

Airbnb - Global Strategy

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Abstract

When it comes to traveling, it is common to have an issue choosing a place to stay that is offered at an affordable rate and in a safe location. Airbnb has developed a resolution to that gap in the travel market. From being established in 2008, the company has expanded into a remarkable travel website that allows people to rent out their homes and people to rent homes for a vacation (What is Airbnb and How Does It Work, 2019). Airbnb gives their consumers options and the opportunity to make their travel arrangements more personable. Since Airbnb only allows consumers to book through their website, the company ensures that the website and app is easily accessible and easy to understand. Airbnb is featured in 34,000 different cities and located in over 191 different countries. There is a process of steps that go into renting out your home to travelers. This can include risk scoring, background checks/watch lists, and preparedness (Airbnb Trust & Safety, 2019). This company has evolved in such a short span into something legendary and powerful in the traveling industry.

Keywords: Background check, rent out home, safety, traveling industry, trust.

Introduction:

When it comes to traveling, it is common to have an issue choosing a place to stay that is offered at an affordable rate and in a safe location. A well-known travel company known as Airbnb has developed a resolution to that gap in the travel market. Airbnb is an online travel website that allows homeowners to rent out their homes to travelers. Travelers take advantage of this opportunity as it allows them to travel for a cheaper cost, and get a more personal experience on their trip. Airbnb also allows individuals the opportunity to make additional income if needed.

There are many aspects in which this company positively impacts people's lives. However, there are some concerns that could come from the experience such as safety. Airbnb has been around for slightly over a decade. Since starting the business, there are over one million hosts worldwide that rent out their spaces.

In this paper, I will be focusing on the strategies Airbnb did to expand globally. I will first begin explaining how the company came about and the brand history, then I will discuss the first time the company went global and the first few countries to where it was exposed. I will also discuss the pros and cons the company has come across since going global and how they have overcome those obstacles. Lastly, I will offer some advice on how the company could improve and some potential solutions to some problems they come across and how they could continue to stand out from their competitors.

Brand History

Airbnb is slightly over a decade old. From being established in 2008, the company has expanded into a remarkable travel website that allows people to rent out their homes/people to rent homes for a vacation (What is Airbnb and How Does It Work, 2019). Airbnb gives their consumers options and the opportunity to make their travel arrangements more personable. The company also allows for consumers to provide extra income if they needed to. The company was founded by three men who were unable to afford the rent of their apartment in California. As times continued to get rough, the men brainstormed ways to make an additional income. The idea of renting out their bedroom/apartment came across and eventually hit off into the multibillion dollar business it is now today, Airbnb. The original name of the website was called "airbedandbreakfast.com," which is how the name Airbnb originated. The name of the website

was taken quite literally as the men would gather actual air mattresses for guests to sleep on and then they would open up their homes to guests. It took a while for the founders to realize how their potential business could impact the world. The men then developed a better business plan and then planned an unnoticed second launch. This was not successful as consumers were unaware of the process and what the goal of the company was. Eventually, the third and final launch is when Airbnb took off and got where there are today (Aydin, 2019).

The ultimate goal of Airbnb is to showcase how the economy can be “sharing” and how you can care for others in a different way than usual. It’s simply helping others out in a way that does not require too much work. In the founder’s eyes, if you are not using a space where you are able to live/stay overnight, why not allow others to enjoy the space? The business tactic and the end result of Airbnb is simply amazing and has a wonderful message that could be spread throughout the world (Moore, 2019).

Going Global

As of 2016, Airbnb has taken off and became one of the most popular traveling lodging websites out there. Airbnb is featured in 34,000 different cities and located in over 191 different countries. This is a huge achievement because the company is continuing to successfully grow and become more known not only domestically, but internationally as well. Out of all of the bookings that occur on the Airbnb’s websites, approximately two-thirds are booked across the country’s borders. Airbnb’s largest market is not only the U.S. but also Europe as well (Solomon, 2019). The growth of Airbnb internationally can be considered possible due to the tourists and beautiful destinations that are offered abroad. Since the company was founded in the United States, loyal consumers are often aware of the reasonable costs for using the website and

may consider to book a vacation abroad because they are able to financially afford the cost to go due to the cheaper lodging options. Airbnb is constantly searching for the growing tourist destinations and ensuring they have hosts located in that area. This strategy helps the company continue to do business and also grow. Since 2018, the number of guests who have used Airbnb exceeded roughly over 400 million (Airbnb International Growth Strategy, 2019).

The first international locations that Airbnb launched in were Russia and Brazil. Shortly after reaching international borders, the company began to be featured in various other countries shortly after including Australia, Thailand, Indonesia, South Korea and Singapore. The headquarters of the company was eventually built in Singapore where the company does amazing business. The company has greatly succeeded the Chinese market in terms of marketing and advertising. In 2018, it was reported that Chinese consumers staying in Airbnb properties globally increased by 700 percent (Airbnb International Growth Strategy, 2019). This statistic goes to show that the company is doing things right when they are targeting international consumers. With the already successful rates in China, the company plans to expand even more. A strategy they plan on using is gaining local knowledge and expertise in popular areas and be exposed there (Airbnb International Growth Strategy, 2019).

The ultimate goal for Airbnb is to become noticed both domestically and internationally. Travelers from the United States want the option to find a “home away from home” when they decide to travel internationally. Consumers enjoy having the option of places to stay both domestically and internationally, especially if the prices are more affordable. Hospitality is a major key in Airbnb’s business strategy. As other lodging companies have a team strictly online rather than in person, Airbnb has decided to branch out and have teams all across the world in areas that gain heavy tourist traffic. The company is at an advantage doing this strategy because

they are getting real life people scoping out the best areas travelers can stay. Rather than doing research online and hearing from other people's experiences, Airbnb has a team that actually lives out the experience and can confirm if the area is a good location for potential hosts (Patel, 2017).

Another strategy Airbnb specializes in would be their online website and easily downloadable app. Since Airbnb only allows consumers to book through their website, the company ensures that the website and app is easily accessible and easy to understand. As other lodging companies try to make their website appealing based on placing all of their amenities and offerings, Airbnb chose to go a different route and ensure that the consumers could easily identify places to stay within their area of travel. Consumers enjoy the fact that the website is simple and allows them to choose their lodging in a timely manner. When Airbnb went international, they realized that an opportunity was to use translation services to translate text in the various languages. This tool has continued to help Airbnb excel and continue to expand since the text can be easily translated to the languages that the website is being accessed from (Patel, 2017).

Problems Going Global

Some of the issues that Airbnb has with their global strategy is dealing with the problems that occur in different countries which attracts tourists away from traveling to that location. With the world today, there are a lot of issues that companies must keep in mind in term of going abroad such as political issues and the state that economy is in. The company has often come to the conclusion that whenever something negative starts, as they begin to tackle that issue another one springs up. This can often include trying to be exposed in cities in which the local

government is not allowing. The company has also come across some issues with homeowner's in European cities backing out of the rental agreement stating they are unable to rent out the entire space to tourists because they are trying to maintain affordable housing arrangements (Taylor, 2016).

Another issue that is coming across the company is that Europe is placing restrictions on the sharing economy in which Airbnb falls under. Since Airbnb is considered a sharing service where people share their homes with others, it is greatly affected. European countries are stating that sharing-economy services such as Airbnb and Uber should be a measure of last resort (Taylor, 2016). The company can face issues due to this restriction in European countries due to the fact that citizens and travelers will stay in other lodging arrangements instead. Although Airbnb started to create a positive message such as "sharing is caring," other countries may think otherwise.

Safety plays a major role in Airbnb and also is considered another potential threat to travelers. When individuals are renting out their homes in which they have full access to strangers, some may view this as a red flag. In some cases, you don't interact in person with the homeowners at all. Knowing that homeowners could show up at any time without notice can be a skeptical situation to some travelers, especially not knowing who they are and the type of person that individual is. Although Airbnb takes safety very seriously, no matter what the company does, travelers will most likely always express concerns they may have.

With safety being a broad term, Airbnb views it from all aspects, which even includes the maintenance of the home in which is being rented out and the requirements it must have. Concerned travelers who have used Airbnb on multiple occasions identified that some home

owners lacked in the safety restrictions of their home. A national survey identified that 80% of properties reported having a smoke detector that actually worked, 58% reported having a carbon monoxide detector, 42% reported having a fire extinguisher, and 36% reported having a first aid kit (Ducharme, 2018). As time continues to go on, the numbers have been proven to decline with more homeowners wishing to increase their income and not properly thinking of the appropriate products that should be in their homes. This survey was conducted only in the United States locations and may vary based on the country and the laws there.

Solutions

Airbnb has gone through several obstacles as they began to go global. From being developed in the United States, the founders are now exposed to the different cultures and how they live. This impacts the company because there will be potential homeowners renting out their spaces to travelers. Airbnb is fully responsible for staying up to date on the issues that may be going on abroad. Since Airbnb has hosts in over 100 countries, they must ensure that travelers going through Airbnb are aware of where they are going and the issues that may be occurring in that area at the time. Airbnb has created a solution to this by locating teams in various countries scoping out the area and ensuring it is a proper place to request hosts. This gives the company an advantage solely because there is a team working there in person rather than conducting research on the internet and the crew gets the realistic feeling travelers may have if they go there. By being globally conscious, Airbnb will have the advantage of knowing what is going on and whether or not travelers will travel to that location.

Since Airbnb is a part of what is known as the sharing economy, the company gets backlash often, specifically in European countries stating that companies in the sharing economy

should be considered as the last resort. Overall, Airbnb cannot do much to change the European countries minds besides continue to grow and gain as many hosts as they can in that particular area. By using this solution, the company will continue to gain the needed exposure in different locations and also prove that the sharing economy is the best route to go when it comes to travelling. Airbnb can also showcase that they are helping homeowners who are renting out their space provide extra income. Not only is the company benefiting from the global exposure, but so are the homeowners that are renting out their spaces to travelers.

Lastly, in regards to safety issues that are occurring, the best solution Airbnb has to resolve these issues would be to constantly remind the travelers that thorough background checks are done on homeowners who choose to rent out their place. Not everyone can go on Airbnb and choose to rent out their place. There is a process of steps that go into renting out your home to travelers. This can include risk scoring, background checks/watch lists, and preparedness (Airbnb Trust & Safety, 2019). These steps help reassure travelers that they know the home they will be staying in has reliable owners, and the house is safe. Airbnb also offers homeowners free smoke detectors and carbon monoxide alarms to be installed as needed. Although not all of the homeowners take the company up on this offer, as years continue to go on the company should make alarms required in the homes being rented out.

Conclusion

Overall, Airbnb has an amazing business strategy and earning behind what they do. This company has evolved in such a short span into something legendary and powerful in the traveling industry. As the company began in the United States, they quickly decided being exposed domestically simply would not cut it. Travelers would want to have options

internationally at an extreme low cost compared to the classic lodging chains. Airbnb did exceptional expanding to 191 countries and located in over 34,000 cities. With being in the travel industry, this was the smart choice for the company to do as people do not only travel domestically. Although there were some issues such as the economy in the different cultures, the varying viewpoints on the sharing-economy, and the safety, Airbnb has provided great solutions to resolve these problems and ensure travelers that they are aware of them.

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