



Airbnb Thought Paper

- AKASH UDANI

“First they ignore you, then they ridicule you, then they fight you, then you win”

This quote often misattributed to Gandhi (no one knows the actual source) pretty much sums up where Airbnb has reached today. Starting out with renting a small loft turned lodging with three air mattresses and turning it into a business valued at 30 billion, Airbnb has completely disrupted the rental space in the last 8 years. It is envious and almost surreal when you see the kind of growth this company has had over such a short span of time. They have not only revolutionized the lodging and accommodation aspect of people's travel experiences, but have also set a stellar example about how to build a company from ground up using the right mix of technology and passion to serve the consumers. Right from using growth hacks (Brown, n.d.) like 'Craigslist Platform Integration' to lure people to their site to expand their user base, offering better looking photos of listings, expanding their market to global regions and personalizing the entire user experience, Airbnb has made all the right moves in their quest to capture the market. I believe the reason for their maniacal growth over a short span of time is that, they have always focused on what their potential customers want and have consistently offered that and much more, at the same time creating a niche marketplace where they have no competition as of now. Also, the fact that they are constantly innovating by testing out new services and offerings to provide a seamless traveler experience, is one of the major factors for their roaring success in this segment.

In any industry, whenever a company tries to change or rattle things, there is always some resistance that it must face. It has not been any different for Airbnb. It has had to face stiff opposition from the hotel industry and the legal and regulatory authorities. It has been able to skillfully dodge all the obstacles in its path by taking quick actions wherever required and continued its path of frantic growth. Over the years, they have redesigned their website to make it more personable and easy to navigate for the user while at the same time adding new features. They realized that people were spending more time on their phones and developed a mobile app that included special features that helped users to list and search properties in a seamless way and enhanced the entire user experience. I believe that more than anything else, Airbnb is at the core, a technology company. The fact that they have a design lab wherein they think of ways in which competitors can beat them so that they can stay ahead of the competition, further strengthens that point.

Trust plays a very important role in the sharing marketplace. Airbnb has been able to build trust among its users by using technology to verify the hosts and user's profiles. Whenever they encountered some untoward incident had the potential to damage their reputation, they took immediate remedial measures. Case in point is setting up the 'Host Guarantee' and a 24-hour helpline to assist users. Also 'Social Connections' and

badges and reviews on host's profile lend a credibility and assurance to the first-time users.

Airbnb's focus, right from the very start, has been on serving travelers. Being a traveler is different from being a tourist. A tourist is someone who lives in a hotel, does the prescribed sightseeing and scoots off to his/her base location. A traveler on the other hand is culturally sensitive, respects other people and their space, is willing to adapt to new situations, lives and learns the local culture and is smart/frugal in spending money (Gangwani, 2016). Making the trip memorable for the traveler is the only objective with which Airbnb operates. They want people to associate the company with happy travel experiences so that whenever a user wants to take a trip, he/she does not have to think twice.

All this brings us to a question. What more can Airbnb do to improve the user's experiences. I have a few things in mind which I believe could help Airbnb further strengthen their position in the marketplace.

I am not quite sure how the Airbnb search feature works. But I would love to see it showing up different personalized search results based on user's preferences listed in their profile and based on their social connections and previous usage history. This will eliminate the advantage that experienced users may have on this platform over new users since experienced users have better reviews and ratings when compared with new users. It allows Airbnb to provide a leveled playing field for its hosts while allowing users to have access to all kinds and choices of listings.

Another premium feature that Airbnb could offer in the near future is what I call 'Live your dreams'. There is this Bollywood movie called 'Fan' which was released last year. It is based on how an obsessive and die-hard fan embarks on a journey to meet the superstar (Shah Rukh Khan) and wish him on his birthday. In this movie, they show how the fan literally follows in the footsteps of the star by booking the same compartment in the train, then later begging the manager of a shady hotel to let him have a specific room in which the star had stayed during his struggling days. This is just an example of how fans would love to live the life of their stars, even if it is only for a day. This is what Airbnb can seek to provide. They could collaborate with celebrities who would be willing to rent out their spare homes. This would be a once in a lifetime opportunity for fans who would be willing to give an arm and a leg to live the life of the stars, even if it is just for a day. The experience of breathing the same air and walking down the same hallway appeals to the fan's emotions like nothing else can. It would give fans a chance to be as up, close and personal to their idol as possible. No doubt this would be one of the premium offerings of Airbnb. But people who can afford it would not want to miss this chance. Airbnb could create a separate luxury segment for this which would target an entire different segment of the society, the rich, upper class. What they could they do

more is, they could create an entire experience out of this by offering the fans the same cuisine and the same clothes that the stars have used. At the end of the stay, the fans would get an exclusive opportunity to maybe meet their idol for a few minutes. That would be like an icing on the cake. This could prove to be a publicity gimmick for Airbnb also, reiterating that if a celebrity could use the platform, why not a regular person.

Another thing Airbnb could try to do is offer experiences targeting different segments of the society. They have already started offering experiences in some cities, for example scuba diving, or learning salsa, or aerial photography in a helicopter. They could extend this to family experiences, honeymoon experiences, children friendly experiences etc. They are already doing this with business travelers. Let's say you have a big event coming to the city like a concert or a rock show which is expected to attract thousands of people, Airbnb could design entire experiences replete with accommodation, tickets to the show, transportation and what not. Another thing they could do is provide users with an option to upload albums of these trips or experiences on the Airbnb website. They could conduct competitions for different cities where people could rate these albums on the site and the winner at the end of the month would win a trip to an exotic Airbnb rental like a palace or roof house. This would help build the user engagement and make users aware about the different kinds of offerings that the company has in store for them.

Another market that Airbnb could think of targeting is university students. Specially in cities like New York where rentals are expensive, students are always looking for frugal living options. Airbnb could cater to them. This could be a big untapped market for them. They could try to expand their base in college towns, where there are many incoming students every year.

Another thing that Airbnb could focus on is 'cultural misunderstandings'. Since Airbnb rentals are used by people belonging to different cultures, sometimes it happens that a sign or a custom that is acceptable in a culture may be considered offensive in another culture. For example, under-tipping at restaurant in the US can make you the least popular person on the table. However, tipping in Japan and South Korea is an insult. Or showing a thumbs up, especially in the Middle East, Latin America, Western Africa, Russia and Greece has the same meaning as showing the middle finger in the United States. Airbnb could build a kind of cultural translator into their website and app that could prevent cultural misunderstandings so that the users would not have any unpleasant experiences.

The possibilities for Airbnb to explore untapped markets and target different user segments are endless. Matching users to relevant listings and experiences is going to be a challenge and an area where they can continuously improve. If they can reach an agreement with the hotel industry and new rules governing Airbnb rentals are put into

place, then Airbnb can be the torchbearer for the sharing economy. The experience of travel is really about understanding the culture through its people and if Airbnb can master that, there's no looking back for this company.

References:

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