

## Implications for The Measurement and Management of Quality in the Emerging Airbnb Sector in Jamaica

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Crick, Anne P. Dr., "Implications for The Measurement and Management of Quality in the Emerging Airbnb Sector in Jamaica" (2019). *Travel and Tourism Research Association: Advancing Tourism Research Globally*. 13.  
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# **The Rise of the Margins: How the Sharing Economy is Reshaping Jamaica's Tourism Product**

## **Introduction**

Tourism is Jamaica's major export generating thousands of jobs, but it has not been successful in creating the wealth and economic empowerment that the country has targeted in its Vision 2030. This may be a result of the structure of Jamaica's tourism which is dominated by large conglomerates, and while small players are encouraged to participate, they often lack the resources to do so. The sharing economy has however made it feasible for micro entrepreneurs to participate in tourism and to expand it into non-traditional tourist areas.

This economy presents local authorities with a new sector that includes thousands of locations and operators who do not fit neatly into preexisting categories. The initial response of authorities has been to signal the intention to create new regulations based on existing standards. It does not appear however that any analysis has been conducted to determine what sharing economy tourists are looking for. In this paper we identify themes from Airbnb reviews to determine what resonates with reviewers and therefore areas in which authorities should be focused.

The paper continues with a brief overview of the sharing economy as it relates to tourism and an overview of Jamaica's tourism. This is followed by a description of the sharing economy in Jamaica and continues with a qualitative analysis of reviews of Jamaican Airbnb accommodation. The paper concludes with a discussion of the implications for managing quality in the tourism sharing economy.

## **Literature Review**

Sharing economies have been defined as allowing "individuals and groups to make money from underused assets. In this way, physical assets are shared as services." (PWC 2014). This economy is underpinned by a yearning for simplicity and closer connections with more meaning; traceability and transparency and the opportunity to be more in charge of their world through active participation (Botsman and Rogers 2010). Sharing is not a new concept but mobile technology and social media have facilitated it and the existence of brands helps to provide some legitimacy to the purchase from strangers. Sharing economy businesses depend on smaller revenues but high volume (International Institute for Management Development 2015), and while traditional firms look for economies of scale, those in the collaborative economy thrive on 'economies of free' or excess capacity (Chase 2015). It is very popular with a strong majority of US adults agreeing that it makes life more affordable, builds a strong community and is more fun than engaging with traditional companies. While traditional businesses depend on quality and reliability, the value proposition of shared businesses lies in the uniqueness and vast choice of offerings (PWC 2014).

Tourism is a prime market for the sharing economy because travel consumers are increasingly open to the type of new and unique experiences that it offers. The new economy also represents new, entrepreneurial and flexible opportunities for service providers (OECD, 2016). Two decades ago Poon highlighted the emergence of the 'New Tourist' who wanted to experience something different, to enjoy 'being' in the new space and wanted to avoid destroying. These tourists were described as curious, adventurous and interested in local experiences (Poon 1993).

Now the 'restless generations' are demanding a different type of product that includes participatory and active interactions and opportunities for culture and content (Tourism Intelligence International 2012 ).

These New Travellers are knowledgeable with unlimited information (Tourism Intelligence International 2012 ) and are no longer outside of the firm as they were in the traditional economy. Value is now the result of negotiation between the individual consumer and the firm (Pralhad and Ramaswamy 2004). There is also a shift from previous arrangements in which trust was embedded in social ties (Sundararajan 2017 ), and increasing trust in strangers (Trivett and Skift Staff, 2013). Peer reviews are used to reduce risk and may even be more trusted than traditional methods of quality assurance (Sundararajan (2017). In fact, 45% of travelers make travel plans based on reviews and experiences that others share after their trip (Intercontinental Hotels Group n.d.).

The attributes of the sharing economy are perfect for New Travellers who like to travel often without sacrificing the quality of their experience. Indeed, the quality of the experience may be enhanced with travelers who spend a longer time and interact more closely with locals developing a strong emotional attachment (Tussyadiah and Pesonen 2015). As Molz (2012) notes in a discussion of couchsurfing, the couch is a metaphor for the hospitality extended by the host. As such the tangible aspects of sharing are much less important than developing meaningful interpersonal relationships. While many new tourists are on a budget they are eager to experience something different. They want authenticity through connections to the local area and to feel more than just tourists (Intercontinental Hotels Group n.d.). Scripted interactions that mimic authenticity are likely to be rejected in favour of co-creation experiences where unique value is created in the context of a specific individual at a specific moment (Pralhad and Ramaswamy 2004).

The sharing economy creates jobs, enhances earnings and may act as a buffer against job loss (Sinclair 2016). Airbnb claims that it has facilitated the expansion of tourism which has benefitted communities throughout countries and enhanced wealth in different sectors of the population creating inclusive growth. Further, Airbnb notes that accommodation hosts keep 97% of what they charge and that because of low entry costs they are able to attract hosts from underserved communities (Airbnb n.d.).

Tourism has been the leader of economic growth in Jamaica and has outpaced growth in the wider economy (Sacks n.d.) and fueled jobs more than 1 in 4 Jamaicans (World Travel & Tourism Council 2017). However, while arrivals continue to grow, informal settlements have been particularly prevalent where tourism economic activity exists (Brooks 2016) and the poorest parishes are those with a high concentration of tourists (Gardner, 2017). 78% of all stopover tourists stay in all-inclusive hotels (Jamaica Tourist Board 2017) which limits the benefits to the wider economy (Silvera 2017). Tourism authorities have a vision of tourism as being inclusive, community led and of transforming the economy (Vision 2030 Jamaica n.d.), but thus far they have had only limited success in achieving these goals and for many Jamaicans tourism remains the province of 'The Big Man' (Dunn and Dunn 2002).

The sharing economy which challenges that status quo has come primarily through Airbnb. In 2016 the most popular location for Airbnb was Trench Town – the inner city community best known as the birthplace of reggae (Jamaica Observer 2017). This volatile community may be the most unexpected place in the country to become a tourist destination and its emergence surprised tourism authorities. In 2016 the Ministry of Tourism signed a Memorandum of Understanding with Airbnb and the Tourism Product Development Company (TPDCo) has been charged with developing standards for the operators of home sharing accommodations. In a symposium on Airbnb attended by the author, a TPDCo representative signaled that these standards could not be scaled down for small operators because safety and health standards cannot be compromised.

Airbnb represents a significant shift in Jamaican tourism while the response of authorities suggests an effort to manage it using the same licensing requirements that have been used for decades. This assumes an absolute standard for tourism accommodation despite the fact that the Airbnb brand is built on offering a wide range of accommodation often in non-traditional tourist areas. The issue therefore is whether these standards are relevant everywhere and the research question that we attempted to answer was a simple one – what do reviewers highlight when they are commenting on accommodation in the sharing economy?

## **Methodology**

Airbnb is the most dominant sharing economy platform in Jamaica with offerings from 3700 hosts at the end of 2017 and using the site a sample of 20 accommodations was taken for each of the five resort areas. The sample was the first twenty to appear for each area. Where there were less than five reviews however, it was skipped and the next one with a minimum of five reviews was selected. Reviews were independently coded for themes by researchers and compared to check interrater reliability.

## **Results**

### **Tangibles**

**Clean** – This word was the most often used by reviewers in their descriptions. Most rated accommodation as clean but were clear in communicating their dissatisfaction when it was not.

**Location** – This was usually described in proximity to beaches, shopping, transport and attractions. Business travelers in the capital city commented on proximity to their business sites, galleries and shopping. They also noted when accommodation was away from the hustle and bustle but activities and amenities were still accessible. Reviewers also commented on the safety of locations highlighting the presence of formal security as well as the security provided by helpful information and support from hosts.

**Views** - Reviewers were excited about the views of the water and sunsets from verandahs, swings and rooftop terraces.

**Amenities** –Kitchen access was highlighted as allowing guests to save money. Reviewers highlighted the presence or absence of effective cooling systems and the absence of hot water was occasionally mentioned. The comfort of beds was also occasionally mentioned. Reviewers

also noted the opportunity to pick fresh fruit from gardens. Wifi was important to many and they noted when it malfunctioned.

Reviewers also noted future development plans of hosts and one reviewer had this comment– *“I think it’s important for a guest to notice improvements and additions when they return as proof of the hosts’ commitment to providing the best living experience for their valued guests.”* In the same vein they were forgiving of shortfalls. In one instance the elevator in a building was not working requiring visitors to climb five flights and in another instance a Portland accommodation required climbing a lot of steps. Reviewers noted these not as complaints, but as information to guide potential guests.

### **Intangibles**

**The Host** – Hosts received significant mention in the reviews. Reviewers noted the responsiveness of hosts particularly in regard to queries made before arrival. The welcome was noted in terms of the information provided and the preparation for guests. Many guests also mentioned how much they enjoyed chatting with their hosts. Some chats were transactional about where to go and what to do, but deeper connections were made and friendships formed.

Guests enjoyed acts of kindness such as this one – *“On our first night when we were very tired and still trying to find our way around, Shawn and Shelly offered to pick up delivery for us for dinner to allow us to rest and relax. Additionally, they encouraged us to come over in the mornings to try some fruit from their garden whether it be starfruit or even a coconut”*. Hosts were commended for specific items such as the French pressed coffee in one Montego Bay Airbnb and the ‘signature’ mango juice in another. It was more than tangible items however. One reviewer noted how her host accompanied her to the beach because she was afraid to go alone and many solo female travelers expressed appreciation for the special care that they received from their hosts as it provided them with a sense of security. One noted for example that *“Auntie is very maternal; She stayed up until I came home, in order to lock up and make sure I was okay.”* Reviewers clearly valued the ‘insider knowledge’ of hosts and appreciated when hosts were able to take them to cheaper places to shop and to eat and when hosts introduced them to local spots and told them how to save money.

Several reviewers noted family members as playing an important role in their stay. One reviewer noted of the host couple that it was like staying with your favourite Jamaican cousins who you never knew that you had. Indeed, hosting was often a family affair as shown in this review - *“While I was there Rueben drove me to the Maroon festival through St Catherine Clarendon & Manchester he also drove me through St Andrew to the Blue Mountains & St Thomas to his father's family farm Maureen is a Beautiful Hard Working Lady who treats everyone who enters her home as family while I was there I went on a few road trips on the local taxis & buses with her to their family farm in St Thomas & Bog walk where her husband Johnny works Like her son Rueben nothing was any trouble for her I could write more as they took me to & showed me lot's of places that aren't on the tourist maps or guides”*.

**Other Guests & Locals** – A number of reviewers noted with pleasure the opportunity to connect with other guests at the Airbnb and they also enjoyed meeting other Jamaicans through their hosts. One guest commenting on the island-wide network of her particular host advised fellow travelers to tap into that network. In another instance a guest commented on how she adapted her plans after meeting her host and her friends – *“I ended up leaving Negril early to go back to*

*spend more time with Yvonn and her friends in Montego!! I now have forever family in Yvonn and her friends. I will be making it a point to visit more often ;-)* “

## **Conclusion and Discussion**

The reviewers' comments highlight what guests wanted to communicate to other potential guests. The hosts were a major pleasure point using their knowledge of the area, hospitable behavior and kindness to make guest stays more enjoyable. Accommodation was also a pleasure point when it was safe, conveniently located, met the basic standards of cleanliness and provided the basic amenities such as wifi and comfortable climate. Pain points occurred when the accommodation was not clean, wifi did not function and hosts were not responsive to concerns.

The sample included luxury apartments and beds in modest dwellings and prices ranged from \$15 to \$85 a night. Irrespective of the price and location however it appeared that reviewers were generally satisfied with the accommodation that they received. This leads to two important implications.

First, expectations are subjective and satisfaction is determined by the extent to which expectations are met according to the GAP model of service quality (Parasuraman, Zeithaml and Berry 1985). The Airbnb platform provides pictures, detailed descriptions and reviews of the accommodation that may be used to shape expectations, and to the extent that the actual experience is as expected guests will not be disappointed. Local Airbnb association representatives supported this perspective in interviews as they argued that anything can be offered if the supplier is transparent and the price is right. This implies that the standard to be monitored is truth in advertising rather than the actual provisions since there is a market for even basic accommodations.

Secondly, hosts were a critical part of the satisfaction. Although most did not have formal hospitality training they generally provided clean and safe accommodation and engaged in acts of kindness and hospitality that created a welcoming and comfortable ambiance for guests that in many cases exceeded expectations. What they lacked in tangible assets they complemented with intangible assets such as hospitality and knowledge. By connecting with their guests they appear to have developed a bond that resulted in guests overlooking shortfalls and even empathizing with their limitations. In a country with a high crime rate they have found ways to provide their visitors with a feeling of being safe – creating a tourist bubble as it were. Host-guest interactions were essentially commercial but guests appeared to find them valuable as they provided insights into local culture and saved them time and money.

Home sharing thus far appears to be meeting the needs of visitors. Governmental concerns about health and safety are for the most part not matched by either negative reports or concerns from these guests. While minimum standards are obviously important to protect the national brand a cautious approach seems advisable. Many Jamaicans remain outside of the formal economy because of the challenges associated with becoming formalized including the high cost of doing business as well as the challenges involved in negotiating government bureaucracy. These costs are likely to be the most burdensome on small enterprises that lack the slack in employee time and resources to expend in becoming compliant (ILO 2014). Moreover, regulation may stifle innovation in the sharing economy (Dredge and Gyimothy 2015).

In the latest available data, satisfaction with accommodation in general was 4.52/5 (Jamaica Tourist Board 2016), while in 2017 it was 4.6 for Airbnb with 70% of hosts receiving five stars

(Collinder 2018). Efforts to regulate this emerging economy may therefore destroy it by solving a problem that does not seem to exist. Tourism authorities focus on tangible amenities but the sharing economy appears to equate value in more intangible ways and as Prahalad & Ramaswamy have noted value is now the result of a negotiation between the individual consumer and the firm. A simple room cooled by a fan and a helpful and knowledgeable host may be deemed more valuable by the guest than ‘nicer’ accommodation in a more sterile environment for example. Where minimum standards are breached the booking platform may compensate guests financially and negative reviews warn others. Hosts who continuously breach may lose future bookings or may be blocked from the site. Low entry barriers facilitate participation of those with limited capital resources but success depends on emotional capital and creativity. The so-called invisible hand of the market therefore plays a critical role in regulating the actions of hosts. While these hosts are on the margin of the tourism product they have so far demonstrated creativity, flexibility and responsiveness in developing a product that tourists want and are reshaping tourism in a way that meets the needs of New Travellers who themselves might be considered on the margins. In supporting them authorities may guide their understanding of the basic needs of visitors, assist them in effectively and truthfully communicating their offerings and in using feedback to improve their offerings.

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