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THE FOUNDATIONS OF INCLUSIVE TOURISM

The contribution of
Airbnb to inclusive
growth in South Africa



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Document Reference

The foundations of inclusive tourism:

The contribution of Airbnb to
inclusive growth in South Africa

Date

13 September 2021

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This report was commissioned by Airbnb
and independently researched and prepared
by Genesis Analytics (Genesis).

All data used in this report was gathered from
publicly available sources, platform data provided
by Airbnb, or third-party survey data collected
by Airbnb on Genesis' behalf for the purposes of
this report. However, Airbnb did not provide any
internal data or sensitive information on either
guests or hosts. All case study material was
prepared by Genesis based on first-hand interviews
and bios provided by Airbnb. Information about
the Airbnb company was provided by Airbnb.

The conclusions and recommendations of
this report are that of Genesis, independent,
and based on the research undertaken.



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Executive Summary

Inclusive growth is a national priority for South Africa.

Even before the COVID-19 pandemic, South Africa had struggled to address persistent inequality, unemployment and weak growth. Inclusive growth - where the benefits of a growing economy are shared more widely - is needed to address the triple challenges of poverty, inequality and unemployment.

Tourism has immense potential for inclusive growth.

A vibrant tourism sector creates employment for lower-skilled workers, young workers and women, and can help to include rural and township economies in the benefits of tourism. Tourism can also drive cultural exchange and social interaction, with positive outcomes for nation-building. The United Nations World Tourism Organisation (UNWTO) has designated the theme for 2021 World Tourism Day as *Tourism for Inclusive Growth*.¹

The digital platform economy can support inclusive growth.

The South African government's ICT and Digital Economy Masterplan identifies digital platforms as a mechanism to achieve inclusive growth. The Masterplan notes that more support is needed to grow the platform economy, including securing universal digital inclusion and agile regulation which address the societal risks of digital platforms without stifling business innovation.²

In light of the need to accelerate inclusive tourism, Airbnb commissioned an independent impact study to understand the platform's contribution to inclusive growth to date.

The report was researched and prepared by Genesis Analytics (Genesis). The report focuses on trends as of 2019. Although data for 2020 is included in parts, 2020 has not been taken as a reliable indicator of secular patterns because of the anomalous effect of the COVID-19 pandemic. The research relied on an analysis of Airbnb platform data and previous surveys of guests and hosts conducted annually by Airbnb, which were provided to Genesis by Airbnb. Genesis also designed a new survey of guests and hosts that was deployed in July and August 2021. The full methodology is available in Appendix A.

A vibrant tourism sector creates employment for lower-skilled workers, young workers and women, and can also help to include rural and township economies in the benefits of tourism.

The report interrogates whether Airbnb is contributing to economic growth, and whether this growth is more inclusive.

Inclusion considers both supply and demand in the tourism sector. More inclusive supply means changing who can participate in the sector so that the benefits of tourism can be enjoyed by more South Africans, particularly black Africans, women and young people.³ More inclusive *demand* means improving the accessibility of domestic travel so that more people can travel in their own country.

Therefore, the Airbnb platform's contribution in inclusive growth is assessed in four ways:

- 1 Contribution to economy-wide growth.** Whether Airbnb is contributing to growth in gross domestic product (GDP) and economy-wide employment (this is the growth aspect of inclusive growth).
- 2 Lowering the barriers to tourism entrepreneurship for typically excluded groups.** Whether Airbnb is supporting inclusion on the supply-side of the tourism economy, based on race, gender and age.
- 3 Enabling more South Africans to travel.** Whether Airbnb is supporting inclusion in the demand-side of the tourism economy by making domestic travel more accessible.
- 4 Dispersing the benefits of tourism geographically.** As demand and supply come together, whether Airbnb is helping to spread the benefits of tourism geographically, particularly to lower-income and rural areas.

The conclusion of the report is that the Airbnb platform is contributing to growth of the tourist economy, and that this growth is increasingly inclusive.

There is evidence that Airbnb has laid the foundations of inclusive growth of tourism.

First, Airbnb contributes to economy-wide growth.

In 2019, the platform contributed almost R11 billion to the gross domestic product (GDP) which, in turn, supported more than 28 000 economy-wide jobs.⁴

In 2020, in a crisis year for the tourism sector, Airbnb still contributed more than R8 billion to GDP, which supported approximately 22 000 economy-wide jobs.⁵

Second, there is evidence that the Airbnb platform lowers barriers of entry to tourism entrepreneurship.

Airbnb allows small businesses and home-owners to compete with larger, established companies without making large capital investments.

Hosts can generate income by listing a room in their home, or by using their skills to provide an experience. Airbnb also provides payment facilitation, customer support services and self-marketing functions, which could otherwise be cost barriers to entering the tourism market. Lowering barriers to entry in this way has benefits for inclusivity. *Gender inclusion* is strong with twice as many women as men hosting on Airbnb. *Youth inclusion* is not strongly evidenced, but Airbnb experiences hold potential for more youth economic activity. On the available evidence *racial inclusion* of hosting is relatively low when compared to national demographics, however there has been growth in the number of hosts in township communities, albeit off a low base. This likely reflects persistent asset inequality in South African society. Airbnb has established a number of initiatives to overcome exclusion, like the Airbnb Entrepreneurship Academy that works with local community

partners to identify, train and support tourism entrepreneurs, specifically targeting women and youth in township and rural communities.

The Academy has been recognised as “international best practice in poverty alleviation through tourism” by the World Tourism Alliance, World Bank Group, and the International Poverty Reduction Center in China.⁶

Third, Airbnb is enabling South Africans to travel in their own country.

Digital platforms have the benefit of allowing travellers to easily compare accommodation options and tailor searches to meet specific needs. They provide an array of prices and locations, ranging from a shared room to a luxury villa and everything in between, in all parts of the country. Logically, a wider choice in prices and location improves the chances that travellers are able to find convenient accommodation to fit their budget.

This has contributed to an increase in domestic travel using Airbnb.

According to Airbnb platform data domestic travel on the platform grew by almost 600% from 2016 to 2019, while South African Tourism estimates that domestic tourism fell by 9% over the same period when looking at the industry as a whole.⁷

There is evidence that some of this domestic growth is from unlocking latent demand, in other words, demand that would not be realised without the service.

In an annual survey conducted by Airbnb, when guests were asked how their length of stay would have changed if Airbnb was not an option, 15% of guests responded that they would not have travelled without Airbnb, while 56% reported they would not have stayed as long.⁸

Finally, there is evidence that Airbnb is dispersing the benefits of tourism geographically.

While travel on the platform remains concentrated in traditional tourist hotspots, the areas with the fastest growth on the platform are “non-traditional” tourism provinces, and towns in rural areas.

For example, guest travel on Airbnb to the North-West province grew by 130% annually between 2016 and 2019; compared to 50% growth in the Western Cape over the same period. In townships, another area traditionally excluded from the benefits of tourism, there has been encouraging growth in Airbnb hosting and visits. For example, the number of active hosts in Soweto reached 158 in 2019 compared to just 26 in 2016.

The conclusion of the report is that digital tourism platforms like Airbnb are creating a foundation for inclusive growth in tourism.

This is at an early stage, and intentional effort is needed to widen and support inclusion in the tourism economy. This will need to be underpinned by balanced and evidence-based regulation, as well as the progressive implementation of national digital policies and tackling digital exclusion by both the public and private sectors. Implementing the government’s ICT and Digital Economy Masterplan will be an important first step and will rely on more collaboration and coordinated efforts from all industry stakeholders.

Therefore, the report calls for greater coordination and partnership between the public, private and societal sectors to build on the foundations of inclusive tourism.

An overview of tourism in South Africa

Tourism is an important and growing part of the economy.

According to Statistics South Africa, in 2018 the total direct GDP of tourism was R130 billion (equivalent to 2.7% of GDP) - a growth of 10% from 2017.⁹ Tourism is an export industry and in 2018, inbound international tourism contributed R126.7 billion or 9.2% to export earnings.¹⁰

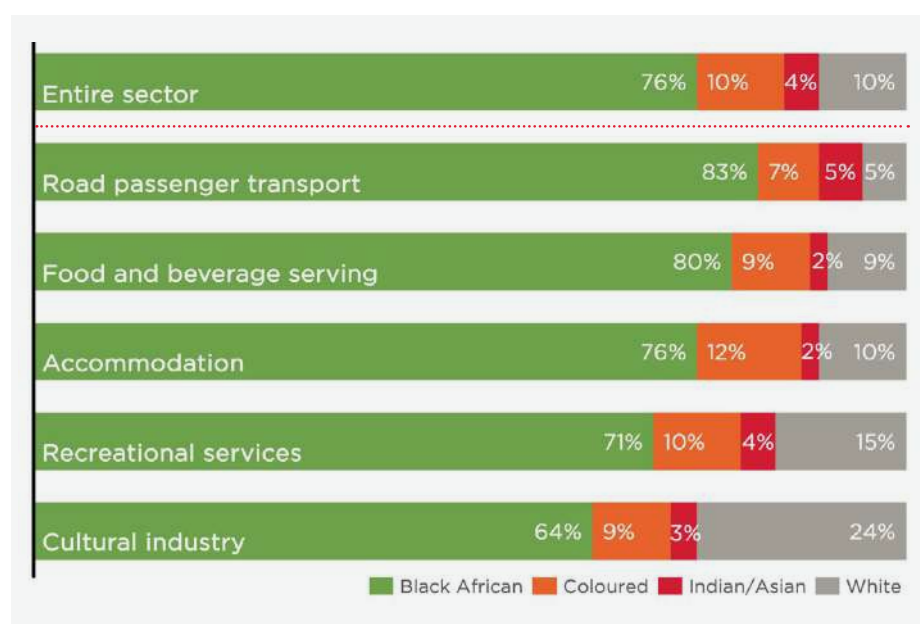
Tourism is also a large employer.

According to Statistics South Africa, in 2018 one in every 22 working South Africans were employed in the tourism sector, totalling about 740,000 jobs or 4.5% of the total workforce.¹¹

Indirectly, tourism supports another 760,000 jobs - demonstrating the strong linkages between tourism and other sectors especially transportation, trade and retail.¹² 90% of jobs in the tourism sector are held by previously disadvantaged racial groups (Figure 1).¹³ However, previously disadvantaged groups are also most vulnerable to economic shocks like the COVID-19 pandemic as they tend to occupy more junior, contract or informal positions.¹⁴

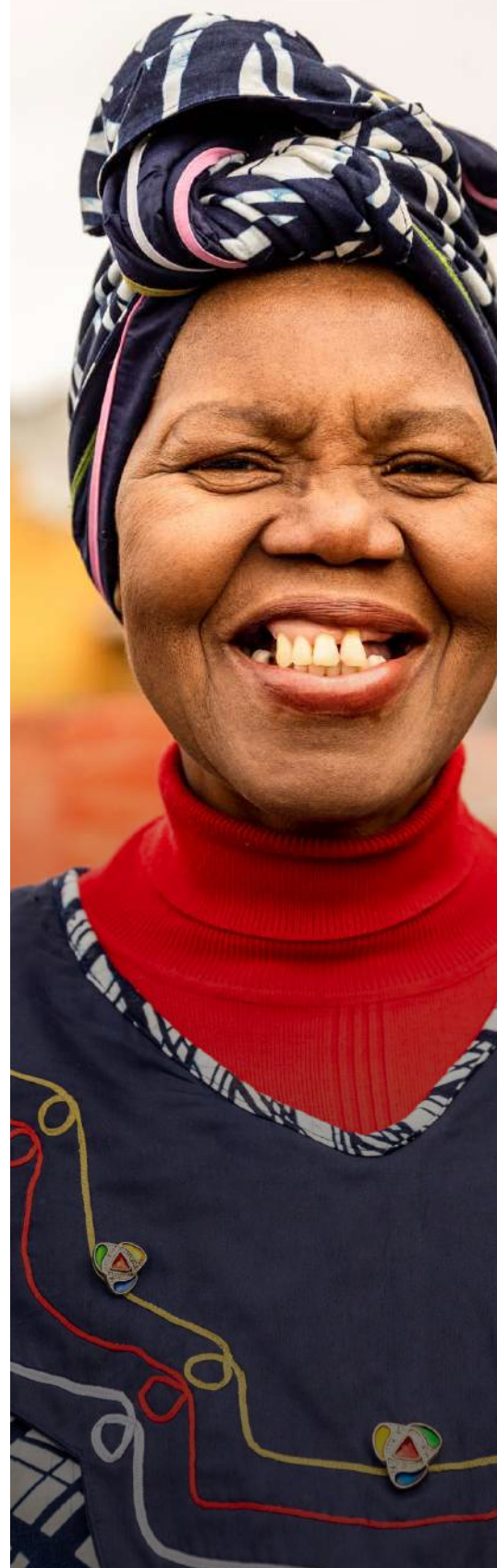
Figure 1

The breakdown of employment in tourism according to race¹⁵



Source: StatsSA Tourism Satellite Account, 2017

90% of jobs in the tourism sector are held by previously disadvantaged racial groups.

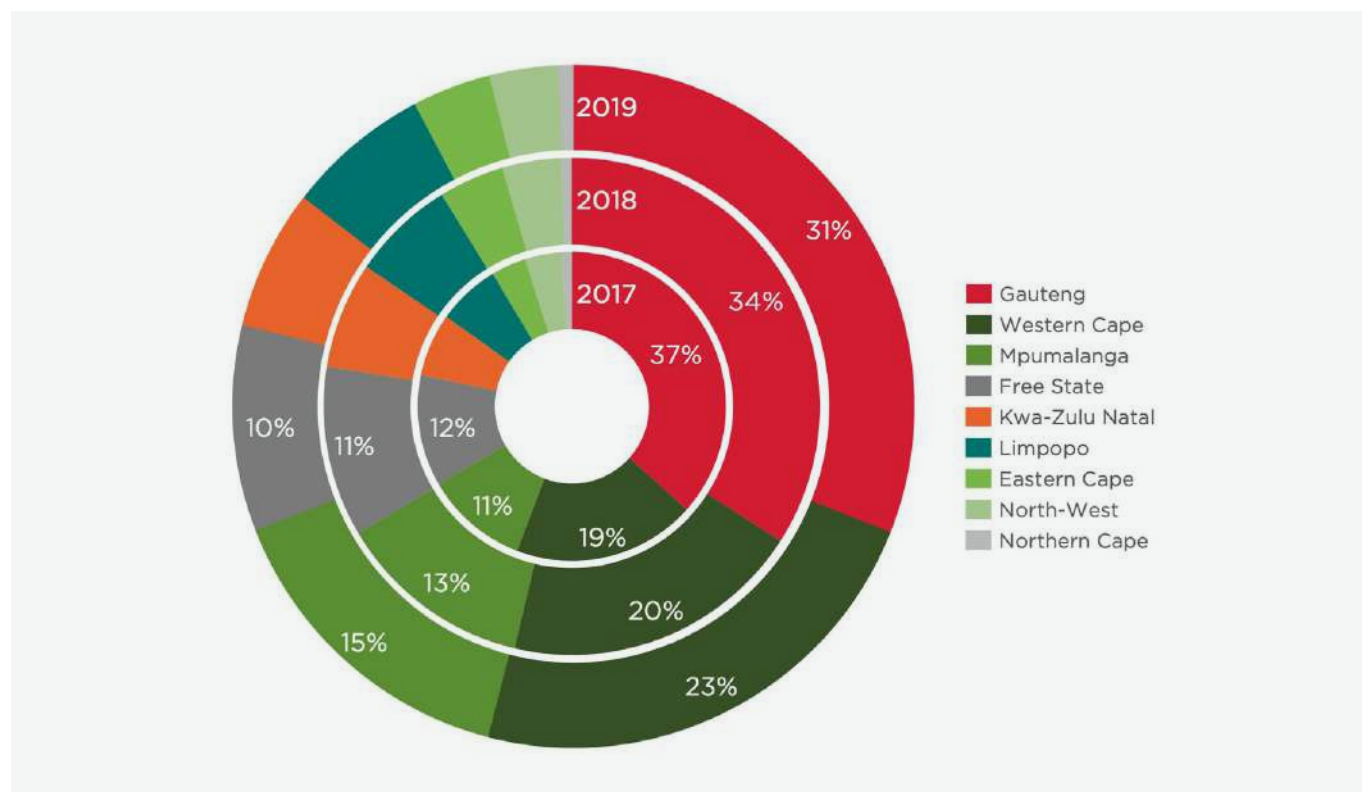


Many of the economic benefits of tourism are concentrated in the “traditional” tourist provinces like the Western Cape and Gauteng.¹⁶

Gauteng accounts for the largest number of international tourist bednights, with almost half of tourists coming to visit friends and relatives, but Western Cape is the most popular leisure destination with two thirds of tourists arriving for a holiday.¹⁷ By contrast, the Northern Cape and North-West province see the lowest incidence of travel (Figure 2).

Figure 2

Bednights by province, 2017 to 2019¹⁸



Globally, the COVID-19 pandemic has had a devastating impact on tourism.

The World Travel and Tourism Council estimates that in 2020, tourism’s contribution to global GDP fell by 49%, with almost 62 million jobs lost.¹⁹

International travel worldwide dropped by 74% in 2020, estimated to represent losses of USD 1.3 trillion in export revenues which is over eleven times that recorded in the 2007-2009 financial crisis.²⁰

International tourism in South Africa has been hard hit by the pandemic.

In March 2020, the government implemented a 21-day hard lockdown that prevented non-essential travel, restricted international

travel, and closed the borders to foreign visitors from high-risk countries.²¹ South Africa did not receive any international tourists for six months of 2020.²² Foreign arrivals dropped from 15.8 million in 2019 to 5 million in 2020,²³ crippling parts of the industry geared to international tourists.

It is estimated that the tourism sector lost R54.2 billion²⁴ in 2020.

More than 600,000 employees in the tourism value chain applied for the Unemployment Insurance Fund Temporary Relief Scheme (TERS) between April and June 2020.²⁵ Previously disadvantaged groups like contract and informal workers, women and young workers were the most vulnerable to business closures and job losses in the sector.²⁶

Domestic tourism has been more resilient.

South African Tourism estimates that where international tourism fell by 80% to 100% as a consequence of the pandemic, domestic tourism fell by only 10% to 60%. Domestic tourism was likely given a boost when South Africans were not able or willing to travel abroad. However, there have been considerable national efforts in recent years to build the domestic tourism market, notably South African Tourism's *Sho't Left* campaign, and growth in domestic tourism is likely to continue in a post-COVID world.

In March 2021, South African Tourism released a report on the future of tourism, which urged even greater efforts in building the domestic travel market.²⁷

The pandemic presents an opportunity to rebuild the sector to be more inclusive and resilient.

The Tourism Sector Recovery Plan recognises the need for collaborative efforts to rebuild the sector in the wake of COVID-19 with a focus on stimulating domestic demand and rejuvenating supply through investment in community-based tourism assets.²⁸

The Department of Tourism has a particular focus on including black Africans, women and youth,

and is driving initiatives to support skills development and market access.²⁹ It is partnering with the Tourism Black Economic Empowerment Council, and launching Women in Tourism pilot projects and small business incubation programmes.³⁰ The digital economy also presents a channel for stimulating economic recovery and inclusive growth.³¹



In 2019, 46% of surveyed hosts on Airbnb reported that the primary reason for hosting was “to make ends meet”.

By 2019, Airbnb had around 45,500 active home hosts and 500 experience hosts in South Africa.

About Airbnb in South Africa

The digital economy is a collective term for economic activity that is created from online connections between people, businesses, devices, data and processes.³²

Digital technologies have been rewiring the global economy rapidly, even in seemingly “physical” industries like tourism, hospitality and transport.

The United Nations has emphasised the importance of the digital economy for inclusive growth because it has the potential to reach those previously excluded from markets.³³

Digital technologies have been valuable during the COVID-19 pandemic, providing businesses with virtual access to markets, customers and resources.

Digital platforms facilitate the trade of goods and services by offering a space where supply and demand can connect more efficiently.

Digital platforms are identified in the government’s ICT and Digital Economy Masterplan for South Africa as one of four main opportunities for achieving inclusive growth, transformation and job creation.³⁴

Digital tourism companies like Airbnb, Booking.com, Lekkeslaap and Afristay allow supply and demand to connect.

They enable people to monetise unused or underutilised assets like houses or rooms, or services and skills, by providing a space to connect online directly to market demand.³⁵

This model (Figure 3) generates new forms of income and can help to relieve financial stress: in 2019, 46% of surveyed hosts on Airbnb reported that the primary reason for hosting was “to make ends meet”.³⁶

These platforms can also help to build trust between hosts and guests, cater to demand surges without the need for new infrastructure, attract new types of visitors, and broaden the range of available accommodation.³⁷

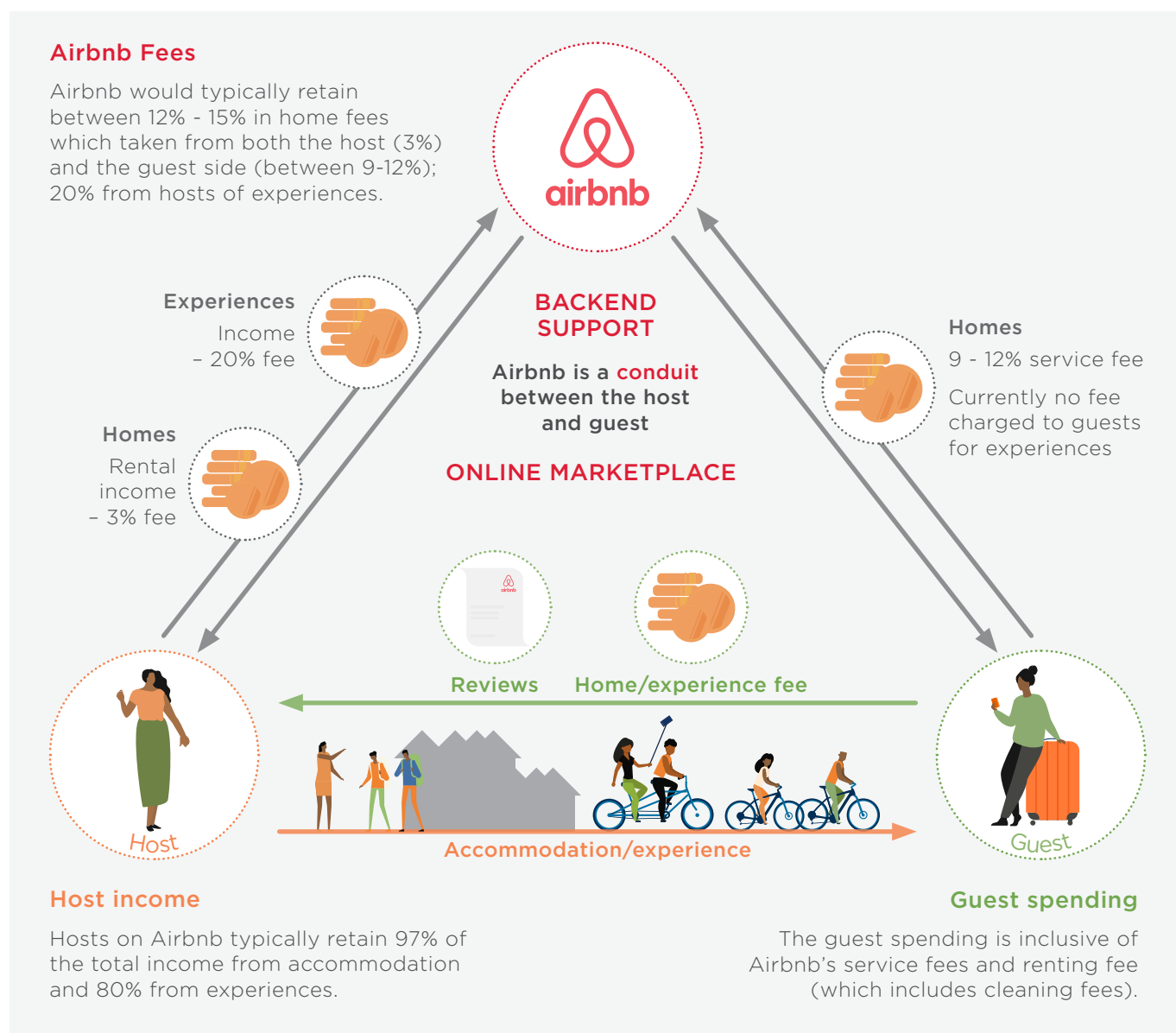
As the conduit between hosts and guests, Airbnb supports both sides of the market.

Airbnb provides an online marketplace where guests can discover a supply of accommodation options. It helps to build trust between hosts and guests with ratings and reviews of both parties.

South Africans began hosting accommodation on the Airbnb platform around 2010, and experience hosting in 2016.³⁸

By 2019, Airbnb had around 45,500 active home hosts and 500 experience hosts in South Africa. Experiences are diverse and range from mountain biking through Soweto, to kayaking in Cape Town, to street art walking tours in Johannesburg. While accommodation hosting is available only to those who have access to property, Airbnb experiences do not need formal asset ownership, representing an opportunity to create employment for young people.

Figure 3
Stylised overview of the Airbnb model



Source: Genesis Analytics based on information provided by Airbnb

Is Airbnb creating inclusive growth?

The South African dilemma is that inclusion without growth is economically unsustainable, while growth without inclusion is socially unsustainable.

The solution is inclusive growth. This means growing the economy in a way in which the benefits of growth are more widely distributed, especially to excluded groups. While economies can *grow* organically, they typically will not become more inclusive without conscious intervention. According to the National Development Plan, these interventions might include supporting small businesses, reducing the cost of regulatory compliance, changing the patterns of ownership and control, developing skills, growing exports, and putting in place policies that generate more employment.³⁹

Achieving more inclusivity in tourism will need innovative business models, inclusivity-focused regulation and deliberate planning and partnerships.

The potential of tourism to create inclusive growth has long been recognised.⁴⁰ Historically, the tourism sector has primarily catered to international demand and therefore been concentrated in tourist hotspots like Cape Town, Durban, the Garden Route and the Kruger National Park. This has limited wider participation in the tourism sector, as have structural inequalities, like poor infrastructure in rural areas, distorted patterns of land and asset ownership, and unequal access to capital, skills and markets. Consequently, the benefits of tourism have been concentrated rather than shared. Further growth of this style of tourism will not guarantee more inclusion *per se*.

This section explores Airbnb's contribution to growth of the tourism sector, and then enquires whether the growth has been inclusive.

Inclusivity considers both the supply-side (hosts) and demand-side (guests). Inclusion for hosts considers whether Airbnb is helping to lower the barriers for excluded groups to participate in the tourism sector, notably black South Africans, women and young people. Inclusion for guests considers whether historical patterns in which travel has been the privilege of the middle classes,⁴¹ is being changed as domestic travel becomes more accessible.

Airbnb's GDP contribution in 2019 supported the equivalent of 28,599 economy-wide jobs, was an increase of 28% from 2018.

From 2018 Airbnb has been used more by domestic travellers than by international travellers.

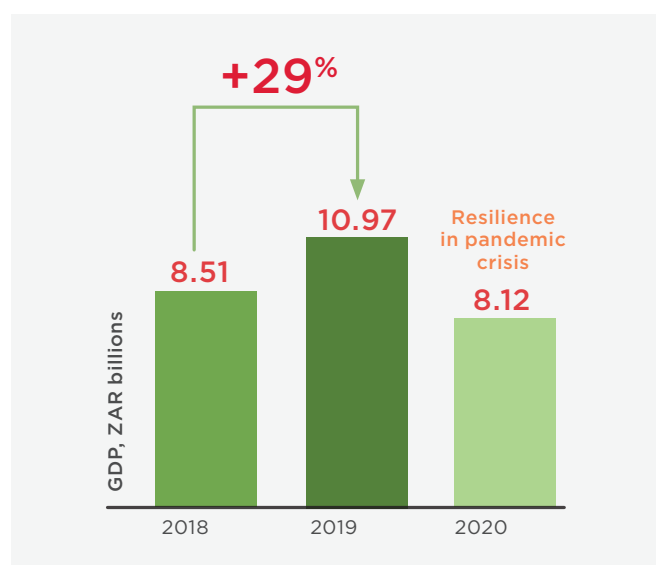
Contribution to economy-wide growth

Airbnb's contribution to South Africa's GDP totalled R10,97 billion⁴² in 2019.

This represented an increase of 29% over 2018. Although the tourist sector was heavily impacted by the COVID-19 lockdown in 2020, Airbnb contributed R8,1 billion to GDP in 2020 (Figure 4).

Figure 4

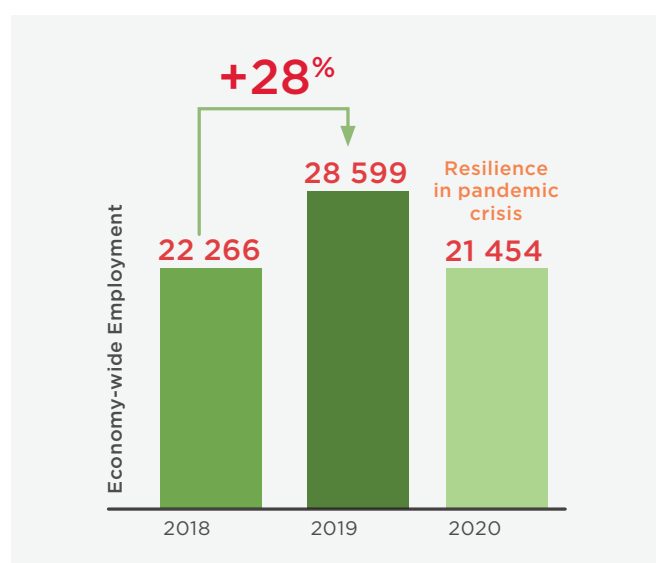
Airbnb's contribution to GDP from 2018 to 2020



Source: Genesis SAM modelling of data provided by Airbnb, 2021.

Figure 5

Airbnb's contribution to economy-wide employment from 2018 to 2020



Source: Genesis SAM modelling of data provided by Airbnb, 2021

Airbnb's GDP contribution in 2019 supported the equivalent of 28,599 economy-wide jobs (encompassing direct, indirect and induced employment)⁴³ which was an increase of 28% from 2018. In 2020, this supported the equivalent of 21,454 jobs in the economy providing needed employment in a year of economic crisis (Figure 5).

Use of Airbnb has seen impressive growth, driven by domestic travel.

Figure 6 indicates that domestic nights stayed on Airbnb over the period grew significantly, three times the rate of growth in international nights over the same period. From 2018 Airbnb has been used more by domestic travellers than by international travellers. This was the pattern even before COVID-19 restrictions were put in place.

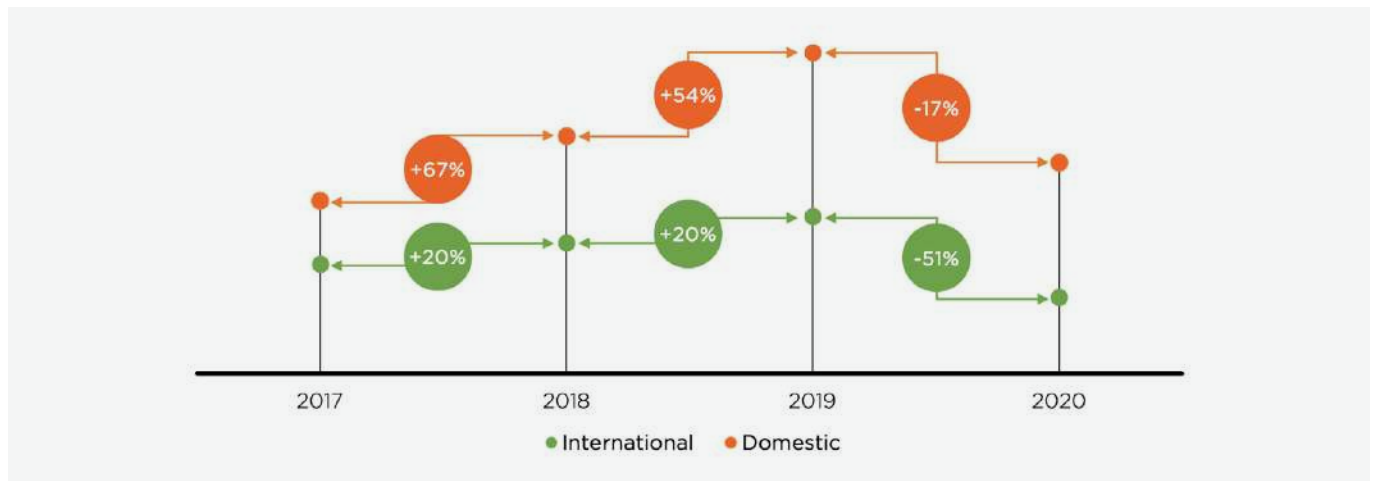
Bookings on Airbnb were relatively resilient in 2020 compared to the industry at large.

Statistics South Africa reports that the overall volume of tourists in South Africa fell by 74.8% between 2019 and 2020,⁴⁴ while Airbnb data show that the total number of guests travelling using the Airbnb platform fell by only 39%.

Although these are different data sources, comparatively they point to travel on Airbnb being more resilient than the industry taken as a whole. A possible reason for this is the relevance of domestic travel on Airbnb (see Figure 6) and because domestic travel was less affected in 2020 than international travel. Also, accommodation on Airbnb during the pandemic may have been perceived as safer than traditional accommodation because entire private spaces could be rented, cooking and eating could take place in private, and check-in could occur without physical contact.

Figure 6

Number of nights stayed on Airbnb between domestic and international guests



Source: Genesis Analytics analysis of data provided by Airbnb, 2021

Lowering barriers to tourism entrepreneurship

It is evident that Airbnb is contributing to a growing tourism economy. This section considers whether this growth has also been inclusive, particularly of women, youth and black Africans.⁴⁵

Digital platforms can lower the barriers to entry into the tourism economy for excluded groups.

Platforms allow small enterprises and individuals to compete with large, established hotel chains without having to invest in capital infrastructure, digital marketing, booking management, legal services, payments or customer service infrastructure. Hosts are able to generate income from existing assets, even a room in their home. Platforms provide hosts with ready access to mass markets, transcending local boundaries, and messaging and review functions help to establish trust with potential customers.

This functionality brings down the cost of setting up a tourism business, either as an accommodation host or an experience provider.

The evidence suggests Airbnb is gender-inclusive.

Airbnb data from 2019 show that hosting of experiences is evenly split along gender lines. In accommodation hosting, almost half of all hosts self-identified as female at 46%, and only 23% of hosts self-identified as male.⁴⁶

Therefore, female hosts are almost twice as common as male hosts.

Furthermore, surveyed female hosts were more than twice as likely as male hosts (at 14% and 6% respectively) to identify the primary reason for hosting on Airbnb as “to make ends meet”.⁴⁷ This prima facie indicates the inclusion of women for accommodation hosting on the Airbnb platform. This is a positive development for gender economic inclusion. Women have been vulnerable to job losses caused by the pandemic, and efforts must be made to protect gender inclusion. A UNWTO report outlines a number of gender-responsive measures for the public and private sectors.⁴⁸ These include relief and support measures, particularly for informal female workers, tackling gender-based violence, alleviating the digital divide, gender mainstreaming in the design of policies and programmes, and more training programmes and academic education in tourism.⁴⁹

Case Study

Buntu and Ayanda have been lifetime friends, and business partners for six years. They both hail from Khayelitsha – one of South Africa's largest townships near Cape Town.

Their experience with Airbnb started in 2016. At that time, there was a lot of gang activity in the township. Trying to turn young people to sport instead of gangs, they developed a programme of sports-based activities and basketball clinics which they took to communities and schools in the area. While there was interest, they were unable to monetise their efforts.

As Airbnb were rolling-out Airbnb Experiences, Buntu and Ayanda became some of their first partners. With Airbnb's support, they were able to marry their love of sport and entertainment in an experience that they could offer to travellers. Now, they run a number of experiences on the Airbnb platform that showcase their hometown; including cycling and jogging through Khayelitsha. They have also become trusted partners to Airbnb, supporting Airbnb's Africa Entrepreneurship Academy to train more hosts like them.

“Looking at the Airbnb Academy, a lot of people came from areas where tourism needed a boost and Airbnb has been a key driver in unlocking different areas in South Africa.”

Airbnb provides a completely different channel into the tourism industry.

“The Airbnb experience was much more immersive - it was new and unscripted. This was a huge change to conventional tourism where there was a guide and a script. We weren't just traditional guides - we were hosts.”

This new form of tourism entrepreneurship doesn't come without challenges. Khayelitsha is about 30 minutes from Cape Town and sparking demand can be difficult. “The challenge is not that there aren't great things to do but that people don't know if the experience is worth the journey. Once people get here though, you find that they don't actually want to go home.”

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”



Evidence suggests that Airbnb hosting is not especially youth-inclusive.

Hosts of both homes and experiences are concentrated in the older than 30 age group, with almost three quarters of home hosts being between 30 and 59 years old. This is not surprising as asset ownership or available space is a prerequisite and not common in younger age groups. There is some positive evidence that Airbnb is helping younger hosts to reach the first rung on the property ladder. A fifth of surveyed hosts between the ages of 25 and 29 report that the primary reason for using Airbnb is to make rental/bond payments on the space they are listing on Airbnb.

The hosting of experiences has potential for youth employment.

The hosting of experiences is also concentrated in hosts older than 30. The reasons for this are not clear given the lower structural barriers to hosting an experience compared to hosting accommodation. Anecdotal evidence suggests that this may be attributed to poor awareness of the platform and experience hosting. In the context of youth unemployment at 74.7%,⁵⁰ the promotion of Airbnb experiences as a channel for youth employment should be prioritised.

Racial inclusion is improving, albeit off a low base.

Airbnb does not collect racial information on the platform. To better understand racial inclusion, Genesis Analytics designed a survey in 2021 which was run on the Airbnb platform.⁵¹ There were 344 respondents that self-identified their race, a low but usable response rate. The evidence of this survey is that racial representation on the Airbnb platform among hosts, particularly of black Africans, is low.

While 76% of survey host respondents identified as white, only 4% identified as black Africans, and collectively, persons identifying as black African, coloured, mixed race, Asian and Indian accounted for 13% of host respondents.⁵²

Demographics on the platform likely reflect underlying structural inequality in asset ownership.

Land and asset ownership has seen slow transformation since the end of apartheid. This is borne out by the 2021 survey which shows that 27.4% of surveyed hosts identifying as white list an entire house on Airbnb; while only 18% of hosts identifying as black did the same. Although structural inequality cannot be solved by Airbnb, contributions to community-based tourism and changing the culture of travel support more opportunities for participation.

Marketing and awareness-building amongst excluded groups may help to improve the demographic profile.

Interviews with black African members of the Airbnb Entrepreneurship Academy indicate that while Airbnb has contributed positively to their lives, uptake of Airbnb wasn't yet common in their communities. This was mainly attributed to the idea that Airbnb had not become "part of peoples' lifestyles".

“ When I'm in an area like where I grew up, people don't see the potential [of Airbnb], they see it more as admin. Uber is now part of our lifestyle. Airbnb isn't mainstream like that in all areas. ”
- Airbnb Entrepreneurship Academy host

Another barrier is digital exclusion.

Digital exclusion occurs when people are not comfortable with digital tools or when the costs of connecting to the internet are too high. People in either of these groups are at a disadvantage on all digital platforms. Although South Africa has extensive broadband coverage, less than half of the rural population is connected to the internet.⁵³ One report estimates that only 10% of homes have access to fixed, affordable internet.⁵⁴

To ensure that digital platforms are a force for inclusion in the tourism sector, the Digital Economy Masterplan on universal digital inclusion should be implemented.

Airbnb has introduced a number of initiatives aimed at improving inclusivity.

These include the Airbnb Entrepreneurship Academy, launched in 2017.⁵⁵ The Academy works with local community partners to identify, train and support tourism entrepreneurs, specifically targeting women and youth in township and rural communities.⁵⁶ The Academy trains participants to use technology and partners with mobile networks to supply participants with data.⁵⁷ It also works with local organisations like Africa Ignite, Tourism KwaZulu-Natal and ABCD Concepts to engage with local communities.⁵⁸ In 2020, the Academy was recognised as “best practice in poverty alleviation through tourism” by the World Tourism Alliance, World Bank Group, and the International Poverty Reduction Center in China (IPRCC).⁵⁹ According to Airbnb, the Academy model is now being expanded into other regions around the world.

Case Study: Experiences

Faldela is a passionate foodie and has been offering cooking classes for 15 years. She has received global recognition for her cooking experiences and has shared the kitchen with a number of celebrity chefs. She is also a graduate of the Airbnb Entrepreneurship Academy.

It's been almost two years since Faldela graduated from the Academy and joined Airbnb as an experience host. Her experience takes guests through the history and culture of the historical Bo-Kaap area in Cape Town focused on an interactive cooking class in her own home. Faldela was given two certificates recognising her exceptional guest reviews and five-star ratings. While she works with a number of local tour operators, she generates the most income through Airbnb and Getyourguide.



Making domestic travel more accessible

All South Africans should be able to experience the diverse beauty of their country.

This means providing more affordable options in accommodation, more relevant experiences, more information, and building of a culture of travel. There have been considerable national efforts in recent years to build the domestic tourism market, notably South African Tourism's *Sho't Left* campaign.⁶⁰ The importance of domestic tourism is likely to continue in a post-COVID world, and in March 2021, South African Tourism released a report on the future of tourism, which urged greater efforts in building the domestic travel market.⁶¹

The data paint a clear picture that Airbnb is promoting domestic travel in South Africa.

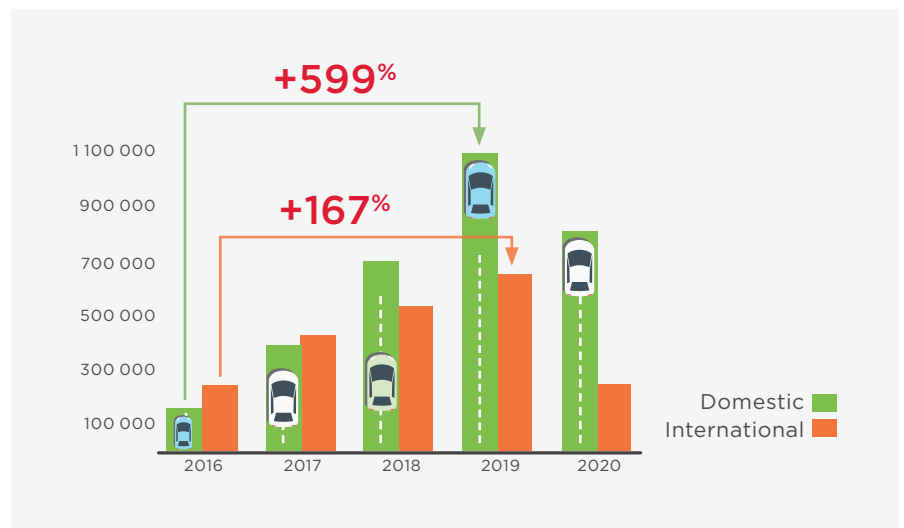
By 2018 there were more domestic tourists travelling on Airbnb than international tourists. Further, growth of domestic travel on Airbnb is higher than the growth at an industry-wide level.

Between 2016 and 2019 the number of domestic tourists on Airbnb increased by almost 600%, compared to industry-wide domestic tourism which actually fell by 9% over the same period.

International travel on Airbnb grew by 167% for international tourists while international travel for the industry as a whole grew by 26%.⁶² Domestic tourism on Airbnb has been notably more resilient during the pandemic while international tourism collapsed (Figure 7).

Figure 7

International v domestic tourism on the Airbnb platform, 2016 to 2020



Source: Genesis Analytics analysis of Airbnb data, 2021

Domestic tourists disperse the benefits of tourism more than international tourists.

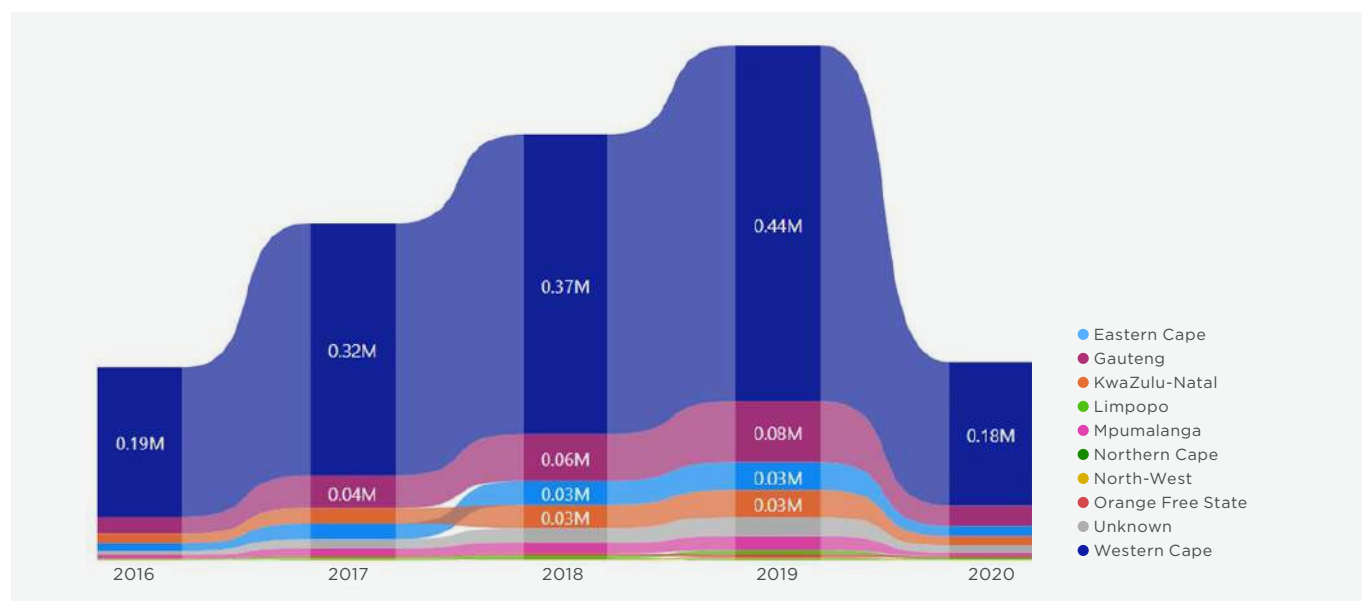
Domestic tourists disperse the benefits of tourism more than international tourists. International tourists tend to concentrate on the Western Cape (Figure 8) while domestic tourists are more evenly spread between the nine provinces (Figure 9). This might be because domestic travel is for more than holidays and includes visiting family and friends, travelling for business, attending exhibitions and conferences, or even for remote working.

There is evidence that domestic travel on Airbnb is unlocking latent demand. Survey data from 2019 signal that Airbnb is supporting new travel.

In fact, 15.22% of surveyed guests report that without Airbnb they would not have travelled at all; 42% that they would not have travelled to the region without Airbnb; and 56.96% of guests that they would not have stayed as long.

Figure 8

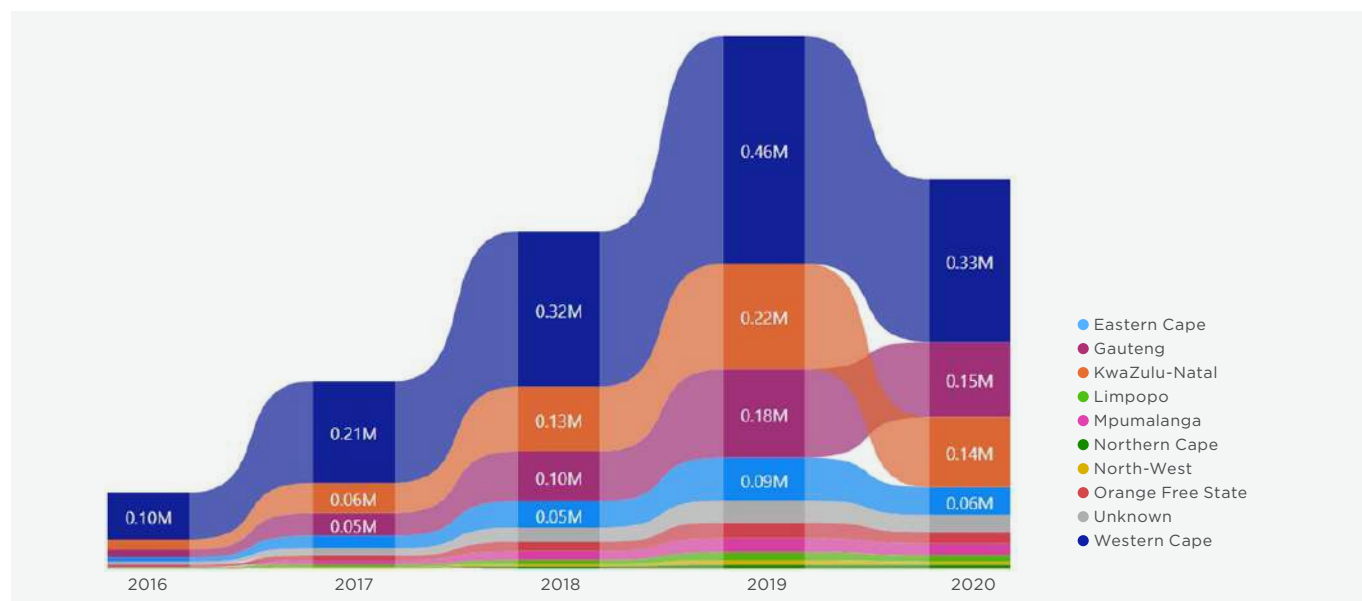
International guest bookings on Airbnb from 2016 to 2020



Source: Genesis Analytics analysis of Airbnb data, 2021

Figure 9

Domestic guest booking on Airbnb from 2016 to 2020



Source: Genesis Analytics analysis of Airbnb data, 2021

The growth of domestic travel on Airbnb is likely related to price and convenience.

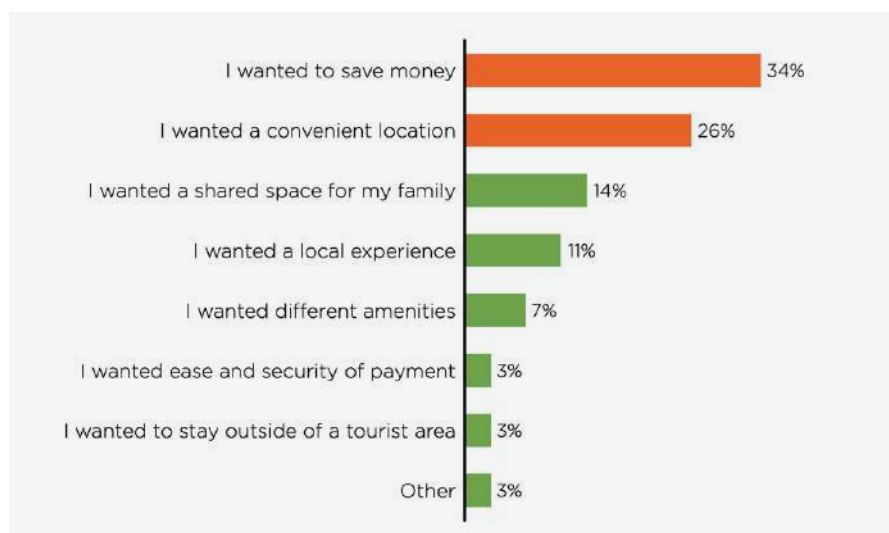
Comparing the price of Airbnb to other forms of accommodations is difficult because of non-standardised listings. However, when guests are asked to self-report why they choose Airbnb, the strongest response is that Airbnb provides a more affordable option:

77% of surveyed guests felt they had saved money on accommodation by staying at a listing on Airbnb.

The second most common response is that Airbnb is more conveniently located (Figure 10). This stands to reason - hosts on Airbnb provide an array of accommodation from shared rooms, to shared houses, to whole houses of different size and comfort. Logically, a wider range means a bigger chance that travellers will find accommodation to fit their budget. Also, the ability to rent an entire home means the costs can be split between more than one family, which is not feasible with a hotel room booking.

Figure 10

Reasons given by guests why they chose Airbnb in 2019



Source: Genesis Analytics analysis of Airbnb Compact Survey data, 2019





Photo by David Tomasetti on Unsplash

Dispersing the benefits of tourism geographically

Airbnb is helping to disperse tourism geographically in three ways:

By promoting tourism in non-traditional tourism provinces, by promoting visits to rural areas, and by building hosting capacity in townships.

With respect to provinces, an analysis of Airbnb data reflects national patterns.

The most popular destinations are provinces with the largest metropolitan areas, namely Gauteng, the Western Cape, and Kwa-Zulu Natal. Limpopo, the Northern Cape and North West provinces are the least visited provinces using the platform.

Table 1

Top 15 destinations for guest travel between 2016 and 2019

2016		2019
Cape Town	1	Cape Town
Johannesburg	2	Johannesburg
Durban	3	Durban
Hermanus	4	Unknown
Knysna	5	Hermanus
Stellenbosch	6	Port Elizabeth
Noorder-Paarl	7	Pretoria
Plettenberg Bay	8	Knysna
Port Elizabeth	9	Plettenberg Bay
Pretoria	10	Stellenbosch
George	11	Noorder-Paarl
Saldanha	12	Ballitoville
Ballitoville	13	Saldanha
Mossel Bay	14	George
Jeffrey's Bay	15	Mossel Bay

Source: Genesis Analytics analysis of Airbnb data, 2021.
Note: "Unknown" is travel to places, typically smaller towns, not identified by name by the Airbnb platform.

The cities and towns attracting the most Airbnb visitors remained consistent between 2016 and 2019. The same pattern is seen in searches for accommodation on the platform.

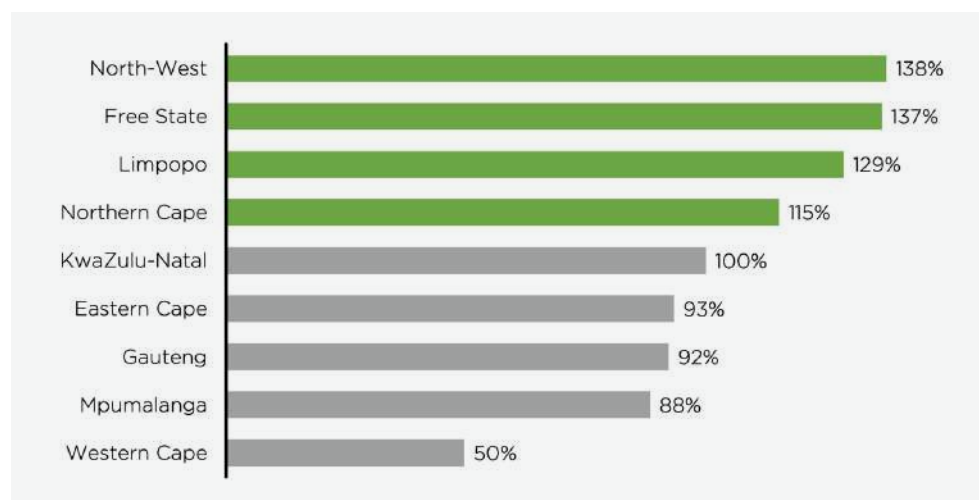
This indicates that use of Airbnb is concentrated in the same areas as national tourism patterns.

However, the data also confirm that guest travel to traditionally less popular provinces is growing at a faster rate than more popular provinces.

For example, guest travel to the North West province grew by more than 130% each year on average over the period, compared to a 50% average annual growth in the Western Cape (Figure 11).

Figure 11

The growth in guest travel on Airbnb per province, 2016 to 2019



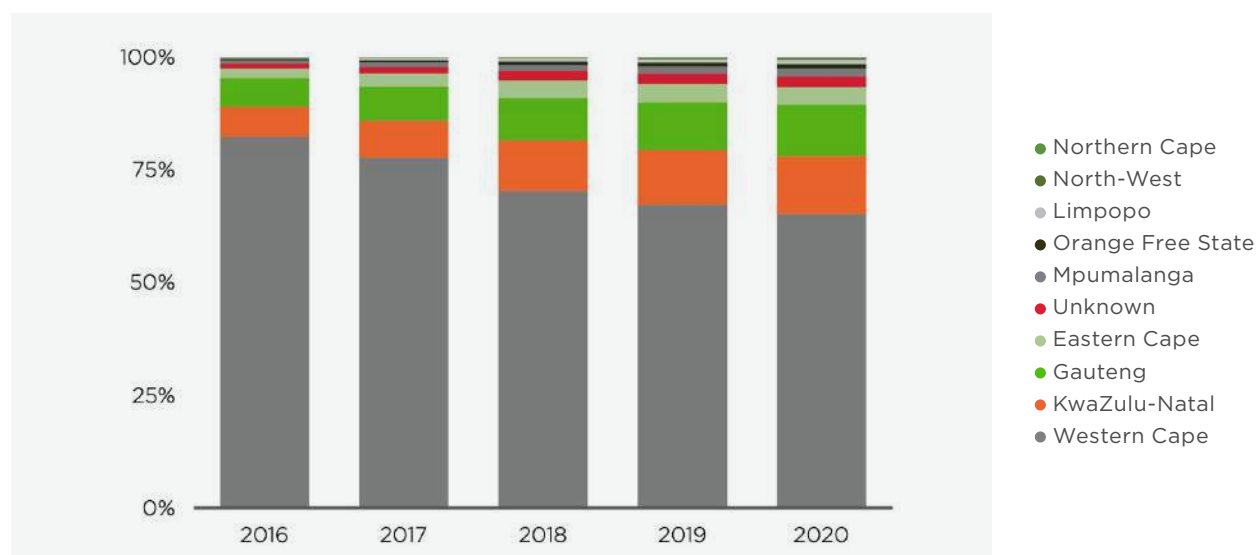
Source: Genesis Analytics analysis of Airbnb data, 2021

The same pattern of dispersion is seen in host earnings by province.

In 2019 the Western Cape still accounted for 67% of all host earnings. However, from 2016 to 2019 there is a clear trend that host earnings are being dispersed to other provinces (Figure 12).

Figure 12

The distribution of host earnings between the provinces, 2016 to 2019



Source: Genesis Analytics analysis of Airbnb data, 2021

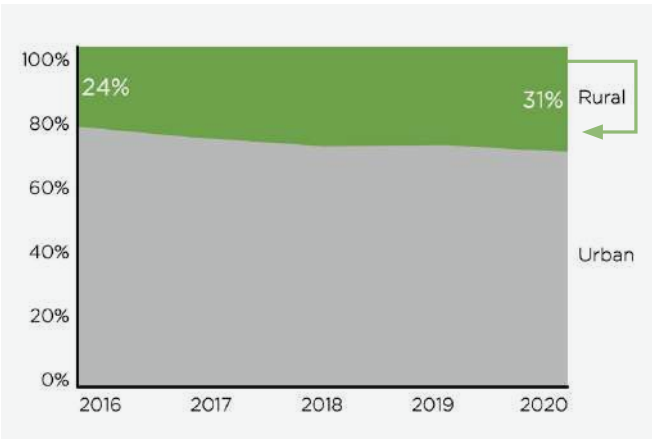
With respect to rural areas, there is modest evidence that Airbnb is supporting dispersion.

This trend is not as strong as provincial dispersion. From 2016 to 2019, the share of guest nights in predominantly rural areas grew from 24% to 31% of total guest nights. (Figure 13). Over the same period, the growth in bookings for destinations in predominantly rural areas grew by 81% compared to the 75% for predominantly urban areas.

Of the ten cities and towns on Airbnb with the highest growth rate in guest arrivals between 2018 and 2019, seven are in predominantly rural areas.

Stays in Cape Town, Johannesburg and Durban also grew but at a slower rate (Table 2). Thus, while in absolute numbers predominantly rural areas account for a lower share of stays than predominantly urban areas, the trend in growth rates is a positive signal of dispersion to rural areas.

Figure 13
Guest travel by rural and urban destinations, 2016 to 2020



Source: Genesis Analytics analysis of Airbnb data, 2021.

Note: The report uses Airbnb’s own classification of rural areas in the platform data provided.

It is noteworthy that growth in these towns and cities is driven primarily by domestic and not international tourists. This bodes well for the growth in domestic tourism, in line with national strategies.

Table 2
The fastest growing cities and towns on Airbnb 2018 to 2019 and guest origin share in 2019

List #	Name of City or Town ⁶³	Province	Growth in guest arrivals on Airbnb from 2018 to 2019*	Proportion domestic guests (2019)	Proportion international guests (2019)
1	Mankweng	Limpopo	70%	86%	14%
2	Mokopane	Limpopo	69%	85%	15%
3	Polokwane	Limpopo	68%	98%	2%
4	Middelburg	Eastern Cape	68%	88%	12%
5	Malmesbury	Western Cape	67%	87%	13%
6	Bronkhorspruit	Gauteng	67%	95%	5%
7	Queenstown	Eastern Cape	67%	90%	10%
8	Welkom	Free State	61%	93%	7%
9	Thulamahashe	Limpopo	60%	34%	66%
10	Colesburg	Northern Cape	60%	92%	8%
47	Durban	Kwa-Zulu Natal	37%	86%	14%
62	Johannesburg	Gauteng	34%	63%	37%
94	Cape Town	Western Cape	24%	45%	55%

Source: Genesis Analytics analysis of Airbnb data, 2021.
***Note:** Excludes any towns or cities where there were less than 100 bookings in 2018 or 2019.

Exclusionary consideration: Does Airbnb contribute to the displacement of local tenants and workers?

One of the most prominent criticisms of Airbnb globally is that host activity on the platform contributes to rising housing and rental prices in urban areas especially large, densely populated cities, and that accommodation is dedicated to short-term rentals to the detriment of local tenants and workers.

Airbnb has faced similar criticism in Cape Town,⁶⁴ the most popular South African destination on the platform.⁶⁵ Following concerns on housing affordability and availability, the City of Cape Town undertook a large-scale study in 2017 which surveyed short-term renters. Airbnb also provided the City with host data. The City of Cape Town could not find conclusive evidence that Airbnb was precipitating housing issues in Cape Town.⁶⁶ Similarly, an academic study in 2019 on the impact of Airbnb on housing prices in Johannesburg concluded that “in South Africa it is impossible to link listings to property price, rental fees or the availability of rental stock... A single factor such as Airbnb listings cannot be singled out as a factor while the property market is in a state of flux.”⁶⁷

To test this point further, Genesis designed a survey in 2021 which was run by Airbnb on the platform. When hosts were asked what they would do if their space was not listed on the Airbnb platform, the response with the highest incidence (36%) was: “I would list it on an alternative accommodation platform.” This points to the attractiveness of monetising assets and that even without Airbnb some hosts would rent their space in a similar way. Significantly, the response “It would go unused” found the highest incidence among black African hosts (25%) suggesting Airbnb is assisting black Africans to generate income from otherwise dormant assets.

However, of the 551 total host responses, 25% reported that in lieu of listing it on Airbnb the host would “try to secure a long-term tenant”. This is an indication that some hosts may be excluding tenants in favor of short stay tourism. This is not to say they would find a long term tenant, as since the start of the COVID-19 pandemic the nationwide property vacancy rate has increased by more than 50%.⁶⁸

Major cities around the world have introduced regulation for short-term rental markets - some being extremely prohibitive. Striking a fair balance between differing views needs measured regulation that targets negative impacts while still allowing the positive benefits to be reaped. Regulation should therefore be contextually appropriate and commensurate with the empirical risks or benefits, not anecdote or worst-case scenario only.

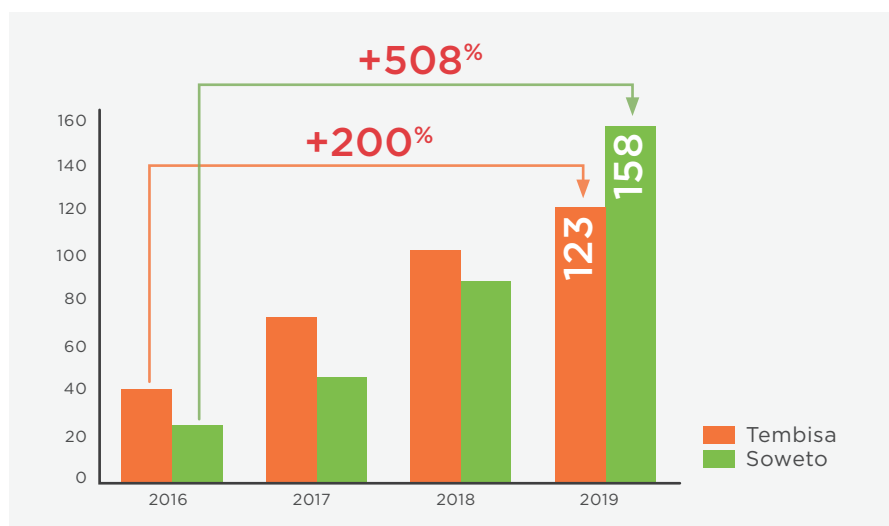
Airbnb data indicates that most hosts are ad-hoc, with 53% of hosts listing their space for less than 30 nights a year and 77% for less than three months. In 2019, the City of Cape Town passed a by-law which permits the short-term let of a house or flat for a period not exceeding 30 consecutive days for the same guest(s).⁶⁹ This brings greater clarity to the regulation of the short-term rental market in Cape Town and was welcomed by Airbnb.⁷⁰

Townships are another spatial area that have traditionally been excluded from the benefits of tourism.

While more research is needed, data from Soweto (near Johannesburg) and Tembisa (near Pretoria) tell an encouraging story.⁷¹ From 2016 to 2019, the number of active hosts on the platform in Soweto increased by 508%, and in Tembisa by 200%. While growth is impressive, absolute numbers of hosts remain low. In 2019 there were about 160 active hosts in Soweto, a relatively low number in relation to the population density of the township and the total number of hosts on Airbnb (Figure 14).

Figure 14

The number of active hosts in a Soweto and Tembisa from 2016 to 2019



Source: Genesis Analytics analysis of Airbnb data, 2021

Tourism could boost township economies.

The self-reinforcing network effects of tourism should not be underestimated: once tourists are in a township, they are likely to spend on other activities and services in that community.

According to 2019 survey data, 91% of hosts on Airbnb make recommendations to guests on where to visit and what to do, and 95% of these recommendations were for small businesses in the local neighbourhood.

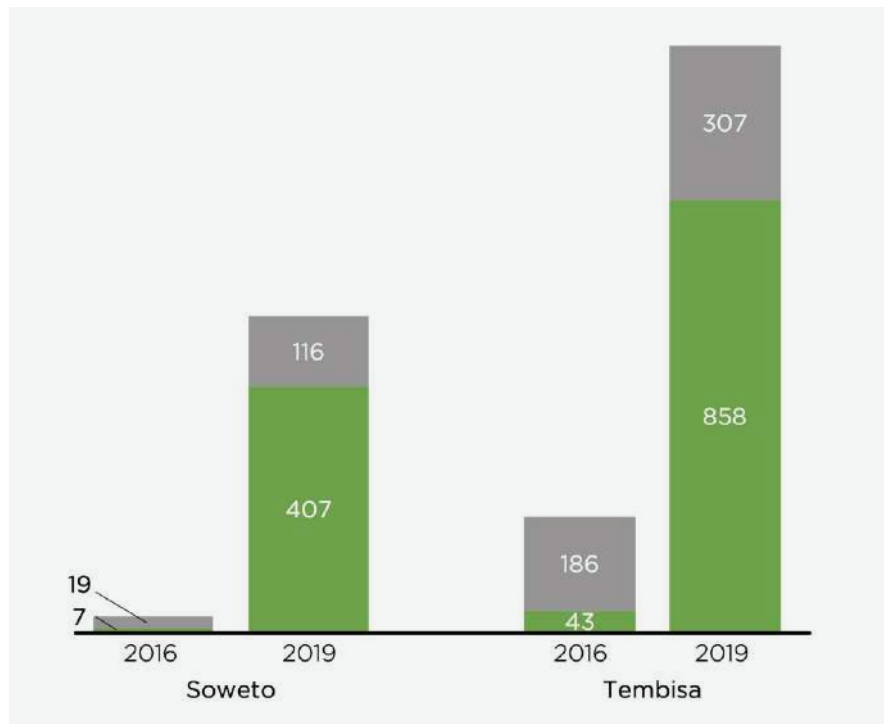
There are also signs that tourism in townships could benefit from the growth in domestic tourism.

Evidence from Soweto and Tembisa shows that before 2019 there were more visits from international tourists than domestic tourists. However, by 2019 the pattern had reversed (Figure 15).



Figure 15

Growth in guest arrivals to main townships, 2016 to 2019



Source: Genesis Analytics analysis of Airbnb data, 2021

It will be important to track the growth of tourism in townships to monitor progress.

Despite promising trends, more could be done by Airbnb and South African Tourism to encourage travel to township communities. When interviewed, Airbnb hosts in Khayelitsha indicated that distance from the city centre was an impediment, and that guests are not typically aware of or incentivised to book experiences in the township areas. Moreover, hosts interviewed for this study indicate that domestic tourists are often not as interested in exploring the local culture as international tourists. This was a common thread in interviews: that non-traditional tourist areas could be better promoted and advertised, and more needs to be done by all in the tourism trade, including government and Airbnb, to build a culture of domestic travel.



Case Study

Ntsiki was born and raised in Soweto. She studied civil engineering but was also fascinated by untold South African history. Members of her family had been tour guides, and after working as a receptionist in a backpackers, she was given the opportunity to become a tour guide. **“I really enjoyed it, so much so that I didn’t even think of going back to civil engineering.”**

Ntsiki has been an Experience host on Airbnb since 2018. She is passionate about highlighting the diversity of South African history and the richness of Soweto. She takes people through Soweto to see it through different eyes - **“the real Soweto, the “deep Soweto” and the psychological effects of Soweto’s history that influence its culture today.”**

Through uncovering untold stories and raising awareness of the past, she hopes to heal and break harmful patterns that persist. Inspired to spread cultural exchange, Ntsiki is now working to promote domestic tourism by bringing more people to rural homelands. She has developed a township-to-rural tour for people coming from the city to rural communities.

International tourism has been the bread and butter of experience hosting in townships. **“With Soweto, domestic tourism happens once a while. 90% of the people I take on tours/experiences are international. It became very evident when we had COVID-19.”**

Yet, this is starting to change. With borders closed and more South Africans looking to travel in their own country, domestic tourism is on the rise. “I’m so grateful for Airbnb because it has allowed me to feel like my voice is being heard when it comes to domestic tourism.” Ntsiki has seen the increase in experiences and interested domestic travellers. She has plans to catalyse this growth and has proposed her ideas to Airbnb.

“ I’m so grateful for Airbnb because it has allowed me to feel like my voice is being heard when it comes to domestic tourism.

”





Therefore, the report calls for greater coordination and partnership between the public, private and societal sectors to build on the foundations of inclusive tourism.

Airbnb and the future of South African tourism

Airbnb contributes to growth of the economy and increasingly this growth is inclusive.

There is evidence that Airbnb is helping to lower the barriers to tourism entrepreneurship for disadvantaged groups and disperse the benefits of tourism to non-traditional areas. Airbnb is also helping to change the culture of tourism by making travel accessible for more South Africans.

It should be recognised that these trends are nascent and the absolute contribution needs to be kept in perspective.

Urban centres and tourism hubs in the Western Cape, Gauteng and KZN dominate travel on the platform. However, the growth in township hosting and increased travel to non-traditional provinces and more rural towns is encouraging. Any critique of Airbnb's inclusivity would need to consider how inclusive traditional forms of tourism are by comparison.

Perhaps the most exciting case for inclusivity is on the demand side, and especially in domestic demand.

The data show that Airbnb is an increasingly popular choice for domestic travellers. Travel is being made more accessible because the Airbnb model can meet an array of accommodation needs, in more varied locations, for a spectrum of budgets.

This is a positive story for transformation of the domestic tourism market.

According to South African Tourism, the future of tourism is reliant on domestic demand.⁷²

With slow vaccine roll-outs, the introduction of vaccine passports and pressure on earnings around the world, the importance of domestic tourism to South Africa is likely to grow. Airbnb data show significant domestic use of the platform and this could be a driver of much greater domestic demand.

The Tourism Recovery Plan also anticipates that visitor experiences will become important.⁷³

The experience hosting model is more youth-friendly than accommodation hosting,⁷⁴ and with dangerously high levels of youth unemployment in South Africa, more economic opportunities for young people could not be a more pressing issue.⁷⁵ Airbnb experiences present an opportunity to include more young people.

Further inclusion will need more people on digital platforms.

It is estimated that more than 20,000 new jobs have been created in the e-hailing industry by digital platforms like Uber, Taxify and Bolt.⁷⁶ Similar gains in the tourism sector requires more awareness and frequency of use of tourism apps in communities. Advances in technology and the digital economy are lowering the transaction costs of travel. This is likely to accelerate as internet penetration and digital inclusion improves globally.

Rebuilding an inclusive tourism sector will require intentional effort.

The legislative and regulatory regime set by public administrators should allow tourism to harness the power of the digital economy and digital platforms, whilst targeting specific harms and unintended consequences. Regulation should be contextually appropriate and commensurate with the evidenced risk and benefit. Collective efforts by policy makers, civil society and industry could support the development of balanced regulation. Further, implementing national strategies like the ICT and Digital Economy Masterplan is an important step and will require collaboration between all stakeholders. Therefore, the report calls for greater coordination and partnership between the public, private and societal sectors to build on the foundations of inclusive tourism.



Appendix A:

Methodology

The research on inclusion relies primarily on Genesis' analysis of platform data provided to Genesis by Airbnb, as well as annual surveys of guests and hosts run in 2017, 2018 and 2019. The results of the older surveys and 2021 survey are not always comparable and the report notes expressly where this is the case. Five primary interviews were held with graduate hosts of the Airbnb Africa Academy. Supplementary information was added by desktop research, as referenced.

The contribution to the macro-economy is quantified for 2018, 2019 and 2020 using a Social Accounting Matrix (SAM) for South Africa to model the impact using data provided by Airbnb that included total guest arrivals, guest nights, total host earnings, average daily spending and breakdown by category, host earnings spent by category, and host industries of employment. A SAM is a static, modelled representation of all transactions that take place within an economy, including monetary flows between productive activities (economic sectors), commodities, factors of production (labour, land, capital) and institutions (business, government, households). A 2019 SAM is used for this economic impact assessment, based on Statistics South Africa's Supply & Use Tables and labour market and household survey data, view [here](#).

The macro-economic contribution represents the gross benefit of Airbnb to the economy over the period, not the net benefit, which would account for any substitution of GDP or jobs. Regarding modeling the impact of hosts' income, it is important to note that some hosts on Airbnb are establishments like small hotels and B&Bs versus others that are private households.

The composition of spending of these groups might be differentiated, however there is no feasible way of determining which of the hosts fall in the former group and which in the latter. Thus, the assumption is made that all hosts are private households and thus, expenditure composition for private households is used to allocate expenditure from host earnings. Finally, after 2017 Airbnb underwent a change in reporting standards in line with its listing as a public company. As a result, economic modelling outcomes in this report cannot be directly compared to economic impact assessments conducted prior to 2018.

A new primary survey of guests and hosts was also designed by Genesis and deployed by Airbnb on the platform between 27 July and 6 August 2021. The questionnaire was developed by Genesis with advisory input from Airbnb. Host respondents were randomly sampled, selected from the overall host community who live and have listing(s) in South Africa, have earned income at any point within the past 2.5 years through hosting on the Airbnb platform, and as of July 2021 are available to receive booking requests from guests travelling on Airbnb. There were a total of 400 hosts surveyed. Guest respondents were also randomly sampled, selected from the overall guests community (excluding those who also host in South Africa), stayed in at least one Airbnb listing in South Africa within the past 1.5 years and either may also live in South Africa or abroad. There were a total of 228 guest respondents. The survey results have a 95% confidence level.

While discrimination experienced on the platform is a germane exclusionary consideration, Airbnb is investigating this in a separate study and therefore discrimination was not explored in this report.

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- 60** SABC News (2021). *Tourism sectors get boost from Sho’t Left campaign*. Available [here](#).
- 61** Department of Tourism (2020). *Tourism Sector Recovery Plan: COVID-19 Response*. Available [here](#).
- 62** South African Tourism (2021). *Tourism Report*. Available [here](#).
- 63** Rural towns are highlighted green and urban towns in grey. The classification is based on Airbnb’s own demarcation and checked against Census 2011 population size. Population size less than 50 000 were taken as rural.
- 64** Abdulla, M.J. (n.d) Airbnb: catalyst for economic growth or agent of gentrification? *The Daily Vox*. Available [here](#).
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- 67** Nieslow, T (2019). The location and nature of Airbnb listings in Johannesburg and their impact on property prices and the availability of long term rental stock. *Wits Institutional Repository*. Available [here](#).
- 68** Business Live (2020). *SA’s post-lockdown rental rebound*. Available [here](#).
- 69** BusinessTech (2019). *Cape Town approves new Airbnb by-law*. Available [here](#).
- 70** *Ibid.*
- 71** As townships can cross city, suburb or even ward lines, these areas can be hard to identify and account for. Location data provided by Airbnb have City as the lowest granularity. These three townships are classified as “City” and therefore could be included in analysis.

- 72** See Department of Tourism (2020). Tourism Sector Recovery Plan and; South African Tourism (2021). The Road to Recovery.
- 73** South African Tourism (2020). Tourism Recovery Plan. Available [here](#).
- 74** Genesis Analytics analysis of Airbnb platform data.
- 75** Daily Maverick (2021). *First-quarter unemployment rate hits record high of 43.2%, youth jobless rate 74.7%*. Available [here](#).
- 76** South Africa in the Digital Age (2019). *Pathways to Digital Work: A Strategy Primer for South Africa's Digital Economy*. Available [here](#).
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