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Exploring destination engagement of sharing economy accommodation: case of Australian second-homes

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ABSTRACT

Digital platforms operating in the colloquially termed sharing economy (SE) are disrupting tourism, notably accommodation with growth in peer-to-peer (P2P) rentals. Second-home rentals constitute an important segment of SE ‘entire homes’ as revealed by Airbnb, SE’s largest accommodation platform, with over seven million listings in 2019. Concurrent to SE micro-accommodation growth, global tourism organizations promote local engagement of all tourism enterprises to build sustainable destinations. Lack of understanding SE second-home engagement in destination networks and development activities is a significant knowledge gap. In response, this qualitative study explores regional tourism engagement of numbers of SE second-homes to help achieve local destination management organizations’ (DMOs) sustainable development goals. Research methods incorporate three Australian regional cases using interviews, web observations and secondary data to investigate perspectives of destination engagement of second-home rentals. Findings uncover power shifts in case regions that have created vacuums in local tourism ecosystems now being filled by Airbnb and accommodation platforms. Analysis of factors influencing engagement in destination development activities indicates second-home localized marketing and collaborative efforts are eroding under current tourism business models.

ARTICLE HISTORY

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KEYWORDS

Second-homes; sharing economy (SE); digital platforms; Airbnb; destination management organizations; holiday rentals

1. Introduction

Sharing economy (SE), often a confusing concept used interchangeably with numerous other terms, is worthy of research with the expectation SE will facilitate innovative online activity and generate billions of dollars globally by 2025 (Belarmino & Koh, 2019; Cheng, 2016). An important SE sector is tourism accommodation rentals, driven by individual operators sharing under-utilized places to stay, facilitated by online intermediary platforms, such as Airbnb (Belarmino & Koh, 2019; Belk, 2014; Cheng, 2016). SE platforms’ peer-matching services have significantly disrupted the tourism-accommodation industry, with SE accommodation listings often exceeding traditional hospitality industry offerings amidst calls for urgent SE controls to avoid over-tourism (Dredge & Gyimóthy, 2015; Gössling et al., 2019; Guttentag, 2015). These global SE digital platforms promote mainly non-commercial accommodation, such as peers sharing spare rooms in a dwelling or second-home short-term rentals (Dredge & Gyimóthy, 2015). Airbnb is the largest SE accommodation platform in 2019, listing over seven million ‘unique’ properties worldwide and with second-homes an important segment of the company’s ‘entire homes’ category (Airbnb, 2019b). Second-homes,
properties used as an ‘occasional residence of a household that usually lives elsewhere’ (Coppock, 1977, p. 3) are a significant growth segment in tourism accommodation. Hence, an important new research opportunity exists to explore factors surrounding engagement of these growing numbers of SE second-homes in tourism destinations.

In an evolving tourism landscape frequently undergoing exogenous shocks, the purpose of this research is to increase understanding of how under-researched SE second-homes engage in destination development programmes. Using three Australian regional cases undergoing SE disruptions to understand how regional management organizations facilitate tourism, this research aims to make a research contribution to SE second-home tourism engagement knowledge (Bakker & Twining-Ward, 2018; UNWTO, 2016). Firstly, following calls by global tourism organizations for more local engagement of all sizes of tourism enterprise to foster destination sustainability (Bakker & Twining-Ward, 2018; UNWTO, 2016), a SE second-home tourism engagement knowledge gap is addressed. Secondly, the research responds to a key immediate research priority identified by the Marketing Science Institute to analyse ‘the implications of platform economics and the sharing economy’ (MSI-Marketing Science Institute, 2019). Thirdly, this research builds on an established stream of second-home literature to explore the new SE growth sector of individual-owned, second-home rentals (Coppock, 1977; Müller & Hoogendoorn, 2013).

While recent studies document the growing network system of peer-to-peer (P2P) accommodation platforms (Dolnicar, 2017; Gössling et al., 2019), this study addresses a tourism knowledge gap in SE second-home engagement in local tourism, making a valuable contribution to tourism accommodation engagement practices in local business ecosystems subject to environmental, political and organizational disruptions. By drawing on service-marketing engagement within tourism ecosystems (van Doorn et al., 2010), this case study research explores second-homes’ online/offline interactions in regional tourism ecosystems, to uncover factors leading to engagement in destination development initiatives. First, a research area review of theoretical concepts for the SE second-home engagement framework is presented, before this study outlines methods, findings, discussion of results and conclusions to this qualitative exploratory study.

2. Research areas

SE, often described as ‘collaborative consumption’, is an ambiguous concept as identified by 17 terms related to SE profit and non-profit peer activities (Dredge & Gyimóthy, 2015). While no unified definition exists, at the core of most SE terms is the age-old human exchange activity of sharing between actors. In contemporary SE literature, exchange activity between actors, both P2P and business-to-consumer, takes place in internet-facilitated platform systems (Belk, 2014; Dredge & Gyimóthy, 2015). Whilst Belk’s (2014) often-cited SE definition has no monetary gain, such as sharing open-sourced software, the wider view using terms like ‘collaborative consumption’ and ‘access economy’ considers SE based on four concepts: access not ownership, use of online marketing platforms, monetary rewards and a system of interdependent actors (Breidbach & Brodie, 2017; Tussyadiah & Sigala, 2018).

SE platforms facilitate resource exchange amongst actors rather than offer specific products (Cheng, 2016), as online intermediaries do not own any rooms or accommodation properties, but co-ordinate access between buyers and providers (Breidbach & Brodie, 2017). SE accommodation platforms enable individuals to temporarily share their under-utilized spaces with others (Tussyadiah & Sigala, 2018). Belarmino and Koh’s (2019) literature review of 107 SE accommodation peer-reviewed articles, using the search key words Airbnb, HomeAway, P2P accommodation(s), lodging in SE and vacation rental(s), resulted in nine themes. Consumer behaviour is the dominant theme, contributing nearly a quarter of the studies, and is followed by legal issues, P2P accommodation and revenue management.

Research to date on Airbnb and similar SE accommodation platforms is largely focussed on SE growth (Guttentag, 2015), regulation of properties (Miller, 2016; Nieuwland & van Melik, 2020),
consumer behaviour (Liang et al., 2018; Tussyadiah & Pesonen, 2016), pricing (Gibbs et al., 2018; Teubner et al., 2017) and disruption in resident communities (Dredge & Gyimóthy, 2015).

Debate continues on whether profit-driven SE accommodation platforms with business models and traditional funding streams (Airbnb self-proclaims its SE business status) are valid SE enterprises (Muñoz & Cohen, 2017). In response, this study adopts a continuum of SE accommodation platforms, see Table 1, drawing on P2P accommodation network research (Dolnicar, 2017). At the far left end of this continuum are SE accommodation platforms with a social-bonding focus and no user transactional costs, such as Couchsurfing.com’s free room-hosting service with a community-bonding focus (Hajibaba & Dolnicar, 2017a). At the very far right of this continuum are full commercial, designed primarily for hotels, such as Booking.com, and sometimes used by second-home operators (Eckhardt & Bardhi, 2015). In the middle of the continuum is Airbnb, a transactional platform still under the broad definition of SE, where the peer-host profile is a key element to accommodation listings with guests encouraged to engage prior to arrival (Dolnicar, 2017). In the middle right of the continuum, between Airbnb and the full commercial section, are peer platforms, such as Stayz and HomeAway, where peers are not encouraged to interact, and host profiles are not included in accommodation listings.

Noteworthy is that a large proportion of Airbnb’s ‘entire homes’ category are private second-homes and not commercial-owned tourist rentals (Gutiérrez et al., 2017; Sigala, 2017). Airbnb has become fundamental to SE second-home rentals, given it is the largest SE platform and globally lists millions of short-term rentals (Airbnb, 2019b; Guttentag, 2019). Until 2016, Airbnb segmented their property listings in three categories: ‘Entire home/apartment’, ‘Private room’ and ‘Shared room’ in a residence (Airbnb, 2016). Only ‘entire homes’ applies to second-homes, offering the whole self-contained accommodation to guests and overall Airbnb’s most common rental-type (Lutz & Newlands, 2018; Said, 2014).

Whilst Coppock’s (1977) definition of a second-home as an occasional residence of a household is widely accepted, the types of property encapsulated by this concept differ, such as cabin, cottage, holiday home, summer house and vacation home. Universal to these second-home types is the primary use of these properties being leisure (Müller & Hoogendoorn, 2013). Originally ‘second-home’ was a non-commercial concept, but the growth of SE digital platforms sees the term now applied to second-homes available for short-term holiday rents (Hall, 2014; Keogh et al., 2018). As second-home rentals are closely linked to the broader concept of ‘residential tourism’, which also encapsulates tourists visiting friends and family, there is a call for a more comprehensive tourism approach to exploring second-home rentals (Perles-Ribes et al., 2018).

Table 1. Accommodation platforms – SE to commercial.

<table>
<thead>
<tr>
<th>Platform orientation</th>
<th>SE. Focus on community.</th>
<th>SE and P2P interaction.</th>
<th>Profit for SE operators.</th>
<th>Commercially oriented.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Host focussed in listing.</td>
<td>Host featured in listing.</td>
<td>No host details in listing.</td>
<td>No host details in listing.</td>
</tr>
<tr>
<td>Platform example</td>
<td>Couchsurfing</td>
<td>Airbnb</td>
<td>Stayz, VRBO, HomeAway</td>
<td>Booking.com</td>
</tr>
<tr>
<td>Accommodation providers</td>
<td></td>
<td></td>
<td>Most properties individually-owned. Some commercial.</td>
<td>Most properties commercial. Some individually-owned.</td>
</tr>
<tr>
<td>Transaction type</td>
<td>P2P; peers sharing unused couches, beds or rooms in a home.</td>
<td>P2P some B2C. P2B: peers listing Airbnb entire home/apt. properties e.g. second-homes.</td>
<td>P2P and B2C. B2C: traditional business to consumer short-term rentals e.g. second-homes.</td>
<td>Mainly B2C. B2C: commercial vacation rental of accommodation e.g. hotel rooms, villas and apartments.</td>
</tr>
<tr>
<td>Transaction type example</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: draws upon Dolnicar (2017) illustration of paid online P2P accommodation.
In response, this paper explores second-homes as an umbrella category, with dwelling usage the focus (Paris, 2014), to investigate SE second-home engagement in local tourism ecosystems.

Tourism studies have paid little attention to micro-sized accommodation businesses, such as second-homes, often dismissing this segment as life-style oriented. Research findings indicate these micro-accommodation businesses are often family or sole-trader enterprises, are unable to participate in destination management organizations’ (DMO) offerings, regional-development programmes and related initiatives (Lashley & Rowson, 2010; Mehraliyev, 2014; Thomas, 2013). However, classifying these offering as lifestyle-oriented occasional holiday rentals is far too simplistic, with many progressing to more commercial offerings employing entrepreneurial activities (Keogh et al., 2018; Lashley & Rowson, 2010; Ye et al., 2019). In light of recent growth of second-home operator engagement with Airbnb and other accommodation platforms (Sigala, 2017), we suggest lifestyle-orientation is no longer an adequate rationale for claiming a lack of engagement in regional development programmes and initiatives.

As identified in Table 1, SE second-homes cover two segments of the SE continuum: Airbnb-style platforms designed fostering hosts’ P2P interactions; and Stayz-style platforms designed for holiday rentals with no host focus. Although Airbnb do not publish data on owner types, unquestionably, literature on Airbnb platforms and rental listings coupled with regulatory debates, indicates SE ‘entire homes’ – as termed by Airbnb – are individually-owned second-homes and not commercially-owned rentals (Gutierrez et al., 2017; Sigala, 2017). Most studies discuss Airbnb’s ‘entire property’ type as one unitary category, with the second-home segment only rarely mentioned as illustrated here: ‘many – not all – are someone’s primary residence (made available when the host is on holiday) or someone’s holiday home’ (Hajibaba & Dolnicar, 2017b, p. 214). Overall, there exists an important research deficiency surrounding SE second-home business engagement within tourism regions.

SE second-homes in regional tourism are important, as they constitute considerable numbers in destination accommodation, adding substantive value to a regional tourism economy. Government agencies in many countries assist regional tourism growth through programmes and initiatives operating at national, state, regional and/or local levels. However, tourism business engagement in government development initiatives are noticeably changing with a shift from a ‘top-down’ redistribution of economic activity to more ‘bottom-up’ regionally-embedded agencies, such as tourism DMOs (Ateljevic & Doorne, 2000; Hall, 2011; Wray, 2015). In response to these regional changes and SE growth, this qualitative study explores how destination specialists can engage growing SE second-homes to help achieve local sustainable tourism regions and economic development.

This research suggests an engagement interaction perspective is an apt way of providing the conceptual tools to uncover enablers and barriers to second-home operator regional engagement in a tourism context. There is no universally accepted definition of engagement for business-to-business interactions with many streams of research existing, including stakeholder engagement (Bornhorst et al., 2010; Freeman et al., 2010), employee engagement and customer engagement (Brodie et al., 2011; van Doorn et al., 2010). This study draws on customer-engagement-related behaviour (Jaakkola et al., 2015; van Doorn et al., 2010) and aligns with the marketing definition of customer product-engagement interaction behaviour (van Doorn et al., 2010) as a concept capturing SE second-home engagement interactions beyond customer product and service transactions.

3. Methods

Using a theory-building approach, we explore second-home operator engagement in tourism-regions using a multiple-case-study methodology (Yin, 2014). Data were collected from two levels: SE second-home operator and regional-tourism expert perspectives (Eisenhardt, 1989; Oyen, 1990). A case-study approach was appropriate given the complex nature of the problem and the aim to develop an in-depth understanding of second-home engagement in regional tourism ecosystems (Flyvbjerg, 2011). Case studies are open and flexible to allow exploration of new and existing theories,
whilst providing rich empirical descriptions of a phenomenon based on a variety of data sources (Eisenhardt & Graebner, 2007; Marshall & Rossman, 2006; Yin, 2014).

Through a qualitative process, this two-level case-study integrated longitudinal research over three years – 2016–2019. The research design incorporated expert interviews (Stage 1) and second-home operator interviews (Stage 2). Digital online accommodation platforms were also observed (e.g. Airbnb), with a range of secondary data, including destination annual reports, visitor-economy data and tourist association visitor guides also integrated into the research to help triangulate and validate the findings (Eisenhardt, 1989; Yin, 2014). Stage 1 featured 18 regional tourism experts, i.e. ‘corporate elites’ (Welch et al., 2002). Purposely selected, see Table 2, these were key regional-tourism organizers and drivers of development initiatives in the case regions. Profiles of the Stage 1 elite participants reveal interviewees were experts in ‘micro’ level second-home accommodation, in addition to regional and in one case, national/global issues.

Stage 2 featured 21 second-home operators, also purposively selected and sourced through local websites or, in the case of Airbnb-only operators, identified through local promotions, see Table 3. Information from Stage 1 assisted in the development of the Stage 2 operator interview guide, with expert perspectives on factors influencing the second-home operator engagement or (non-engagement) for specific tourism initiatives.

Stage 2 operator profiles revealed 13 out of the 21 properties had websites, with eight of them relying solely on platforms for bookings. All operators with their own websites also used multiple platforms. Four operators used Airbnb exclusively, with no intention of listing on other digital accommodation platforms. Two Airbnb operators carried out no other local marketing nor promotions, and interview transcripts indicated these operators were very happy with the level of bookings from Airbnb and the assistance given with operating their businesses.

Semi-structured, face-to-face interviews lasting around one hour in duration for both stages were held at a mutually convenient time and location. An interview guide helped develop conversations on issues surrounding second-home operator engagement in regional-tourism ecosystems, using the

Table 2. Profile of expert interviewees.

<table>
<thead>
<tr>
<th>Stage 1 interviewee</th>
<th>Age group</th>
<th>Area of tourism expertise</th>
<th>Gender</th>
<th>Organization type</th>
<th>Region</th>
<th>Tourism experience no. of years</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1</td>
<td>61–70 yrs.</td>
<td>Macro</td>
<td>Male</td>
<td>Federal government agency</td>
<td>Central Coast</td>
<td>20–30</td>
</tr>
<tr>
<td>S10</td>
<td>51–60 yrs.</td>
<td>Meso</td>
<td>Male</td>
<td>LGA and DMO</td>
<td>Central Coast</td>
<td>6–10</td>
</tr>
<tr>
<td>S11</td>
<td>31–40 yrs.</td>
<td>Meso</td>
<td>Female</td>
<td>Regional development agency</td>
<td>Central Coast</td>
<td>11–20</td>
</tr>
<tr>
<td>S12</td>
<td>61–70 yrs.</td>
<td>Meso</td>
<td>Male</td>
<td>Regional tourism organization</td>
<td>Central Coast</td>
<td>31–40</td>
</tr>
<tr>
<td>S13</td>
<td>31–40 yrs.</td>
<td>Micro</td>
<td>Male</td>
<td>Real estate agent</td>
<td>Ballina-Byron</td>
<td>1–5</td>
</tr>
<tr>
<td>S14</td>
<td>41–50 yrs.</td>
<td>Micro</td>
<td>Female</td>
<td>Real estate agent</td>
<td>Ballina-Byron</td>
<td>6–10</td>
</tr>
<tr>
<td>S15</td>
<td>51–60 yrs.</td>
<td>Meso</td>
<td>Male</td>
<td>State tourism agency</td>
<td>NSW + Hunter</td>
<td>11–20</td>
</tr>
<tr>
<td>S16</td>
<td>51–60 yrs.</td>
<td>Micro + Macro</td>
<td>Female</td>
<td>Tourism marketing agency</td>
<td>National</td>
<td>6–10</td>
</tr>
<tr>
<td>S17</td>
<td>61–70 yrs.</td>
<td>Macro + Macro</td>
<td>Male</td>
<td>Industry body, global expert</td>
<td>International</td>
<td>31–40</td>
</tr>
<tr>
<td>S2</td>
<td>31–40 yrs.</td>
<td>Micro</td>
<td>Male</td>
<td>Real estate agent</td>
<td>Central Coast</td>
<td>11–20</td>
</tr>
<tr>
<td>S3</td>
<td>41–50 yrs.</td>
<td>Meso</td>
<td>Female</td>
<td>Regional tourism organization</td>
<td>Central Coast</td>
<td>11–20</td>
</tr>
<tr>
<td>S4</td>
<td>41–50 yrs.</td>
<td>Meso</td>
<td>Female</td>
<td>Tourism education institution</td>
<td>Hunter Valley</td>
<td>11–20</td>
</tr>
<tr>
<td>S5</td>
<td>41–50 yrs.</td>
<td>Meso</td>
<td>Female</td>
<td>Council (LGA) tourism</td>
<td>Hunter Valley</td>
<td>11–20</td>
</tr>
<tr>
<td>S6</td>
<td>51–60 yrs.</td>
<td>Macro</td>
<td>Female</td>
<td>State tourism agency + federal</td>
<td>NSW + Nat.</td>
<td>11–20</td>
</tr>
<tr>
<td>S7</td>
<td>61–70 yrs.</td>
<td>Meso</td>
<td>Female</td>
<td>Industry body</td>
<td>Hunter Valley</td>
<td>11–20</td>
</tr>
<tr>
<td>S8</td>
<td>31–40 yrs.</td>
<td>Meso</td>
<td>Female</td>
<td>Regional tourism organization</td>
<td>Ballina-Byron</td>
<td>6–10</td>
</tr>
<tr>
<td>S9</td>
<td>31–40 yrs.</td>
<td>Macro + Meso</td>
<td>Female</td>
<td>Tourism marketing agency</td>
<td>Ballina-Byron</td>
<td>11–20</td>
</tr>
<tr>
<td>S18</td>
<td>31–40 yrs.</td>
<td>Meso</td>
<td>Male</td>
<td>Regional tourism organization</td>
<td>Ballina-Byron</td>
<td>6–10</td>
</tr>
<tr>
<td>Stage 2 Operator</td>
<td>Age</td>
<td>Property type</td>
<td>Full- or Part-time</td>
<td>M/F</td>
<td>Region</td>
<td>No. of years open</td>
</tr>
<tr>
<td>------------------</td>
<td>----------</td>
<td>---------------------</td>
<td>--------------------</td>
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<td>--------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>P 01</td>
<td>50–60 yrs.</td>
<td>House on acres (1)</td>
<td>Owner PT</td>
<td>M</td>
<td>Central Coast</td>
<td>6–10</td>
</tr>
<tr>
<td>P 02</td>
<td>40–50 yrs.</td>
<td>Town-house (1)</td>
<td>Owner FT</td>
<td>F</td>
<td>Central Coast</td>
<td>1–5</td>
</tr>
<tr>
<td>P 03</td>
<td>50–60 yrs.</td>
<td>Villas at beach (2)</td>
<td>Owner FT</td>
<td>F</td>
<td>Hunter Valley</td>
<td>11–20</td>
</tr>
<tr>
<td>P 04</td>
<td>40–50 yrs.</td>
<td>House on acres (1)</td>
<td>Owner PT</td>
<td>F</td>
<td>Central Coast</td>
<td>1–5</td>
</tr>
<tr>
<td>P 05</td>
<td>60–70 yrs.</td>
<td>Cottages (2)</td>
<td>Owner PT</td>
<td>F</td>
<td>Central Coast</td>
<td>11–20</td>
</tr>
<tr>
<td>P 06</td>
<td>40–50 yrs.</td>
<td>Unit and house</td>
<td>Owner FT</td>
<td>F</td>
<td>Central Coast</td>
<td>1–5</td>
</tr>
<tr>
<td>P 07</td>
<td>40–50 yrs.</td>
<td>House (1)</td>
<td>Owner FT</td>
<td>F</td>
<td>Central Coast</td>
<td>1–5</td>
</tr>
<tr>
<td>P 08</td>
<td>50–60 yrs.</td>
<td>Unit (2)</td>
<td>Owner FT</td>
<td>F</td>
<td>Central Coast</td>
<td>6–10</td>
</tr>
<tr>
<td>P 09</td>
<td>50–60 yrs.</td>
<td>House (1), Unit (1)</td>
<td>Owner PT</td>
<td>M</td>
<td>Ballina-Byron</td>
<td>6–10</td>
</tr>
<tr>
<td>P 10</td>
<td>40–50 yrs.</td>
<td>Units (4) beach</td>
<td>Owner FT</td>
<td>F</td>
<td>Ballina-Byron</td>
<td>11–20</td>
</tr>
<tr>
<td>P 11</td>
<td>40–50 yrs.</td>
<td>Villas (6) acres</td>
<td>Manager FT</td>
<td>M</td>
<td>Ballina-Byron</td>
<td>6–10</td>
</tr>
<tr>
<td>P 12</td>
<td>40–50 yrs.</td>
<td>Villas (3) acres</td>
<td>Owner FT</td>
<td>F</td>
<td>Ballina-Byron</td>
<td>11–20</td>
</tr>
<tr>
<td>P 13</td>
<td>40–50 yrs.</td>
<td>Cottage (1) acre</td>
<td>Owner PT</td>
<td>F</td>
<td>Ballina-Byron</td>
<td>6–10</td>
</tr>
<tr>
<td>P 14</td>
<td>40–50 yrs.</td>
<td>Cottage (1) beach</td>
<td>Owner PT</td>
<td>M</td>
<td>Ballina-Byron</td>
<td>6–10</td>
</tr>
<tr>
<td>P 15</td>
<td>50–60 yrs.</td>
<td>Winery cottages (3)</td>
<td>Owner FT</td>
<td>F</td>
<td>Hunter Valley</td>
<td>11–20</td>
</tr>
<tr>
<td>P 16</td>
<td>40–50 yrs.</td>
<td>Winery cottages (4)</td>
<td>Owner FT</td>
<td>F</td>
<td>Hunter Valley</td>
<td>6–10</td>
</tr>
<tr>
<td>P 17</td>
<td>40–50 yrs.</td>
<td>Cottages (3) acres</td>
<td>Owner PT</td>
<td>F</td>
<td>Hunter Valley</td>
<td>1–5</td>
</tr>
<tr>
<td>P 18</td>
<td>40–50 yrs.</td>
<td>Cottage (4) acres</td>
<td>Owner PT</td>
<td>F</td>
<td>Hunter Valley</td>
<td>1–5</td>
</tr>
<tr>
<td>P 19</td>
<td>50–60 yrs.</td>
<td>Cottages (2) acres</td>
<td>Owner PT</td>
<td>F</td>
<td>Hunter Valley</td>
<td>6–10</td>
</tr>
<tr>
<td>P 20</td>
<td>40–50 yrs.</td>
<td>Cottages (3) acres</td>
<td>Manager FT</td>
<td>F</td>
<td>Hunter Valley</td>
<td>11–20</td>
</tr>
<tr>
<td>P 21</td>
<td>50–60 yrs.</td>
<td>Cottages (2) acres</td>
<td>Owner FT</td>
<td>F</td>
<td>Hunter Valley</td>
<td>1–5</td>
</tr>
</tbody>
</table>
actor, activities and resources categories (Aarikka-Stenroos & Ritala, 2017; Håkansson & Snehota, 1989). General questions sought insights into issues pertaining to barriers and enablers to second-home tourism engagement in regional tourism ecosystems. Additionally, Stage 2 interview questions probed operators deeper on how they engaged with other organizations.

Concurrently with Stage 1 and Stage 2 interviews, digital online accommodation platforms were observed and a range of secondary data was integrated into the research in order to validate the findings (Eisenhardt, 1989; Yin, 2014). Data scrapes from Airbnb’s international website using a data-bot method (Oses Fernández et al., 2018) facilitated capturing hosts’ locations and comments from an international host forum feedback platform. Entire home listing data from three platforms was extracted from Airbnb, Stayz and VisitNSW. Other accommodation online platforms operating in Australia that were also observed during this research included HomeAway, Booking.com, Australia.com, Wotif, Booking.com and regional DMO online booking systems.

3.1. Case regions

Using an Australian regional-tourism case context, our research focuses on three DMO regions that were codified by government as distinct destination visitor economies (Wray, 2015). Cases represented three important tourism regions in NSW (New South Wales), Australia’s most populous state: Central Coast (CC), Hunter Valley Wine Country (HV) and Ballina-Byron Coast (BB), see Figure 1. In July 2016, the NSW government announced the 11 regional tourism organizations would reduce to 6 Destination Networks (DN) by 2018, in an effort to drive visitor growth in regional NSW supported by $AUS43 million tourism-development investment over 4 years (DNSW, 2015).

All three regions comprise two local-government authorities (post-merger), rely on tourism as a major source of GDP, are within two-hours’ drive of a state capital city and contain large numbers of second-homes, see Figure 1. Tourism in the three case regions has been impacted by drought, floods and, recently, the worst bushfires in decades followed up by travel restrictions from COVID-19. This study first investigated CC and HV regions in 2015 with the third case, BB added to the research in 2016, to improve triangulation and validity of the findings.

Figure 1. Map of three case regions. Source: Authors’ own adapted from Keogh et al. (2018).
The Central Coast, with a total overnight visitor annual average spend of A$315m (DNSW, 2015), is located one hour north of Sydney and consequently services a large commuter population. Considered primarily a coastal tourist destination, it contains 16 beaches and two local government areas – Gosford and Wyong. CC offers tourists beach holidays, waterways and rural food trails to domestic weekender visitors, predominantly from Sydney. The Hunter Valley Wine Country, with a total overnight visitor annual average spend of A$ 211m (DNSW, 2015) is a popular wine region located two hours north-north west of Sydney and includes the Pokolbin and Lovedale wine-growing regions. HV is a rural region with some of Australia’s oldest vineyards. This region attracts tourists from all over Australia and has two councils – Cessnock and Singleton. The location is two hours north of Sydney, 30 minutes west of the city of Newcastle and one hour north of the CC region described earlier. The BB Coast with a total overnight visitor annual average spend of A$ 496m (DNSW, 2015) is located on NSW’s border with Queensland two hours south of Brisbane city the third largest city in Australia. BB has similarities to the CC as a beach-holiday destination, with some of Australia’s most iconic surfing locations and is also a hideaway for high-net-worth individuals.

Tracking second-home numbers in each case region was difficult, as short-term rental properties are not registered. As an alternative, second-home listings on the DMO websites and Airbnb were tracked over three years. These website observations showed a rapid growth in Airbnb listings across the three case regions. Airbnb showed 1641 CC listings in 2017 compared to 266 in 2015; 545 HV 2017 listings compared to 224 in 2015; BB, the third region added a year later to triangulate results (not tracked in 2015), had 3,095 Airbnb listings in 2017. Airbnb provides indications of property longitude and latitude locations for each listing in the ‘entire home’ category. The longitude and latitude for each property were combined using Google Fusion Tables to develop a ‘heat map’ of listing locations for each case region. The heat map revealed a concentration of Airbnb properties in non-tourist associated towns for the HV and CC cases. Concentration of HV rentals was as expected around two golf courses near the Gardens and Rothbury, along with an unexpected concentration in Cessnock’s CBD. The CC heat maps revealed Airbnb concentrations in the centre of non-touristic towns of Gosford and Woy Woy. Towns in BB are well-recognized tourist destinations, and the Fusion heat maps showed solid clusters of properties in the BB towns as would be expected.

### 3.2. Data analysis

A multi-stage analysis process (Flick, 2018) using NVivo 12 software developed insights into second-home operator platform relationships and engagement in tourism development initiatives. Following recommended coding procedures (Bazely, 2007), the first stage used open coding to identify general themes from the interviews. The second stage featured axial coding, developing themes and categories from the first stage. The final stage of coding identified core themes from the axial coding and categorization. A coding frame was developed in a digital codebook and updated as Stage 1 coding progressed which resulted in over 100 codes. These codes were grouped into broad code categories, under three key sections: ‘SE second-home operator-based’, ‘Region-based’ and ‘Context-based’.

For theme development, a word-frequency analysis was also employed. This provided important additions to the Stage 2 interview instrument. A theme emerging in Stage 1 was a comprehensive ‘lack of knowledge’ of SE second-homes. Further analysis identified 3,818 counts of the word ‘change’ and its variations, and this became an important theme going forward, see Figure 2. The words ‘business’ and ‘activities’ were frequently used by the Stage 1 experts, mirroring words used in interview questions. The word ‘council’ appeared as the next most frequent word, largely in relation to new government regulations for short-term rentals, see Figure 2. This was a pertinent issue for the tourism industry in 2014–2016, as many councils started enacting their own local regulations for short-term rentals. Other frequent words to assist with theme development were ‘groups’, ‘marketing’ and ‘Airbnb’. 


Stage 1 analysis identified expert perceptions of practical ways the regional tourism ecosystem supported second-home operators to engage in development opportunities. Whilst second-home operators could engage in various DMO initiatives, few experts perceived government and DMO regional development initiatives to be of significant use to SE second-homes, with many initiatives difficult to access.

The same coding frame was used for the Stage 2 interviews. Most frequent words were ‘tourism’, ‘think’, ‘people’ and ‘accommodation’. ‘Groups’ also appeared top-of-mind with operators, with ‘local groups’ perceived as more important than the DMOs. The word ‘council’ was also important for operators, as they feared upcoming council regulations in all three regions. The only platform that appeared in the top 100 words was Airbnb.

3.3. Findings

As identified, open codes were distilled down to broad categories and then to 11 reoccurring second-home engagement themes discussed below. These themes were classified on the following basis: regional or context categories (RCC); barriers/enablers to engagement (BEE); theory related to engagement (TEE).

3.3.1. Destination initiatives ‘only for big end of town’ elite (BEE)

While analysis of Stage 1 expert interviews reveals an extensive list of DMO engagement opportunities for second-homes, very few operators were taking advantage of these. The first thematic analysis of Stage 1 experts provided background in the tourism regional-development initiatives, available to micro enterprises, such as second-home rental operators. These initiatives were grouped around...
the activity links, actor bonds and resource ties framework (Håkansson & Snehota, 1995; Möller, 2013) as follows:

- Marketing activities, such as product development advice, destination and event marketing, publicity programmes;
- Collaboration opportunities linked to strategic-partnership programs, destination-development assistance, network events, industry associations and chambers of commerce;
- Resources related to destination brand, market research and insights, training resources, visitor resources and information, visual resources.

Importantly, the majority of Stage 2 interviews of second-home operators found these DMO and regional initiatives as being for an exclusive few, such as the larger tourism operators, i.e. hotels and ‘the big end of town’.

P8 I think it is the big boys just promoting their own businesses now and using TNSW’s [state tourism organization] money to do it.

P15 To be really blunt, they have got very big political influence. The smaller businesses can’t compete with the big ones.

Interviewees also cited lack of value and operator time constraints as reasons for the lack of uptake of DMO initiatives.

S3 When we looked at … funding, … there was no minimum and there was no matched dollar-for-dollar funding. With the RVEF, the minimum is $AUS 50,000 and the maximum is $AUS 500,000. That cuts out any businesses that don’t have the capacity to raise those types of funds.

S17 The cost of being a member of the local tourist associations becomes quite prohibitive and for the amount of benefit and value that you thought you got out of being a member of that tourist association.

P15 Thousands of dollars to be a member. I mean that to me is arrogant, when there is no longer a visitor centre.

S06 So, until there is a value proposition that they can clearly see of benefit and a value proposition that justifies them giving up what is essentially one of their critical resources, which is time, then I think that level of engagement will be minimal.

In some cases, operators revealed they were unaware of DMO marketing activities or the available resources. For example, the Central Coast Visitor Information Centre is located immediately off the freeway and not visible from the road. Two local second-home operators were unaware of its existence:

P6 There used to be a visitor information centre down near Terrigal. I don’t know if it is still there or not. I haven’t seen it for a while, so I have absolutely no idea.

P7 No. I didn’t even realize there was a tourism office operating in the Central Coast. Where is it. Where is it based?

3.3.2. SE accommodation an invisible sector (RCC)

Some experts had little awareness of the second-home rental sector. One expert, a board member of a regional DMO for two years, reported the SE second-home sector was never raised at board meetings, unlike other accommodation sectors, such as hotels, motels, backpackers and caravan parks.

S10 I am not saying it doesn’t get mentioned but at board level, and I’ve been at most, I’ve never heard it mentioned like, ‘Let’s come up with a business plan to work with the holiday rentals.’ I’ve never heard it.

3.3.3. Online platform engagement of paramount importance (BEE)

Second-home operators’ engagement online was more important than face-to-face interactions being paramount to the success of operators’ businesses. Consequently, engagement with the
platform intermediaries was particularly important to these operators. For example, the large booking numbers received from Airbnb by two operators, one in BB and one CC, resulted in the cessation of their ties to other platforms and the visitor information booking system, as they were no longer of value.

S17 I think the other thing that has had a big impact is the internet. People can network over the internet. So much easier. They don’t have to go and meet in a forum once a week or once a month to have an exchange of ideas. They can do that on the internet. I always got the impression that operators were pretty busy now and tied to the internet. That’s where the bookings are coming from.

P1 The internet in many ways has provided all the information and support that anyone needs. And if you look at every industry, it’s gone through every industry. It’s had its change.

3.3.4. SE accommodation platforms no longer just peer-to-peer (P2P) (BEE)
A review of Airbnb listings (Airbnb, 2019a) showed not all Airbnb’s ‘entire home’ and ‘apartment’ listings were peer-owned, and not all unused spaces were let by P2P operators. Airbnb company’s website boasts corporate clients ‘Hyundai’ and ‘PayPal’ as guest users of the ‘Airbnb For Work.’ Business-to-consumer providers also use Airbnb’s platform presenting themselves as ‘hosts’, for example, hotel-booking agencies and property-management companies (Airbnb, 2019b). While still focussing on P2P accommodation rentals, this study’s review of Airbnb’s platform found that the intermediary online marketplace had become a fluid adapting system of P2P, consumer-to-business (C2B), business-to-business (B2B) and business-to-consumer (B2C) commercial interactions.

3.3.5. Second-homes operators are ‘multi-listers’ (BEE)
This research found not all operators were limiting their property listings to one SE platform, as secondary data revealed individual second-home operators with multi-listings on a range of other platforms, destination marketing organization (DMO) booking systems, government websites and various commercial online marketing platforms. Not only were operators using more than one platform, in some cases, they used channel-management intermediaries to multi-list. For example, four HV operators used ‘Resonline’, who claim to operate a booking engine of thousands of online travel agencies for clients (Resonline, 2019).

3.3.6. Airbnb three-way innovation (TEE)
Airbnb’s platform now provides a valuable resource in open innovation (OI) for Airbnb hosts to become micro entrepreneurs. This resource facilitates incremental innovation in the accommodation service through adding new products, such as ‘experiences’ by locally led, P2P hosted tours and activities. Observation of Airbnb’s platform found a three-way innovation process involving firstly, Airbnb staff innovation, secondly, guest-users with R&D suggestions via feedback forms and, thirdly, host Airbnb operators via a ‘Community Forum’, also see Figure 3. In recent years, the three case regions experienced the Airbnb platform developing new tourism accommodation and regional P2P activity service products. Figure 3 highlights this three-way feedback process with the cloud above the funnel drawing on Chesbrough’s (2012) two-way view of open innovation and incorporating a third host input from Airbnb operators.

3.3.7. Rise of SE operators in non-touristic locations (RCC)
Observation of the digital platforms found that clusters of second-homes were no longer just located in traditional destinations, but also appearing in non-touristic regional town centres, for example, Gosford and Cessnock town centre. An operator identified Airbnb guests staying in a town 30 kilometres away, instead of the HV destination.
3.3.8. Multi-disruptions to case regions (RCC)

The three case regions are not only undergoing disruption from a massive growth in SE accommodation listings and how second-home operators engage with DMOs, but the data also showed tourism power shifts and major governance changes impacting business ecosystems. As this study progressed, not only did Airbnb expand into the regional-case accommodation markets, but disruption at a government and industry body level compounded the lack of second-home operator engagement in tourism regional initiatives.

(P16) They have now included HV with Blue Mountains and CC. [referring to the state DMO restructure] Which is a worry, when you consider the HV is one of the oldest and friendlier wine regions in this country.

3.3.9. DMO initiatives not on radar (BEE)

Observation of Airbnb’s host-forum topics uncovered thousands of host questions to Airbnb. A text search found no host mention of ‘destinations’ or regional tourism in any form. Interestingly, ‘pricing’ for operators’ rentals was the greatest concern for Airbnb Community forum host users. While operators were engaging daily with online platforms, there was little if any interaction between operators and their DMO with some unaware of local tourism stakeholders.

P8 As regards Central Coast Tourism, I don’t know if they are still in existence. They certainly don’t have any reach. They don’t reach out to me anyway. They are mainly for the big boys.

3.3.10. SE platforms ignore destinations (RCC)

Rooms, not destinations, remain the focus on Airbnb and other accommodation websites and listings. A listing can indicate it is in a region; however, it can still be located more than 50 kms away from the destination, for example, Newcastle city properties listed under HV.
3.3.11. Destination strategy lacking (BEE)
Experts in the case of CC noted that 10 years ago, there was a regional ‘China strategy’ that was later dropped in favour of a ‘domestic strategy’. More recently, before the regional re-structuring, a ‘Sydney strategy’ was the focus of marketing activity. Both experts and second-home operators were unclear on the current marketing strategy for CC, as the move in 2016 to a new megaregion ‘Sydney Surrounds’ shifted the focus to ‘iconic attractions’ instead of destinations. Experts interviewees determined this strategy was not helpful to CC, which had no destination ‘icons’, and further created a barrier to SE second-home engagement in destination development initiatives.

4. Discussion
The aim of this paper is to explore SE second-home operators’ interactions to help understand factors leading to business engagement. This study investigated engagement interactions with online platforms and local tourism enterprises to understand how and if SE second-homes can be integrated into DMO development strategies. Results highlight challenges and opportunities associated with second-home operator engagement and provide practical guidance to government and business to improve economic outcomes. These online accommodation platforms, such as Airbnb, have caught many by surprise (Sigala, 2017). The rapidity of the change has challenged many tourism organizations and their respective tourism regions. Accommodation listings on SE disruptors, such as Airbnb, now often out-number traditional accommodation using traditional marketing channels and place-based destination networks (Gutierrez et al., 2017).

Whilst the UNWTO calls for enterprise engagement of all sizes in collaborative marketing initiatives to improve economic development and sustainability (Dwyer et al., 2009; Hall, 2000; UNWTO, 2015), our findings indicate SE second-homes are disengaging from DMO activities and networks. One of the most significant findings was how SE second-home engagement with regional tourism organizations is dwindling. In this study, there has been an exodus, with participants ending their membership with their DMO, citing a lack of value and time constraints. The value instead is now provided by the online platforms, which offer bookings, business assistance, lobbying, guest reservation management and new products, such as experiences, and new markets (e.g. corporate travel). The interviews with SE second-home operators confirmed the observation of Airbnb forum posts, finding weak links to DMOs and strong links to digital platforms. To exacerbate the engagement situation, the SE second-home sector appears to be invisible to most drivers of regional destinations as uncovered in previous research (Keogh et al., 2018). The data suggests that, although Airbnb and other digital platforms register on the radar of government agencies, there appears to be a lack of awareness and/or recognition of the SE second-home sector role and importance in the regional tourism ecosystem at the state destination network level. In other words, there appears to be a high-level recognition of the online booking platforms as a force to deal with at the strategic level, but there is a lack of translation of this recognition into effective tactical planning and implementation on the ground.

Interestingly, this research finds that Airbnb’s online marketplace, originally offering rental space in private homes, is no longer just peer matching their unused accommodation space with the needs of other peers (Airbnb, 2019b). Previous studies describe Airbnb as a P2P digital intermediary platform. However, a review of Airbnb’s current accommodation offering by this study finds not all products described as ‘entire home’ and ‘apartment’ listings are non-commercial properties and not all unused spaces are let by P2P operators. In other words, traditional (commercial) accommodation providers, such as hotels and student accommodation, are now listing on Airbnb. Literature is unclear on this change in listing strategy on Airbnb and could benefit from further attention to deepen understanding on how this development may affect regional tourism ecosystems.

Furthermore, observation of the Airbnb digital platform finds clusters of SE second-homes are no longer just located in traditional destinations. Heat map clusters of recent Airbnb second-home
rentals were found to be appearing in non-touristic regional town centres, which is a new development (and worthy of further empirical study).

Interviews and secondary data also show that the three case regions are not only undergoing disruption from sharing-economy platforms, but the findings also indicate a shift in tourism power and major governance changes impacting regional tourism ecosystems. The structural changes culminating in NSW’s six mega-regions appear to have created structural gaps in the regional tourism ecosystem. For example, a destination development strategy for tourism providers, such as SE second-home operators, seems to be lacking.

The impact of tourism structural changes in NSW has resulted in a ‘leadership vacuum’ in the regional tourism model change (NSW’s regional/local destinations amalgamation to six mega-tourism destination networks) coinciding with the growth in Airbnb. Micro-accommodation businesses, like second-home rentals, have disengaged from the new mega-tourism model (i.e. government-led) and are instead actively engaging with digital platforms, such as Airbnb. In the short-term, NSW regions have gained economically with increasing numbers of visitors, which may give an appearance of ‘business as usual’ at the macro level. However, longer term, findings indicate that Airbnb does not add value to marketing the regions, as they are selling rooms, not destinations, in effect being ‘region neutral’. Shocks like COVID-19 are an example of risks for regions when relying on such broad accommodation initiatives.

Airbnb are taking the lead in innovation through their new ‘experiences’, such as Airbnb host tours and hosts classes, which include cookery and photography, amongst others. However, despite this platform-level innovation, our study found no evidence of regional innovation flowing through to the three case regions, except for support for some new events.

Within destinations, SE digitalization of tourism services is not only disrupting how operators do business, but the monumental growth in SE second-homes using online SE platforms is also reshaping DMOs and their role in local regions (Hira & Reilly, 2017; Hwang & Griffiths, 2017; Karlsson et al., 2017). Prior research finds tourism SE second-home operators’ perceived value of DMOs is negated by the rise of SE marketing platforms, such as Airbnb (Keogh et al., 2018). SE second-home accommodation operators, through the rise of SE disruptors, like Airbnb, have forged new activity links, such as marketing and image listing improvements, resource ties to government lobbying facilitation and actor bonds to local P2P groups.

The emergent findings of the case data suggest that destination product, marketing and service innovation is no longer being led by DMOs in co-operation with key stakeholders (Babu & Subramonian, 2016; Baggio et al., 2010; Beritelli, 2011; Dwyer et al., 2009; Pearce, 2015). Instead, sharing-economy tourism development is transforming into a complex co-creation of digital-platform initiatives, which involve consumer and host suppliers, with little or no known input from DMOs (Mody et al., 2017; Priporas et al., 2017; Zhu et al., 2017). At best, there may be some limited interaction between government agencies and the digital platforms, but this interaction appears to be peripheral with respect to the reality of the strategic and tactical considerations of regional tourism ecosystem actors and is symptomatic of the ‘leadership vacuum’. Collectively, this contributes to second-home operators’ diminished sense of perceived DMO value and exodus from DMO-led development initiatives.

5. Conclusion

This paper has explored engagement of SE second-home operators in regional tourism ecosystems in the Australian market. The findings indicate second-homes are becoming less likely to engage with traditional DMO and local tourist associations, as SE platforms, such as Airbnb, strengthen ties with second-home operators through new regional peer groups. Findings from case regions also identify important DMO power shifts and governance changes in tourism ecosystems have reduced the likelihood of micro-business engagement, such as second-home rentals. Emerging mega-regions
following these power shifts have created broader structural gaps in tourism ecosystems, which have been filled by Airbnb and other digital platforms.

Making an important contribution to second-home literature, this research integrates the second-home rentals into the SE accommodation body of knowledge. In theoretical terms, this study contributes to tourism ecosystem engagement by exploring business activities, ties and bonds of growing numbers of SE second-home rentals. In practical terms, this paper provides tourism organizations and policymakers new understandings of second-home business relationships. Results of this exploratory study bring new insights to the second-home body of knowledge, by identifying barriers and enablers influencing second-home micro-business engagement in regional tourism development activities.

While this paper contributes to the body of second-home research, use of three cases in Australia has limitations, including only covering three tourism regions in one country. The paper also demonstrate difficulties in monitoring regional tourism ecosystems and more studies are needed. COVID-19 is a timely example and is currently exerting financial pressure on those second-home investors relying on their income source from platforms like Airbnb. Once again, the ecosystem is in a new state of flux. More empirical research is required to uncover factors influencing second-home tourism engagement both online and offline, as well as how changes in accommodation platform relationships is affecting regional tourism ecosystems.

This paper also identifies a need for further clarity around SE’s numerous terms and concepts. While industry recognizes terms like SE, academia often cites Belk (2014), who argues sharing unused space for economic gain is ‘pseudo-sharing’ and not related to sharing concepts. More recent alternate concepts for transactions via digitally-enabled platforms designed for individuals, such as ‘collaborative consumption’ and ‘peer-to-peer accommodation’, fail to fully capture the nature of commercial interactions of individual second-homes.

This study finds SE second-home engagement is growing with platform providers, but at the expense of local, regional DMO engagement. With many Australian regional destinations re-building after bushfires, and individual regions needing specialist help, not to mention the systemic disruption all regions are suffering due to COVID-19 restrictions on travel, this may force a rethink of policy and the role of destinations in rekindling their marketing activities. These second-home engagement shifts, from DMOs to the SE platforms as uncovered in this study, indicate improved accommodation utilization whilst exposing regions to longer-term weaknesses around place-based destination development. These destination-building efforts in an Australian case-context are often government responses to exogenous shocks, such as drought, bushfires and floods. An exodus away from endogenous marketing to reliance on SE platforms needs to be more than ever under the policy microscope.

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