

# Business case analysis

**Case chosen: Airbnb**

**Business question:** How does Airbnb connect large volumes of guests with people who have accommodations to offer?

**Case analysis:** Being such an enormous business, it is important for Airbnb to have everything under control. Their data is currently around 1.5 petabytes, so it is essential for them to know how to handle this data in the correct way, and get the useful data out of this effectively. Being active in almost all the countries all of the world, Airbnb has a lot of customers all of the world.

By recreating the situation of a customer choosing its accommodation of choice, Airbnb gets a feelings of the different options the customer has. By having this insight, Airbnb can focus its efforts on signing up landlords in popular areas and the right time, and adjust the pricing accordingly.

An example of their usage of data is to determine the appropriate pricing based on the location of the accommodation, time of the year, nearby transport and more. Airbnb has developed its own machine learning algorithm called Aerosolve. Aerosolve's algorithm reflects the insights Airbnb have gained about their customers and how this influences the price of a property.

Another thing Airbnb has developed is something called Airpal. It is a user-friendly data analysis platform designed to allow all of their employees to have access to all of the company's information and tools to query it with. This way they can employ people without them needing to understand data science, which is incredibly smart.

The last thing Airbnb does to combat this problem is a robust recommendation system that allows guests and hosts to rate each other to build trust.

Now why am I stating these factors? Because Airbnb has effectively combatted a potential huge problem for them. They use Aerosolve to calculate the right pricings, made their data user-friendly for all employees, and lets hosts and guests rate eachother. Those three together tackle the problem off connecting large volumes of guests to accomodations. Aerosolve calculating the right pricing based on location, time of year and on the insight given by the host. Their employees can be helpful searching for an accommodation, because every single employee can understand the data, and people can rate each other.

It is easy to see why they have effectively tackled this problem, by looking at Airbnb's explosive growth, which is with its company set up in 2008, already rivaling or even outdoing the big hotel names in the world :

threat to the hotel industry.



