After attending the Outrigger Leadership Conference in Honolulu two weeks ago, I flew to Denver. When I landed at about 9:00 p.m., I collected my luggage from the United Airlines carrousel, pulled out my iPhone and touched the UBER app to arrange for a ride home. In doing so, I joined what is broadly referred to as “the sharing economy,” a way of doing business that is saving resources, spreading wealth and revolutionizing the way people book lodging, transportation, equipment and a wide range of services.

The screen on my iPhone flashed the information I needed including the driver’s name, his service ratings by previous customers, the vehicle’s license plate number and the fact that he was five minutes away. A spotless black Chevrolet Suburban with the given license plate soon pulled up. Its nicely dressed driver stowed my luggage, handed me a bottle of chilled water and, 30 minutes later, helped me with my luggage at the front door of my home. The cost was about 30 percent more than the taxi fare I have paid for the same trip, but at the end of a long day, I felt the pleasant ride was well worth the premium.

Technology similar to that used by UBER is having a dramatic and profound impact on a broad range of accommodations, ranging from hotels to condominiums, timeshares, bed and breakfast establishments, and even a spare bedroom in a home or apartment.

According to an article in this week’s edition of The Economist, “The top brass at the Marriott, Four Seasons and Hilton chains have all said that these firms [such as Airbnb and Vacation Rental By Owner, aka VRBO], do not compete for their core market of high-end business travelers. A vice-president of The Ritz-Carlton group recently claimed she had not even heard of Airbnb. And Airbnb itself agrees, arguing that it does not displace existing lodging but is creating new demand. ‘I’m optimistic that there isn’t going to be a war’ with hotels,” said Brian Chesky, its co-founder and CEO, in January.

The numbers tell us that demand for the sharing economy is growing like gangbusters. Founded in August 2008 and based in San Francisco, Airbnb, Inc. has been funded by a number of the Bay Area’s top venture capital firms. Last month, it closed a $475 million round of financing with San Francisco’s TPG Growth, which gives Airbnb a book value of $10 billion. That’s more than the value of many major hotel chains, including Hyatt and Wyndham Worldwide! Airbnb has offices around the globe, in cities such as London, Copenhagen, Paris, Berlin, Hamburg, Milan, Barcelona, Moscow, São Paulo, Sidney and Singapore.

And, if one looks at the actual number of rooms booked through Airbnb, one quickly finds it is already a major player in many destinations, including Honolulu. Wikipedia’s Airbnb page claims it has over 500,000 listings in 33,000 cities and 192 countries. With 112 percent growth in guest use during 2013, blogger Ken Yeung estimates someone was checking into an Airbnb listing every two seconds in the peak weeks of July and August.
‘The Sharing Economy’ … << From 1

Advances in technology have quickly disrupted traditional business models in many sectors of the economy, including the visitor industry, and we now see further changes coming courtesy of companies like UBER and Airbnb. Their apps effectively cut out the middleman and allow consumers to negotiate directly with sellers.

Predictably, those who have vested interests in traditional business models are actively resisting the change – despite Chesky’s belief that there won’t be a “war.” Taxi operators say that UBER drivers need to be subject to the same regulations and licensing requirements that apply to regular cabs. City and state authorities want accommodations offered through Airbnb to be subject to licensing and zoning rules, health and safety regulations, and of course the tax laws. Many traditional hotel operators say that Airbnb should be required to comply with the many regulations and taxes that they must deal with.

Right now we are in a state of flux, and the end of this story is not yet written. Things are certainly moving quickly, however, and we’ll look more deeply into the rapidly changing world of booking hotel rooms in future editions of Saturday Briefing. In the meantime, consider these thought-provoking statements:

Bob Dylan:
“Come gather ’round people
Wherever you roam
And admit that the waters
Around you have grown
And accept it that soon
You’ll be drenched to the bone
If your time to you is worth savin’
Then you better start swimmin’
or you’ll sink like a stone
For the times they are a-changin’”

Charles Darwin:
“It is not the strongest or the most intelligent who will survive but those who can best manage change.”