**STRATEGIC MARKETING**

**CLIENT MEMO 1 – AIRBNB**

**CONSULTANT – ELAMPARITHI ELANGO (EL)**

**EL CONSULTANCY PARTNERS LLC.,**

**COMPANY PROFILE**

***Airbnb, Inc*.** is an American San Francisco-based company operating an online marketplace for short- and long-term homestays and experiences. The company acts as a broker and charges a commission from each booking.

The company was founded in 2008 by Brian Chesky, Nathan Blecharczyk, and Joe Gebbia. Airbnb is a shortened version of its original name, AirBedandBreakfast.com. Airbnb is the most well-known company for short-term housing rentals.

**PERFORMANCE**

The total revenue of Airbnb worldwide reached 8.4 billion U.S. dollars in 2022. This was an increase over the previous year’s total of 5.99 billion. The decrease in revenue in 2020 can be attributed to the COVID pandemic which caused travel disruption across the globe. Airbnb has been performing well in 2023 so far as shown.

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**ISSUES FACING AIRBNB**

**ETHICAL AND LEGAL ISSUES**

Airbnb has been facing a lot of Ethical issues in multiple Cities across the globe namely New York, Barcelona, Paris, Mexico City, Berlin to name a few.

1. Airbnb has been accused of not following local laws in New York City. Local laws in New York make it illegal to rent an entire apartment on Airbnb for less than 30 days, as this helps to keep the long-term supply of property available to locals. Despite this, New York City is one of Airbnb’s biggest markets where listings under 30 days are available to tourists. As a result, the City has imposed strict restrictions on Airbnb’s Short-term rentals.
2. Airbnb had been fined 600,000 Euros in Barcelona for refusing to adhere to local laws by continuing to advertise unlicensed properties.
3. Airbnb has been accused of renting illegal sublets across several countries. Recent Statistics in Australia revealed that 35% of Airbnb listings are by people who don’t even own the property and do so without the knowledge of their landlord.

**LACK OF SAFETY AND SECURITY REGULATIONS**

Consistent standards and regulations are lacking across Airbnb rentals as they are basically private properties. Due to this hosts don’t have to follow the same strict regulations that hotels do like fire, security, and safety. There have been reported cases of unknown people having access to building amenities as well. Lack of insurance is another concern that plagues several of Airbnb listings.

There are multiple Airbnb listings with no reception, housekeeping or room service which is a turn-off for travelers as well.

**RECOMMENDATIONS**

Based on the above evaluation of the firm and the careful considerations of the issues Airbnb faces, EL Consulting Partners would like to recommend the following choices for Airbnb’s future course:

**THOROUGH CHECKING OF AIRBNB HOSTS**

Airbnb should complete a thorough background check of each Airbnb listing with a strictly followed set of standards. Illegal subletting should not be allowed in any case. This requires co-ordination with local authorities. Further, multiple periodic checks on quality are suggested to keep the standards and experience of users.

**STRICT ADHERENCE TO LOCAL LAWS**

Negligence to local laws only hurts Airbnb’s progress as a brand. It severely cripples the revenue as in the case of recent strict restrictions on New York City. Airbnb should place paramount importance on adhering to local laws. They should be constantly updated with the changes in local policies and in contact with the local law enforcement.

**SAFETY AND QUALITY IMPROVEMENTS**

Airbnb should make sure each listing passes necessary safety protocols and precautions to prevent any unwanted occurrence. Security personnel or cameras should be vital. Records of arrivals and departures should be maintained. Insurance covering guests for theft of cash/valuables should be a standard. Properties should be child friendly. There should be housekeeping, reception, concierge services, kitchenhands and likes to keep the place running smoothly. Customer satisfaction should be the ultimate emphasis.

**CONCLUSION**

Airbnb is financially recovering from the consequences of the pandemic. The vision of Airbnb “to create an end-to-end platform that will be able to take care of every part of traveler’s trips” should be revisited and focused on. The above suggestions would help Airbnb to cover the challenging issues they face today while continuing to grow.

Thank you for your review and careful consideration.