applicable	• Some times	• In all cases

Table 5: Managing the experience

Airbnb hosts and their marketing practices

Professional and semi-professional hosts said that they used the Airbnb platform to market their properties (see Table 4). Some mentioned that they enjoyed the benefits of Airbnb, which enabled them to be found by large groups and by corporates that want to rent an entire house which gives them a more "home-like" experience than in a hotel or a motel. Professional hosts and a few of the semi-professional hosts thought that they were getting great exposure and more bookings by advertising through all possible platforms. Most semi-professional and casual hosts were only advertising their property on Airbnb and not on additional platforms. They mentioned that they were happy with the platform as they were charging lower commission fees than other platforms and their review system was helpful. They also said that they liked the flexibility of being able to go "on and off" as required. They felt that this allowed them to have the accommodation available for visitors (i.e., family and friends), plan repairs around the house, or to go on a holiday.

All of the hosts said that they were using various marketing approaches on the Airbnb website as part of their long-growth strategy. Hosts said that they were showing photos to present the best features of the property to draw in guests and to boost bookings. For instance, some said that they were showing photos of the kitchen, dining area, and bedroom, while others showed their "beautiful" views. In addition, hosts mentioned that they were providing a written description and listing their amenities to help describe themselves as hosts and their property as best as possible.

Professional hosts said that for them, maintaining the "Superhost" status was less important (see Airbnb as a form of accommodation, p. 5). They thought that it was very easy to become a "Superhost", but also very easy to lose the status again as the system was based on "*good reviews*" and not "*cancelling bookings*" (PH2). Professional hosts said that they had often experienced situations that they were not able to control. They mentioned that as a consequence guests had given them a low or bad review. Professional hosts said it was "*very difficult to remain a Superhost*" and that "*it only takes someone to get only one roll of toilet paper, not three and you get a shitty review*" (PH5). Most of the professional hosts said that they had obtained the "Superhost" status in the past but had lost it again. One professional host said that it was "*a badge of honour you don't really care about*" (PH1).

Findings

Conversely, semi-professional and casual hosts said that they were concerned about becoming a "Superhost" and maintaining their status. It was clear that they were very dependent on the reviews of previous guests. Having a "Superhost" status gives hosts more exposure and credibility, which in return leads to more bookings. Both groups said that they were putting a lot of effort into maintaining this status by trying to offer guests the best possible experience during their stay.

Across all groups, hosts felt that it was crucial to make an effort in providing the best possible experience to their guests (see Table 5). They said that they wanted their guests to enjoy their accommodation and to enjoy the city during their stay. Most of the hosts said that they were making an effort in proving a clean accommodation. Professional hosts said that they had either their own housekeeping team, or contract cleaners. Most semi-professional and casual hosts said that they were doing the cleaning themselves. However, a few of the semi-professional hosts had started to use contracted cleaners.

Professional hosts said that they offered many properties ranging from budget to luxury accommodation and that the standard of the accommodation would therefore vary. Semi-professional hosts said that they were making the effort to provide accommodation that was of a high standard.

Casual host felt that they were making everything they could to be a great host. They shared their space with their guests and they frequently provided them with verbal advice on activities or places to visit. They said that they were genuinely caring about their guests and their wellbeing. They also felt that their guests appreciated sharing a meal or a glass of wine and learning about the "Kiwi culture". However, most casual hosts said that they left it up to the guest to decide what level of interaction they wanted to have during their stay.

Effects on the accommodation sector

Professional hosts said that increasingly people were buying houses or apartments with the purpose to turn them into an Airbnb and that this was having an effect on the accommodation sector (see Table 6). They felt that one of the main issues with this was that these hosts were not complying with regulations in the same way they had to comply. Professional hosts felt that they were complying with all the regulations. They were confident that all of their properties were safe for guests to stay. They said that their buildings have fire extinguishers, fire alarms, and are audited on a regular basis, which is costly. Professional hosts said that it was "unfair" that they had spent so much money on compliance and wanted a "level playing field" where everyone who is running an accommodation on a commercial basis needs to comply in the same way.

Effects on the community

One of the professional hosts said that many of the properties on Airbnb do not have a live-in manager on site which means they would be considered as commercial activity within the district plan. A few of the professional hosts mentioned that some of the semi-professional's properties have been causing major issues because the properties are unsupervised. They said that due to the lack of supervision, there have been issues with guests misbehaving (e.g., party noise). Unlike other semi-professional and casual hosts, professional hosts said that they have strict rules in place that guests have to follow (see Table 6).

	Professional	Semi-Professional	Casual
Comply with what is required	• Very important	• Less relevant	• Not relevant
Want regulations enforced more widely	• Very important	• Less relevant	• Not relevant
Have strict rules for guests	• Very important	• Less relevant	• Not relevant
Noise restrictions in place	• Very important	• Less relevant	• Less relevant
Emergency numbers	• Very important	• Less relevant	• Not important
Smoke alarms	• Very important	• Less relevant	• Less relevant
Evacuation plan	• Very important	• Less relevant	• Not important

Table 6: Safety/regulations and compliance

Semi-professional hosts said that they had no security concerns. Those who were renting out a property in an apartment complex felt that the building met all the necessary requirements, as they were regulated by the body corporate and they were also very strict. However, the body corporate's requirements are not the same as local government requirements for commercial accommodation providers. A semi-professional host mentioned that although the complex was regulated through the body corporate, they were not there and that the property was unsupervised. This has the further consequence that guests can go in and out whenever they want and bring more guests without anyone else noticing, which was mentioned by some of the resident associations as well (see Focus group with resident associations, next page). Those hosts who were living on site said that they had things "under control" because they were next door.

> *I have thought about earthquakes and things and I should probably have it in our compendium up, our health and safety or evacuation notification for them, where to meet so that's something you've just reminded me. I'll just do that! So, I don't have one but I should (SPH18).*

Casual hosts said that they were not concerned about security. This group said that they associated security with "personal belongings" or guests entering "their private space" without permission.

Professional hosts also mentioned the issue around the lack of permanent accommodation in some areas and how that was affecting the community. They thought that in some areas it was difficult for people who want to live or work there to rent a house because some rental accommodation had been turned into Airbnb. Some felt that these properties had a constant turnover of people and that was leading to a loss of sense of community. This was also mentioned by some of the resident associations (see Focus group with resident associations). Professional hosts felt that these issues were affecting them and their staff directly.

Findings

Hosts' opinions on regulation of Airbnb accommodation

Out of the three groups, professional hosts most strongly expressed opinions that more regulatory action needs to be introduced on Airbnb. They felt that currently the local government does not actively seek out Airbnb regarding general effects on the community or accommodation sector. From a regulatory perspective, it is not always easy for local government to manage the effects of one sector of the accommodation sector without considering how any regulatory action might impact other sectors within the industry or the broader community. Professional hosts also thought that the local government only acts if there is a specific complaint, which does reflect the current policy of local government in Christchurch. Because many Airbnb hosts are not-compliant with the District Plan, professional hosts felt that many of the properties on Airbnb may not meet the same level of compliance and pose a health and safety risk.

All of the professional hosts interviewed felt that this needed to change and they said that they wanted the government to enforce current regulations or introduce new regulations. Professional hosts said that they wanted a "level playing field" where everyone who is operating on a commercial basis is required to:

- comply with regulations (e.g., Fire monitoring and BWOF).
- be prepared for an emergency (e.g., have an emergency number, fire extinguisher, fire blanket).
- pay commercial property rates to the council, income tax, and GST.
- have a licence to operate as a commercial provider.

Often these requirements are managed by national regulations, which leave little room for local government to change or enforce them. In the case of a licence to operate, for example, new legislation will have to be introduced at a national level which would then enable local governments to create a bylaw that could be applied specifically to a region or city.

Professional hosts only appeared to support regulations that required others to comply with what they were currently required to comply with. They said that they were not supporting the introduction of further regulations that they would need to adapt to. For example, they mentioned that they did not want local government to introduce unreasonable building requirements (e.g., disabled access) because then many properties would not be able to continue offering accommodation. They said that they were concerned that if Christchurch was no longer able to cater for certain markets that these travellers would go somewhere else. Instead, some of the professional hosts suggested that local government should use a more innovative approach to deal with Airbnb (e.g., looking at models that have been successfully used in other cities such as Barcelona as outlined in Airbnb: The global picture, p. 4). One host said:

> *I watched a documentary on how they licenced it in Spain—Barcelona I think—it's been licenced and monitored over there and it's doing well. And Barcelona is a place that had very limited short-term accommodation and long-term accommodation for locals (PH5b).*

They thought that introducing more regulations would help to maintain a minimum level of health and safety at all properties offered through Airbnb and also help to maintain a level playing field with the commercial accommodation sector. Some of the professional hosts also thought that the money that is collected could go to the CCC and to ChristchurchNZ to fund their activities.

Semi-professional hosts said that they were concerned about the next steps that the local government might take. Some said that they were worried about the introduction of a resource consent, and they said that new compliances may make offering Airbnb accommodation no longer viable. This indicates that some Airbnb hosts are not aware that if they are offering whole units in a residential zone, they are currently required to have a resource consent for this activity. Some of the semi-professional hosts also said that those renting a house or an apartment through Airbnb should not be treated the same way as a hotel or a motel. Others, specifically from the Hurunui district were less concerned, as they were currently paying "tourism tax". One participant said "we actually pay a tourism tax already" (SP19). Another participant said:

> *So now they are charging a yearly cost about NZ$295 as a tourism tax that you've got to pay if you've got an Airbnb or if you've got an accommodation of any sort that you have people in and out (SP18).*

Others mentioned that they had extra insurance in case something happened in the house. Casual hosts said that they were less concerned about future regulations as most of them were not dependent on the income. Most said that they would not mind if the CCC introduces more regulations.

Focus group with resident associations

As mentioned in the methods section, detailed findings of this focus group are not provided in this report but a brief summary is included below.

In general, participants thought that the emergence of Airbnb in residential zones was having a negative impact on local residents' quality of life. They mentioned that builders/developers are building and marketing properties in city centre residential zones for use as Airbnb properties. They thought that when the owner is not living in the property, this should count as a business use, not residential, and that Airbnb hosts are getting away with hosting commercially in residential zones. Local residents felt that the overall sense of community was being damaged. They said that they disliked having constantly different "strangers" living next door. They felt that neighbourhoods and communities were not the same when having temporary visitors instead of permanent residents living next door and that this was having a negative impact on community culture. They also mentioned that they were concerned about security (e.g., entry codes to buildings becoming public knowledge as they were revealed to guests), general feelings of not being safe, overcrowded apartments, noise issues (young people partying), rubbish accumulating on properties and not being disposed of properly, and parking issues. They complained that owners often lived out of town, and were therefore unable to respond quickly to problems. Local residents felt that the current zoning regulations need to be enforced by the local government.

Findings

Quantitative findings

Canterbury Airbnb accommodation market trends

Data from AirDNA and ChristchurchNZ show the trend in Airbnb occupancy rate, average daily rate and revenue per available room for the three years to August 2018 for the Canterbury region (see Figure 1). It is clear from Figure 1 that the average daily rate has decreased over the time, but the occupancy rate has increased. The resulting revenue per available room has increased. A possible interpretation is that hosts are dropping their rates (or cheaper Airbnbs are coming onto the market) and this has resulted in higher occupancies. The strategy appears successful, with revenues increasing—although the related costs of increased occupancy are not collated, so it is not possible to identify if this strategy is profitable. "Occupancy rate for a short-term vacation rental is the number of booked nights divided by the sum of the available nights and booked nights"[51].

The total available Airbnb listings grew rapidly from June 2016 until early 2017 for different accommodation types (entire house, private room and shared room). The number of available listings then levelled out for private and shared rooms. The entire house listings continued to grow, but levelled out in 2018 (see Figure 2). It is possible that the number of Airbnbs has now reached a steady state after rapid early growth.

Comparison between Airbnb and formal accommodation market trends in Canterbury

Christchurch Airbnb entire house occupancy has the same seasonal fluctuation as commercial property, but comparing the occupancy per month compared with the same month previous year shows the overall growth trend (see Figure 3). While commercial accommodation occupancy growth fluctuates around and slightly above 0%, Airbnb entire house occupancy growth remains positive. Despite this growth, Airbnb entire house occupancy is still less than commercial accommodation.

The average daily rate for Airbnb entire house accommodation undercuts Christchurch commercial accommodation (see Figure 4). Both Airbnb and commercial accommodation providers have increased their rates in summer 2017/2018 relative to the previous summer, and decreased them in the winter of 2018, relative to the previous winter. This relative winter drop was most dramatic for the Airbnb rates.

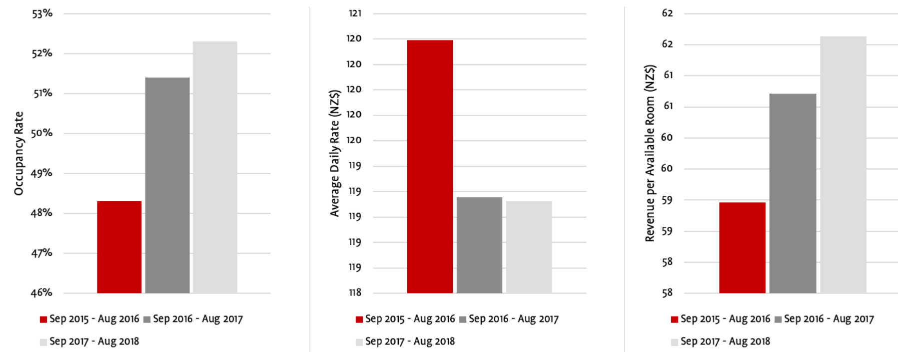


Figure 1: Occupancy rate, average daily rate and revenue per available room for Airbnb in Canterbury
Source: AirDNA, ChristchurchNZ

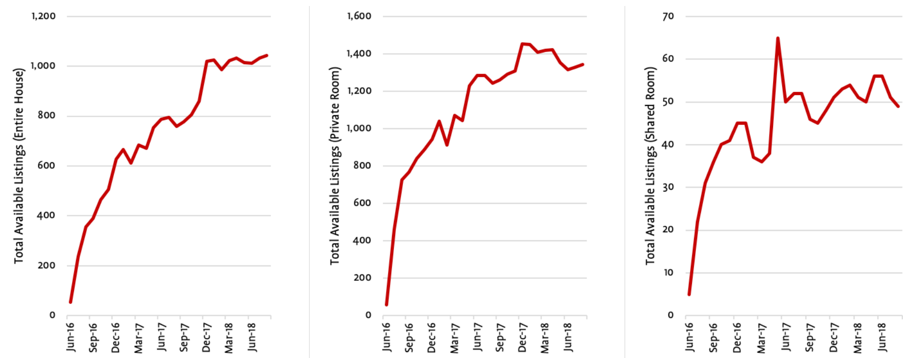


Figure 2: Total available listings for Airbnb accommodation types in Canterbury
Source: AirDNA, ChristchurchNZ

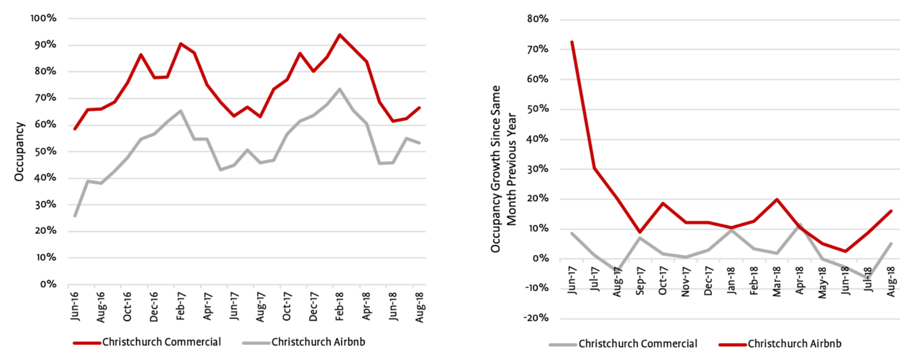


Figure 3: Occupancy, and occupancy growth compared to same month previous year for Christchurch commercial accommodation and Christchurch Airbnb entire house accommodation.
Source: AirDNA, Commercial source unknown, ChristchurchNZ

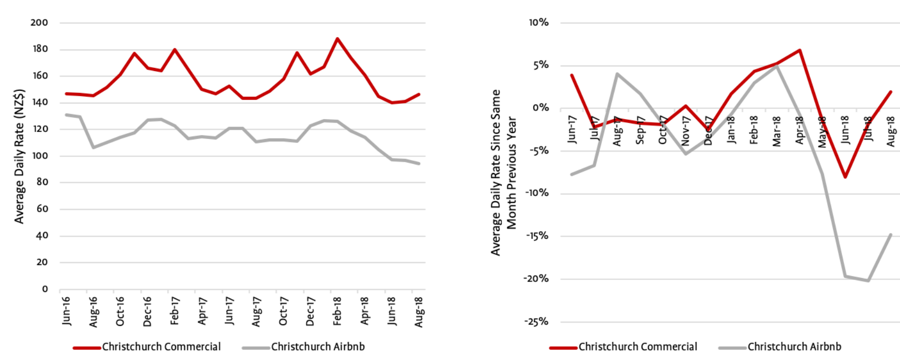


Figure 4: Average daily rate, and average daily rate compared to same month previous year for Christchurch commercial accommodation and Christchurch Airbnb entire house accommodation.
Source: AirDNA, ChristchurchNZ

Findings

Figure 5 shows the revenue per available room is much greater in Christchurch for commercial accommodation than for Airbnb entire house accommodation. Revenue per available room for Airbnbs has been increasing (as shown in Figure 1), but in the winter of 2018, there was a drop in revenue for both Airbnb and commercial accommodation. This drop in revenue for Airbnbs was offset by the increase the previous summer, but reflects a difficulty in the sector during the 2018 winter. As seen in Figure 4, both commercial and Airbnb accommodation dropped their rates dramatically in this period. This could reflect a difficulty in attracting visitors. Figure 2 shows that the number of entire house Airbnb listings was much higher in the 2018 winter compared with 2017, and it is possible that the number of listings reached a point where it exceeded demand. However, occupancy rates have not decreased, and neither have international visitor numbers (see Figure 6).

Figure 6 shows the international arrivals to Christchurch Airport. After a period of rapid growth in 2017 and early 2018, growth slowed to around 2% in the winter of 2018 compared to the previous winter.

Christchurch accommodation market in comparison with other districts

Based on the data collected from 2017–2018 by AirDNA, Airbnb occupancy rates have increased across all districts. Christchurch, Selwyn District, the Mackenzie District, and the Hurunui District, have increased the most. The Waitaki District had a small increase followed by Waimakariri District, which almost remained the same as the previous year.

Figure 8 shows that the average daily rate for Airbnbs has slightly increased from 2017–2018 in the Mackenzie District and in the Waitaki District. The average daily rate has declined in the Selwyn district, Christchurch, and Waimakariri District. However, rates have remained the same for both years in the Hurunui District.

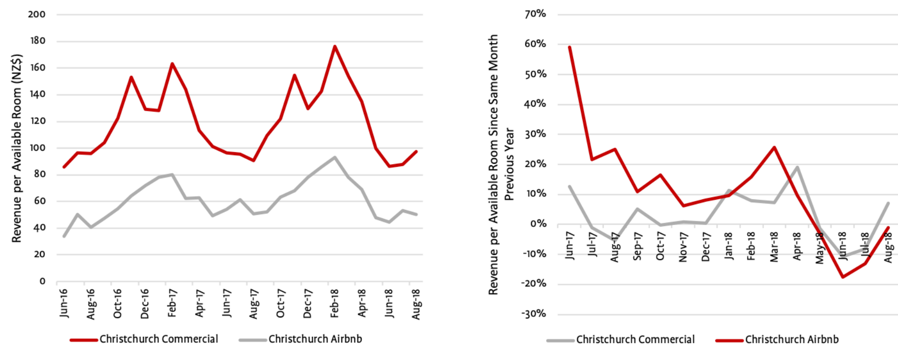


Figure 5: Revenue per available room, and revenue per available room compared to same month previous year for Christchurch commercial accommodation and Christchurch Airbnb entire house accommodation.
Source: AirDNA, ChristchurchNZ

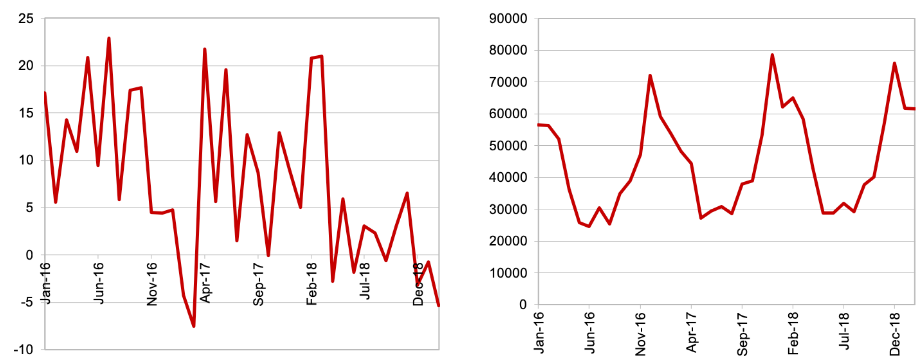


Figure 6: International arrivals at Christchurch Airport, and international arrivals at Christchurch Airport compared to same month previous year for Christchurch commercial accommmodation and Christchurch Airbnb entire house accommodation

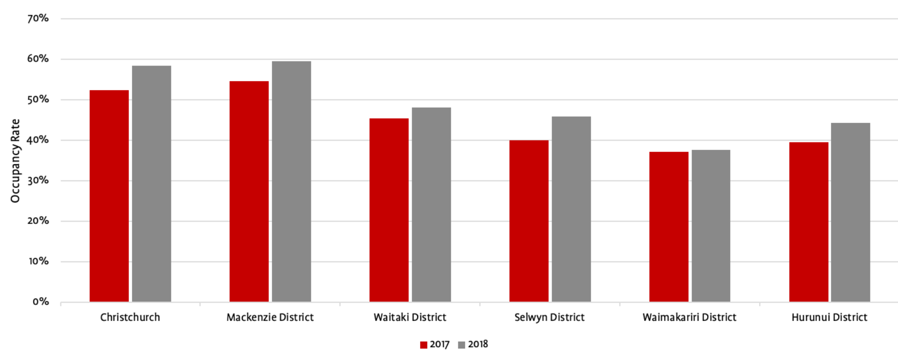


Figure 7: Airbnb occupancy rate by territorial authority
Source: AirDNA, ChristchurchNZ

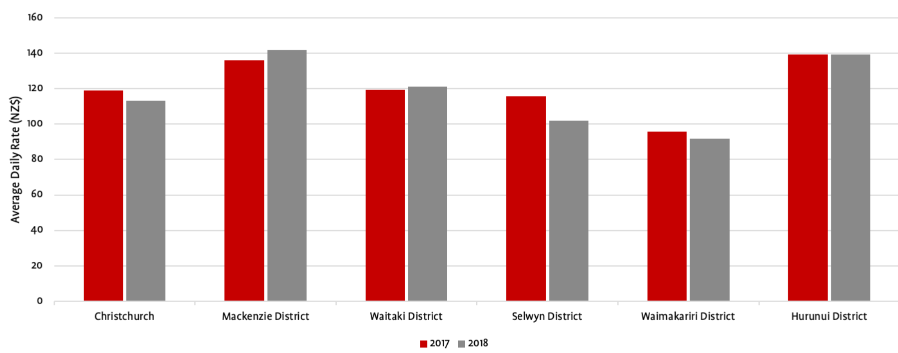


Figure 8: Airbnb average daily (NZ$) by territorial authority
Source: AirDNA, ChristchurchNZ

Findings

Between 2017 and 2018, Airbnb revenue per available room has grown the most in the Mackenzie District (See Figure 9). Revenue available per room has also grown in the Hurunui District Christchurch, Waitaki District, and in the Selwyn District. However, the revenue per available room has decreased in the Waimakariri District from 2017–2018.

Figure 10 shows that the Airbnb average daily rate has decreased from 2017–2018 in Wellington, Christchurch, and in Queenstown. Figures for the Airbnb average daily rate have remained the same for Auckland.

According to the data provided by AirDNA, the occupancy rates for Airbnb accommodation have grown from 2017–2018 in Christchurch, Auckland, and Wellington (see Figure 11). However, Queenstown has seen a drop in occupancy rates from 2017–2018.

Figure 12 shows that the revenue per available room for Airbnbs has increased the most from 2017–2018 in Auckland. For all other urban centres, the revenue available per room from 2017–2018 has decreased.

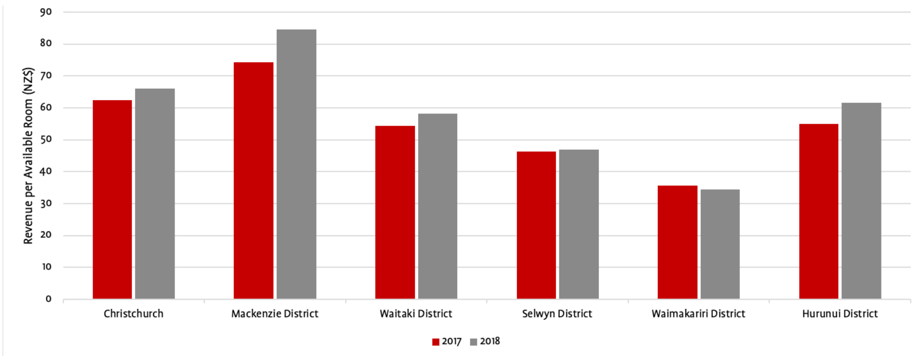


Figure 9: Airbnb revenue per available room (NZ$) by territorial authority
Source: AirDNA, ChristchurchNZ

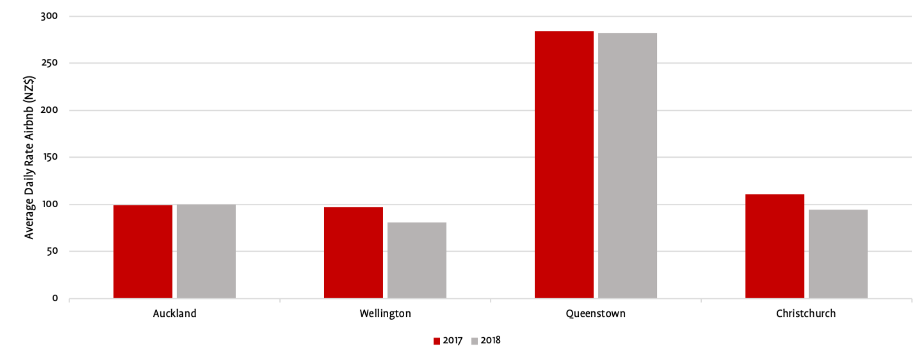


Figure 10: Airbnb average daily rate (NZ$)
Source: AirDNA, ChristchurchNZ

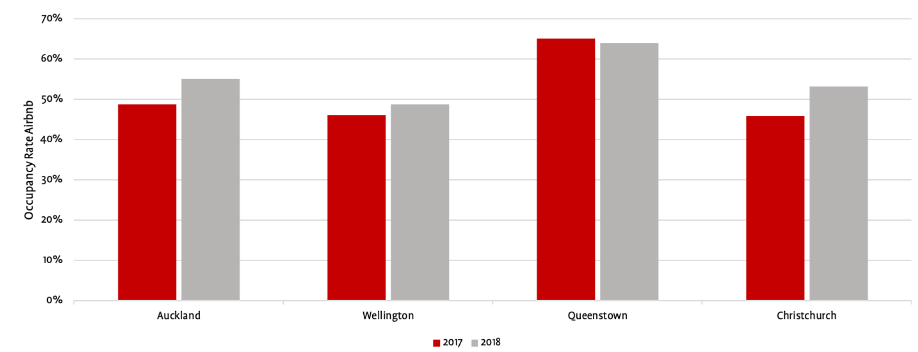


Figure 11: Airbnb occupancy rate
Source: AirDNA, ChristchurchNZ

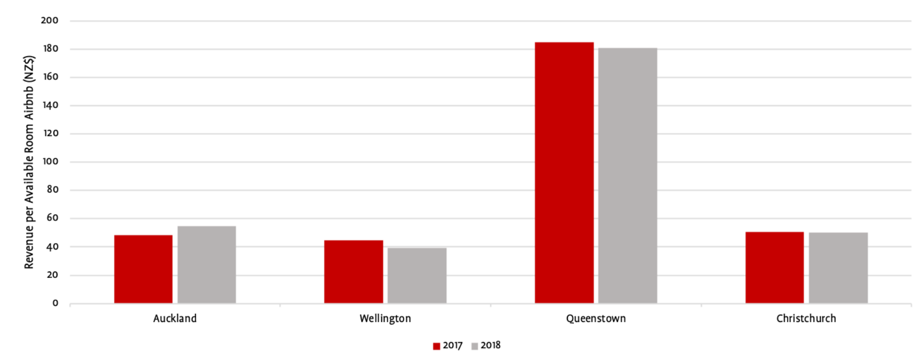


Figure 12: Airbnb revenue per available room (NZ$)
Source: AirDNA, ChristchurchNZ

Findings

As shown in Figure 13 the average daily rate for the formal accommodation sector has increased slightly from 2017–2018 in Queenstown, Auckland, Christchurch, and Wellington.

The revenue per available room for the formal accommodation sector in 2017–2018 has increased in Christchurch, Auckland, and Queenstown (see Figure 14), but decreased in Wellington.

As shown in Figure 15, the occupancy rates for the formal accommodation sector have increased from 2017–2018 the most in Christchurch compared to the other urban centres. Occupancy rates have slightly grown in Auckland from 2017–2018 and decreased in Wellington and Queenstown.

Figure 16 shows that the occupancy rates of commercial accommodation in 2018 were much greater than for Airbnb accommodation in the main urban centres.

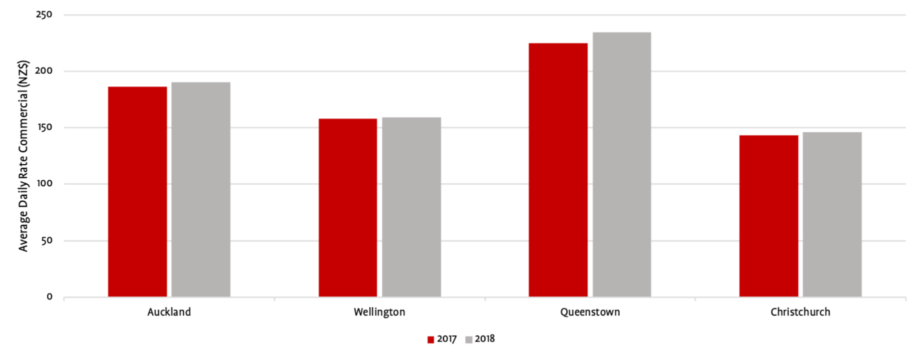


Figure 13: Commercial accommodation average daily rate (NZ$)
Source: unknown, ChristchurchNZ

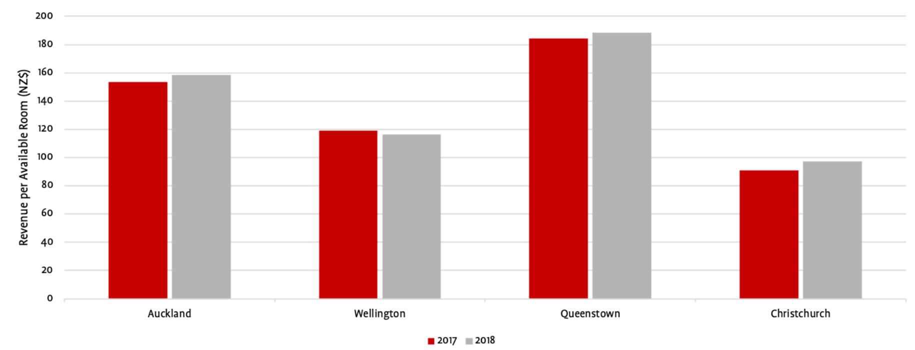


Figure 14: Commercial accommodation revnue per available room (NZ$)
Source: ChristchurchNZ

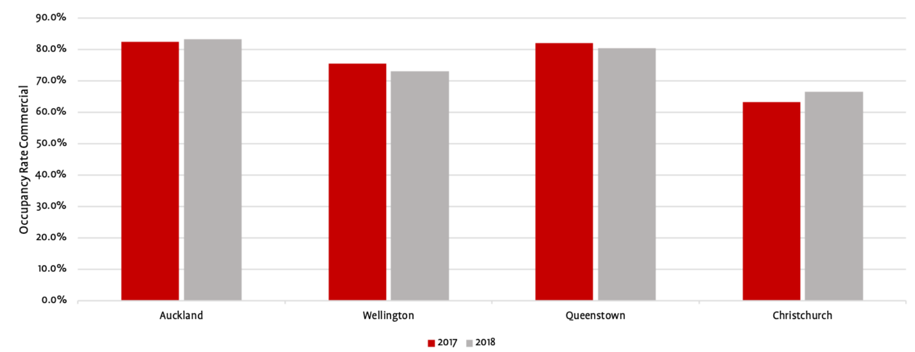


Figure 15: Commercial accommodation occupancy rate, by city/town
Source: ChristchurchNZ

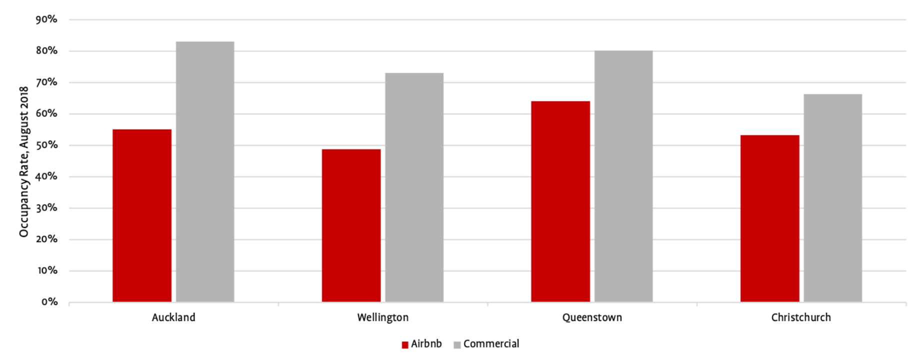


Figure 16: Airbnb and commercial accommodation occupancy rate
Source: AirDNA, ChristchurchNZ

Findings

Figure 17 shows that the average daily rates were much greater for commercial accommodation than for Airbnbs, with the exception of Queenstown, where the Airbnb daily rates were much greater than for commercial accommodation.

Figure 18 shows that the revenue per available room was much greater for commercial accommodation than for Airbnbs in the main urban centres, with the exception of Queenstown, where the revenue per available room was only slightly greater than for Airbnbs.

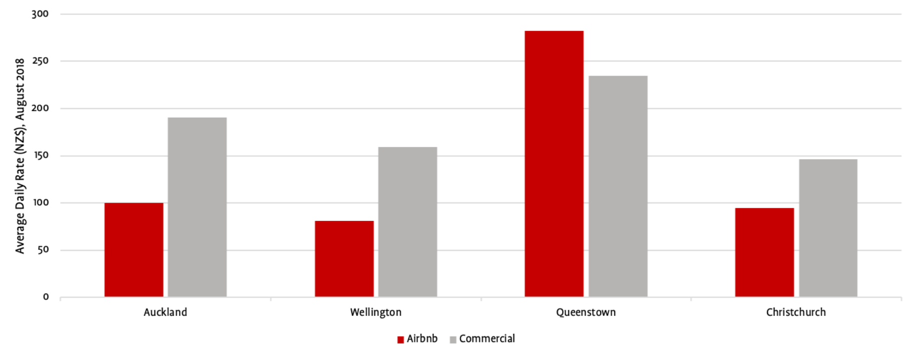


Figure 17: Airbnb and commercial accommodation average daily rate (NZ$)
Source: AirDNA, ChristchurchNZ

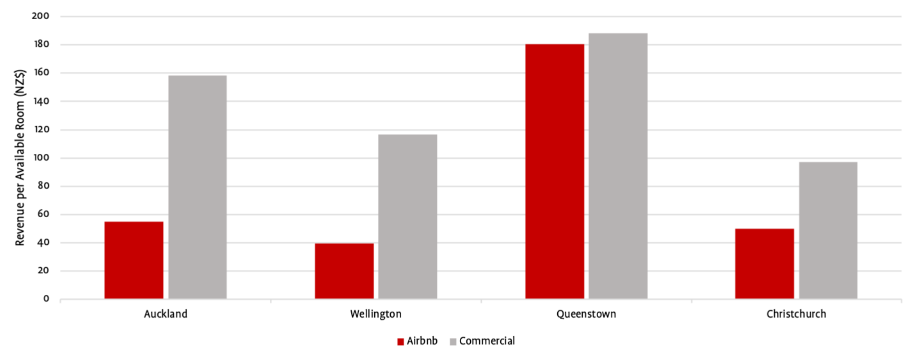


Figure 18: Airbnb and commercial accommodation revenue per available room (NZ$)
Source: AirDNA, ChristchurchNZ

Analysis of regional accommodation figures

In this section, the trends figures in the previous section are analysed for possible causes and implications. Figure 7 and Figure 11 show that Airbnb occupancy is increasing across Canterbury regions, and in other New Zealand urban centres (Auckland and Wellington). Queenstown seems to be an exception, which might be due to the introduction of commercial rates for entire Airbnb houses in 2017, or due to the fact that the occupancy in Queenstown was already extremely high compared to other regions. In the urban centres, the Airbnb average daily rate has decreased in 2018, with the exception of Auckland. This possibly reflects the general accommodation shortage in Auckland. In districts within Canterbury, the picture is more mixed, with average daily rates increasing in Mackenzie and Waitaki districts. It is possible that higher tourist demand in Mackenzie District has prevented the need to reduce daily rates to maintain occupation. Revenue per available room has increased in all districts except Waimakariri. In New Zealand urban centres, the picture is more mixed, with revenue per room falling in Queenstown and Wellington.

Commercial accommodation providers are managing to slightly increase their daily rates in the urban centres. Occupancy has dropped slightly in Wellington and Queenstown, but revenue per available room has increased except in Wellington. Commercial accommodation in urban centres has generally much higher occupancy rates than Airbnb (see Figure 16), and daily rates are higher except in Queenstown (see Figure 17). Revenue per available room is much higher in most urban centres (see Figure 18), although revenue per available room is extremely high in Queenstown, and Airbnbs are nearly on parity with commercial accommodation providers.

Findings

Sentiment analysis of Airbnb user generated content

Figure 19 displays the change of customer sentiment of Airbnb accommodation over time by major countries of origin. In our analysis, we discarded data prior to 2015 as the number of reviews was not sufficient for meaningful analysis by year. In Figures 19 and 20 a higher sentiment score indicates a more positive opinion. It is clear that overall the sentiment of Airbnb users has steadily improved over the 2015 to 2018-time span. Particularly noteworthy improvements in sentiment have been observed among Chinese customers who, along with New Zealand domestic Airbnb users, have the most positive opinions of their Airbnb experience.

Our analysis of Airbnb related sentiment by location shows that opinion varies only slightly between destinations, although Geraldine and Timaru stand out as having above average sentiment scores (see Figure 20).

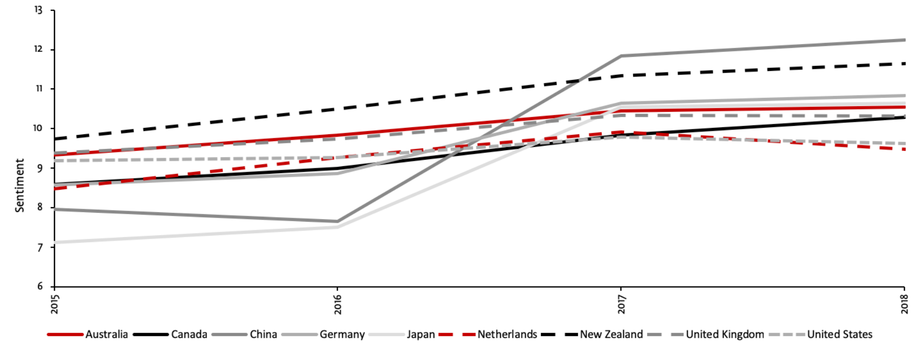


Figure 19: Sentiment on Airbnb over time

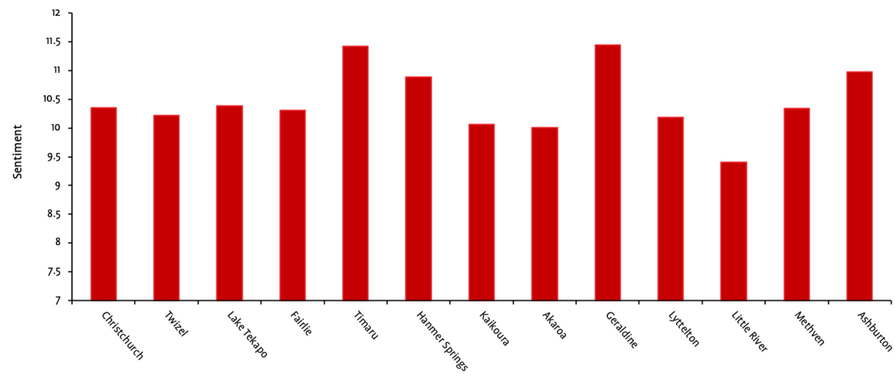
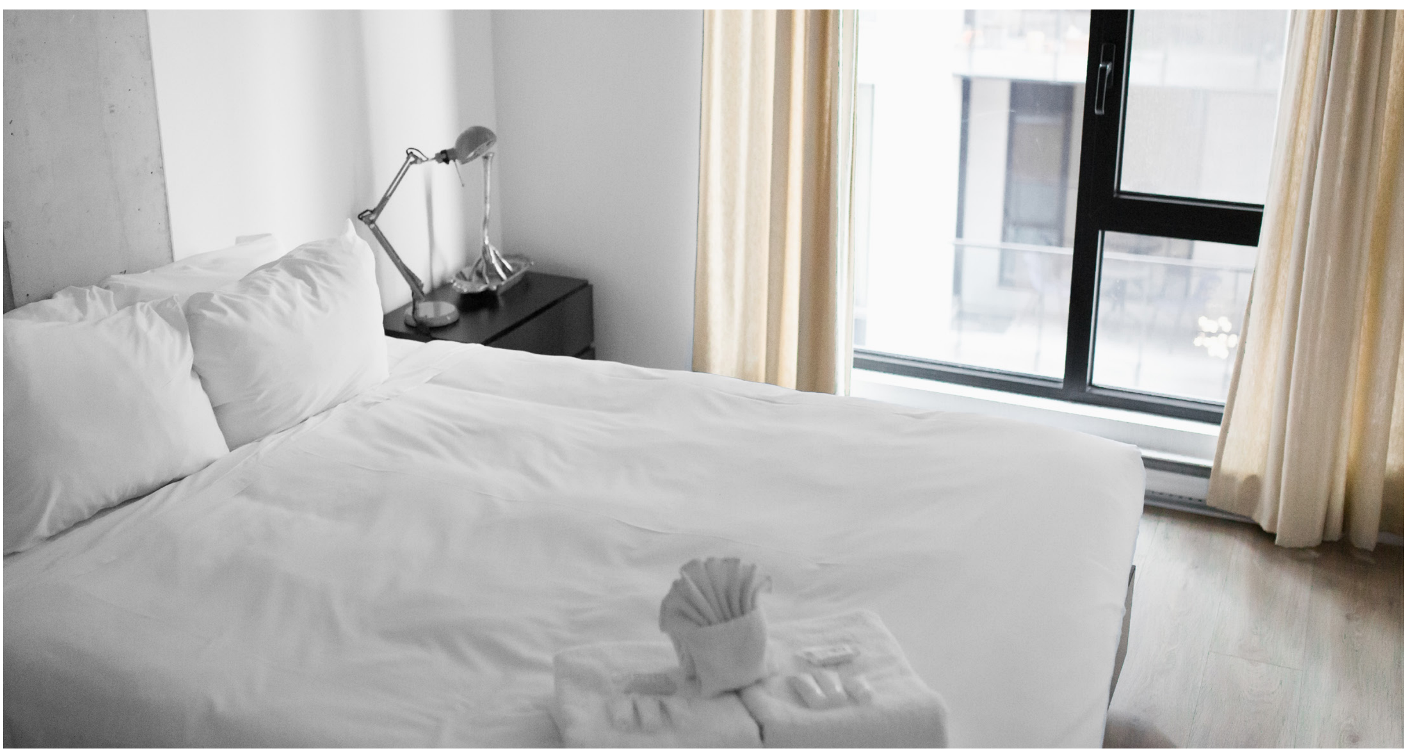


Figure 20: Sentiment on Airbnb region visited (average since 2015)



Findings

Comparison of interview findings with market findings

In this section a further comparison of the interview findings with the quantitative market findings is presented. This allows us to better frame the interview findings in light of the economic performance of Airbnb in the region. Findings from the interviews with formal accommodation providers, e.g., about their occupancy rates do not always correspond to the occupancy figures provided by ChristchurchNZ. This is not surprising as the formal accommodation data does not capture backpackers accommodation or bed and breakfast providers.

Qualitatively the main reported effects by the formal accommodation sector, were the driving down revenues, particularly for motels, which they attributed to Airbnb. The figures from AirDNA show that supply of Airbnb accommodation has grown dramatically since 2016, although the market appears to have reached saturation. This increased competition has clearly been challenging on the formal accommodation sector. Figures show that Airbnb prices were indeed lower on average than for formal accommodation, who claim that Airbnb can afford to charge these lower prices due to their ability to avoid commercial rates and regulatory costs.

Despite the competition, figures from ChristchurchNZ show that occupancy rates and average daily rates are stable for the formal accommodation sector. This is surprising given the comments of the formal accommodation providers that they are having to drop prices to compete.

There was, however, a marked drop in Airbnb prices in 2018. This drop could be due to the market saturation of Airbnb, or it could also be due to the efforts of the Airbnb platform to drive prices down. Airbnb hosts mentioned frequent emails from Airbnb suggesting they drop their prices. This could indicate a strategy by Airbnb for high volume, low cost accommodation. Although the knock-on effect on formal accommodation prices was not observed in the figures, it was reported anecdotally, and may be observable in future figures.

Formal accommodation providers also suspected that visitors to Christchurch were increasing, but either not staying in Christchurch, or not staying in formal accommodation. Arrivals figures from Christchurch Airport shows that visitor numbers are indeed increasing, although the rate of increase has recently slowed to around 2%. However, occupancy rates for formal accommodation provided by ChristchurchNZ show that these rates are also increasing, although they perhaps did not reflect the large increase in visitor numbers in 2017. The occupancy rates in Christchurch also seem to be increasing at a similar rate to other surrounding regions. Therefore, we would caution about the statements that the formal accommodation is losing occupancy.

Recommendations

In the following sections recommendations for formal accommodation providers and regulatory actors are provided.

Recommendations for formal accommodation providers

- Home-share accommodation platforms such as Airbnb are here to stay for the long-term and the social implications are real based on the findings of this study. As with Lime and Uber in transportation, the accommodation industry needs to transform to compete.
- It is recommended that formal accommodation providers remain competitive by:
  - continuing to focus on their branding and emphasise their product and what they have to offer to attract their target market.
  - emphasising positive features (e.g., health and safety, location, room service, reward programmes, customer service, concierge, housekeeping).
  - using marketing efforts and pricing to reflect their point of difference.
  - using different channels, including online (using channel managers), offline, media, mail etc., to directly appeal to their target markets.
  - working collaboratively with other sectors and local government to enact regulations that are fair and enforceable.
- If formal accommodation providers wish to compete with Airbnb for families and groups, they should introduce whole-house type accommodation with multiple rooms, cooking and washing facilities, and a high standard of maintenance.
- The formal accommodation sector needs to take particular steps during the winter in order to stay afloat. This may mean collaborating with various stakeholders both within the industry and outside (e.g., government), to bring more events to the city during this time period.
- The formal accommodation sector could offer their services to short-term rentals (e.g., cleaning, concierge, check in/check out, and maintenance).
- The future of the accommodation sector could evolve further in the next few years. The nature of this change is uncertain. It might involve collectively owned real estate – accommodation sharing similar to car sharing.
- An information provision campaign may be necessary by bodies representing the hotel, motel and other formal accommodation sectors on both the positive and negative impacts of Airbnb in the region. Some providers are not fully aware or do not clearly understand how Airbnb is affecting or will affect their business.

Recommendations for policy-makers

- It is recommended that StatsNZ undertakes monthly data collection of accommodation sharing platforms in the same way as they collect data from the formal accommodation sector. This would enable Stats NZ to provide statistics from all players in the sector (they can currently only provide data for the formal accommodation sector).
- Interviewees thought that collecting commercial rates could also improve the tax for the local government. However, this would not be the case as rates are set to recover the cost of service provision. Therefore, charging business rates on these properties would simply result in a slight reallocation of costs among rateable properties.

Recommendations

- Interviewees thought regulators should consider the arguments of formal accommodation providers and Airbnb hosts and local residents when deciding on setting and enforcing regulations and rates for P2P accommodation, like Airbnb including:
  - The formal accommodation sector would like P2P accommodation to pay commercial rates. However, some Airbnb hosts think it is unfair for them to be treated the same as "big businesses".
  - The formal accommodation sector would like P2P accommodation to comply with health and safety, and other regulations. This compliance creates overheads which P2P accommodation providers can currently avoid. This creates an unequal playing field. However, some Airbnb hosts think complying with these regulations is not reasonable given the scale of their activity.
  - Local residents, living in the central city, thought that P2P accommodation providers can also cause amenity and safety issues for their communities.
- Despite concerns expressed by Airbnb hosts in this study, more professional hosts expect that some compliance with regulations and taxation in some form will likely need to happen to ensure safety and equity with the formal accommodation sector.
- One challenge remains in terms of the cost of enforcing compliance. Local government in New Zealand currently has no mechanism for increasing overall revenue from charging for compliance. Other cities world-wide operate under different regulatory and rating frameworks and some appear to be able to increase revenue through charging for compliance.
- Local and national government as well as the wider tourism and hospitality sector should look at models that have been successfully applied in other countries (e.g., in Barcelona) to regulate Airbnb and collect local taxes and rates (see Airbnb: The global picture, p. 4). One possible solution might be, for example, electronic registration of P2P accommodation operators, though this would require the government to pass enabling legislation.
- Local government might want to examine, for example, the number of Airbnb operators as a ratio of total accommodation for the city, and set specific upper limits for this ratio to retain the character of the destination. However, given that it is challenging to know exactly the scale and activity of each Airbnb operator, this ratio can also serve as a broad guideline.
- Ongoing information and messaging campaigns from local government to both the formal accommodation sector and Airbnb hosts/potential hosts may help to promote knowledge of the existing regulatory environment, the need for compliance by many Airbnb hosts, and regulation changes local government is considering.

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Tables & Figures

Tables

Figures

Appendix

Interviews

We obtained ethics approval from the University of Canterbury for this study (Reference number HEC2018/31/LR-PS). Ethics approval requires us to ensure that those participants, who are interviewed, are not identified personally or that their place of work is identified.

For this study snowball sampling, where participants recruit other participants, was applied. Participants were contacted via email or phone and asked if they were available to take part in an interview that would last approximately 60 minutes. Prior to the interview participants were provided with a consent form and the information sheet.

All interviews were audio recorded, transcribed, and the transcripts were analysed to identify common themes. Every attempt was made to preserve the anonymity of each participant.

Airbnb hosts interviews

Semi-structured interviews were conducted with 22 Airbnb hosts. Based on the identified academic literature, a standard set of questions was developed seeking information on the general Airbnb hosting behaviour in the Canterbury region. Some of the interview questions are provided in Table 7.

Industry leaders interviews

Appropriate contacts were established with 5 industry leaders (from industry organisations), and 10 formal accommodation providers (i.e., hotels, motels, and backpackers accommodation). Semi-structured interviews, which took approximately 60 minutes, were completed with all participants. Similar to the Airbnb hosts' interviews, a standard set of questions was developed seeking information on the general understanding of the effects of Airbnb on the accommodation sector. Examples of interview questions are provided in Table 8.

Interview schedule for Airbnb hosts
1. How long have you been offering Airbnb accommodation?
2. Do you have other experience in the accommodation sector?
3. How often do you get bookings through the Airbnb website? • Do you list your property on other online sites (e.g., bookabach, booking.com)? • What is different/better about hosting through Airbnb?
4. For how long do guests generally stay?
5. What is the nature of the accommodation you are offering? • How many guests are you able to host? • Are you able to host children?
6. Do the guests have exclusive use of the property during their stay or is the space shared with you?
7. How much do you interact with your guests during their stay? (e.g., do you meet them and provide them the key) • What do you enjoy about the interactions with your guests?
8. Why do you think that your guests prefer to use Airbnb rather than formal accommodation services?
9. What was the primary factor that motivated you to list a property on Airbnb? • Are there any other factors that motivate you to host through Airbnb?
10. Tell me about your best/worst hosting experience?
11. Tell me about what you enjoy/don't enjoy about hosting guests through Airbnb?

Table 7: Examples of interview questions for Airbnb hosts

Interview schedule for indutry leaders
1. How long have you been in the accommodation sector?
2. Can you tell me a little bit more about your experiences in the accommodation sector either in your current position or in previous roles?
3. In your opinion, how have businesses like Airbnb changed the sector you operate in and how do you see Airbnb evolving?
4. What do you think that travellers prefer to use Airbnb?
5. What do you think the economic impacts of Airbnb are on your sector?
6. Do you think that Airbnb is having any social impacts on Christchurch (e.g., impacts on rents, rental availability, etc.)?
7. Do you think that Airbnb is having any environmental impacts on Christchurch?
8. Are there business practices of Airbnb, if any, that you would consider problematic? Why?
9. In addition to Airbnb, what other accommodation sharing platforms are you concerned about? What impacts do you think they have?
10. Has there been any impact, positive or negative, on occupancy rates in your sector due to Airbnb or other sharing platforms? Can you give us some examples?
11. How about on revenue and room bookings in general?

Table 8: Examples of interview questions for industry leaders

Appendix

Interview schedule for formal accommodation providers (i.e., hotels, motels, and backpackers).
1. How long have you been in the accommodation sector?
2. Can you tell me a little bit more about your experiences in the accommodation sector either in your current position or in previous roles?
3. What is the nature of your business offering? • How many guests are you able to host? • Are you able to host children?
4. For how long do guests generally stay on average?
5. How much do you interact with your guests during their stay? (e.g., do you meet them and provide them the key) • What do you enjoy about the interactions with your guests?
6. In your opinion, how have businesses like Airbnb changed the sector you operate in?
7. Why do you think that some travellers prefer to use Airbnb?
8. What do you think the economic impacts of Airbnb are on your business or sector?
9. Do you think that Airbnb is having any social impacts on Christchurch (e.g., rents, availability or rentals)?
10. Do you think that Airbnb is having any environmental impacts on Christchurch?
11. Are there business practices of Airbnb, if any, that you would consider problematic? Why?
12. In addition to Airbnb, what other accommodation sharing platforms are you concerned about? What impacts do you think they have?

Table 9: Examples of interview questions for formal accommodation providers

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