



# AIRBNB STRATEGY & PERFORMANCE

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# PROJECT OVERVIEW

- This project will focus on describing and analyzing the business strategy and significance of Airbnb in the hospitality industry.
- Through data analysis, Airbnb's financial performance will be evaluated.
- Some non-financial factors will be considered as well to gain a full understanding of the company's overall performance.
- Lastly, this project will use the assessment of the performance factors to complete a SWOT analysis for Airbnb.



# TRADITIONAL HOTEL INDUSTRY

- Hotels provide short-term accommodations and amenities to travelers.
- They typically offer a tiered range of rooms with increasing levels of amenities at different prices.
- Hotels also may offer conference facilities for business meetings.
- To succeed in the hotel industry, businesses must uphold high standards of cleanliness, customer service, and hospitality.



# AIRBNB BACKGROUND

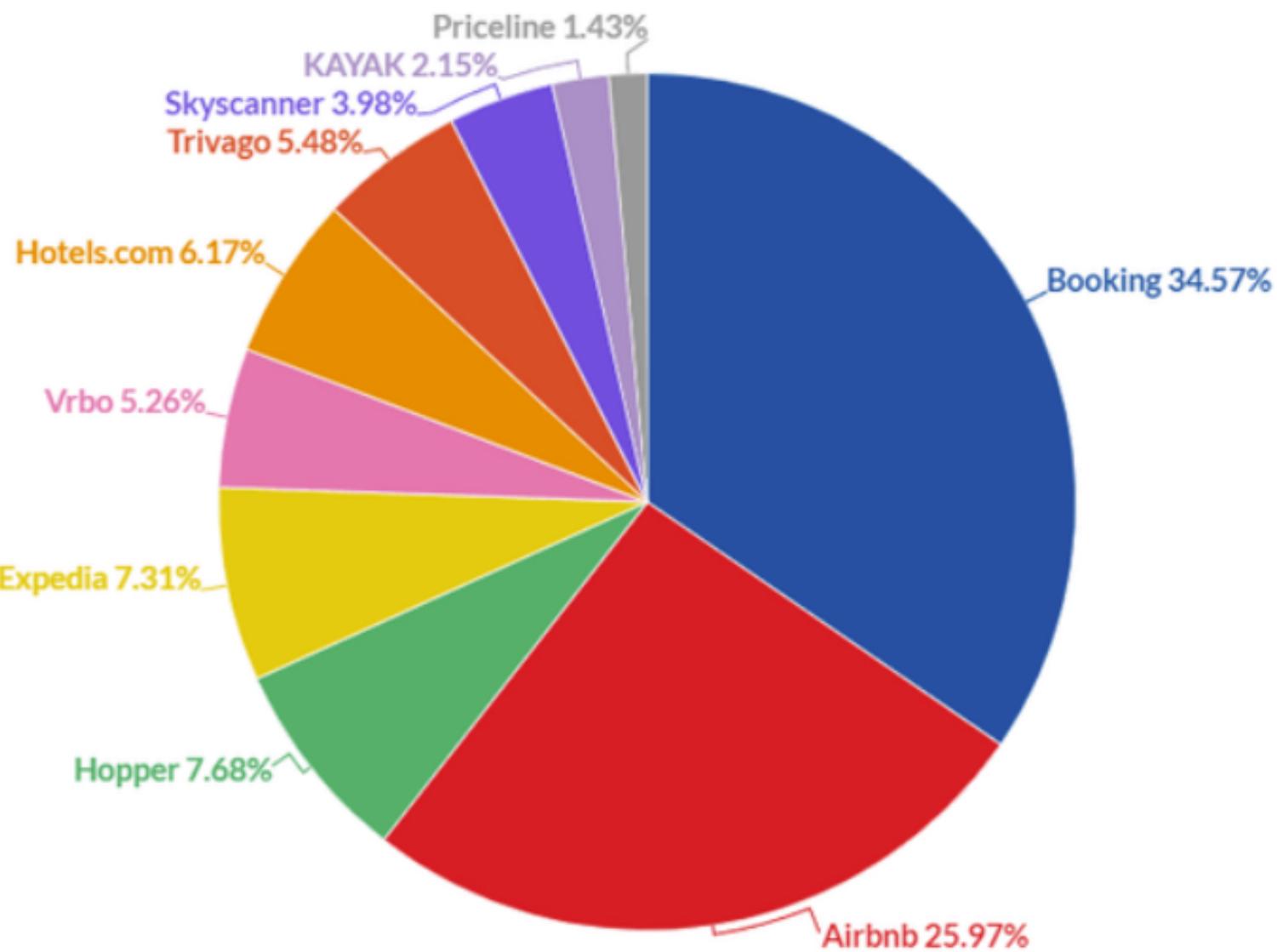
- Founded in 2008 as an online marketplace for people to rent out their homes, apartments, or rooms to travelers.
- The company has grown rapidly, currently having over 4 million hosts worldwide with over 6 million active listings.
- Airbnb has disrupted the hotel industry by offering travelers an often more affordable and unique accommodation.
- Airbnb has also more recently expanded its services to include “experiences”, unique activities led by locals.
- Airbnb completed its IPO late December 2020.





# COMPETITIVE LANDSCAPE

# MARKET POSITION AND COMPETITORS



Source: [Apptopia](#)

## Competitors

- Airbnb's top competitors include Booking.com, Hopper, and Expedia, which offer similar accommodations.

## Market Position

- While Booking.com currently outperforms Airbnb, Airbnb has shown rapid growth in recent years.
- However, when focusing in on alternative accommodation, Airbnb has a higher market share (~40%) compared to Booking.com (~25%).

# TOTAL ADDRESSABLE MARKET SIZE (TAM)

Based on an internal analysis of the travel market and experience economy, Airbnb has a total addressable market of \$3.4 trillion.

## The breakdown:

- The \$3.4 trillion is comprised of:
  - \$1.8 trillion for short-term stays.
  - \$210 billion for long-term stays.
  - \$1.4 trillion for experiences.



# BUSINESS MODEL



# AIRBNB BUSINESS MODEL

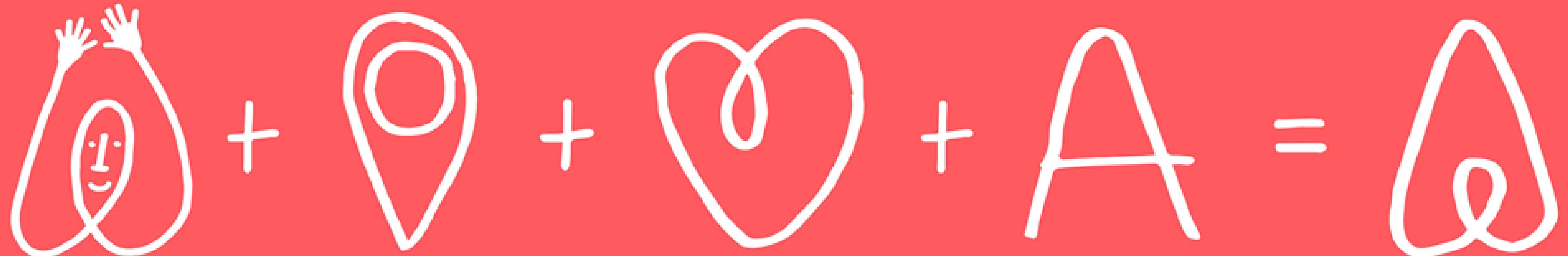
- Airbnb operates on a multi-sided platform model.
- The company serves as the platform facilitator connecting two sides (the hosts and the guests).
- Additional stakeholders in the multi-sided platform can also be involved such as professional photographers or cleaners for the properties, for example.
- Property owners, or hosts, offer their homes on the platform and travelers book the property for a specified amount of time and associated cost and Airbnb charges a fee on both sides.



# BRAND IDENTITY

The company's mission is to create world where "anyone can belong anywhere, and we are focused on creating an end-to-end travel platform that will handle every part of your trip."

Airbnb strives to treat loyal hosts and guests as members of the community, not commodities.



PEOPLE

PLACES

LOVE

AIRBNB

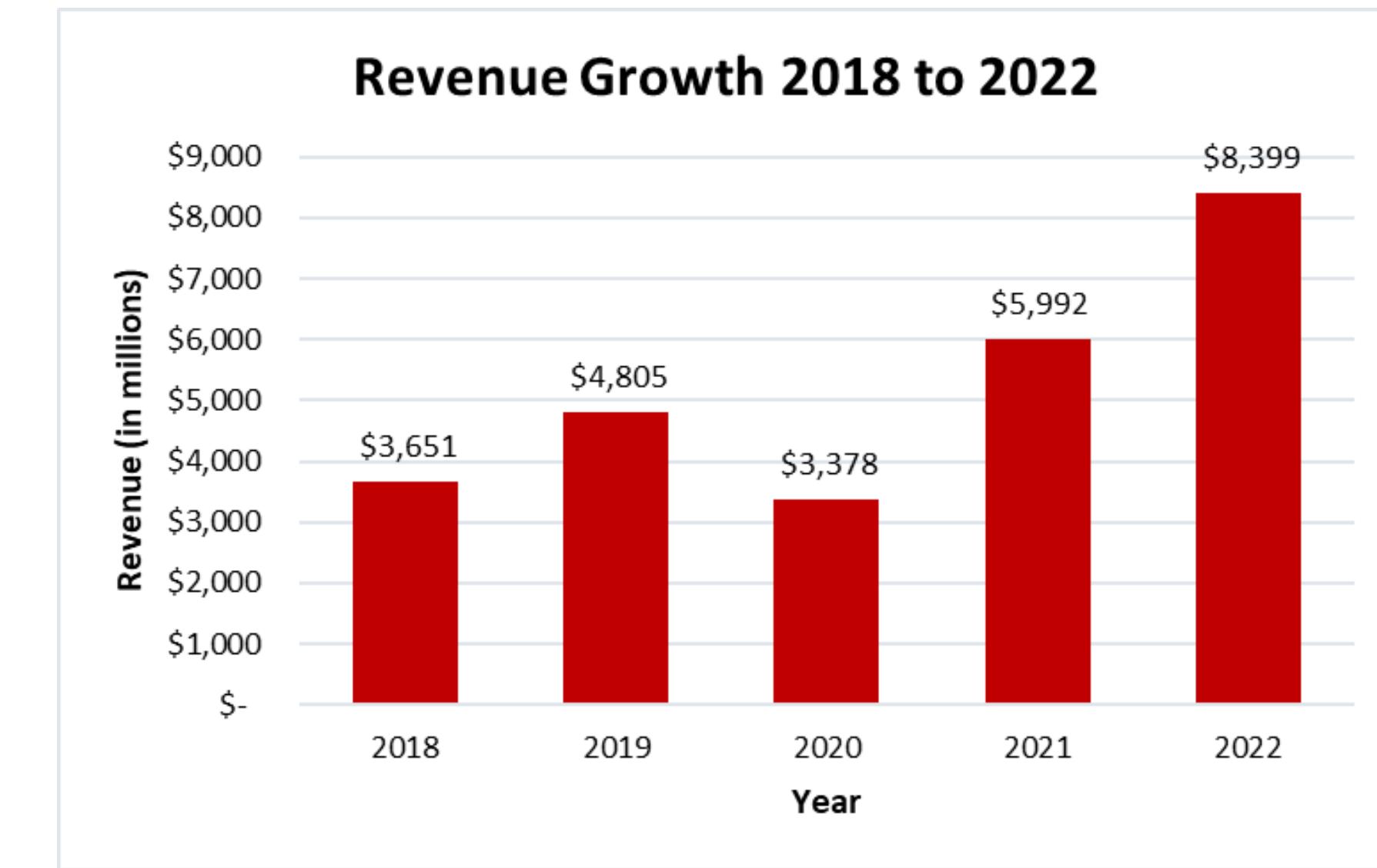
# FINANCIAL PERFORMANCE



# REVENUE GROWTH

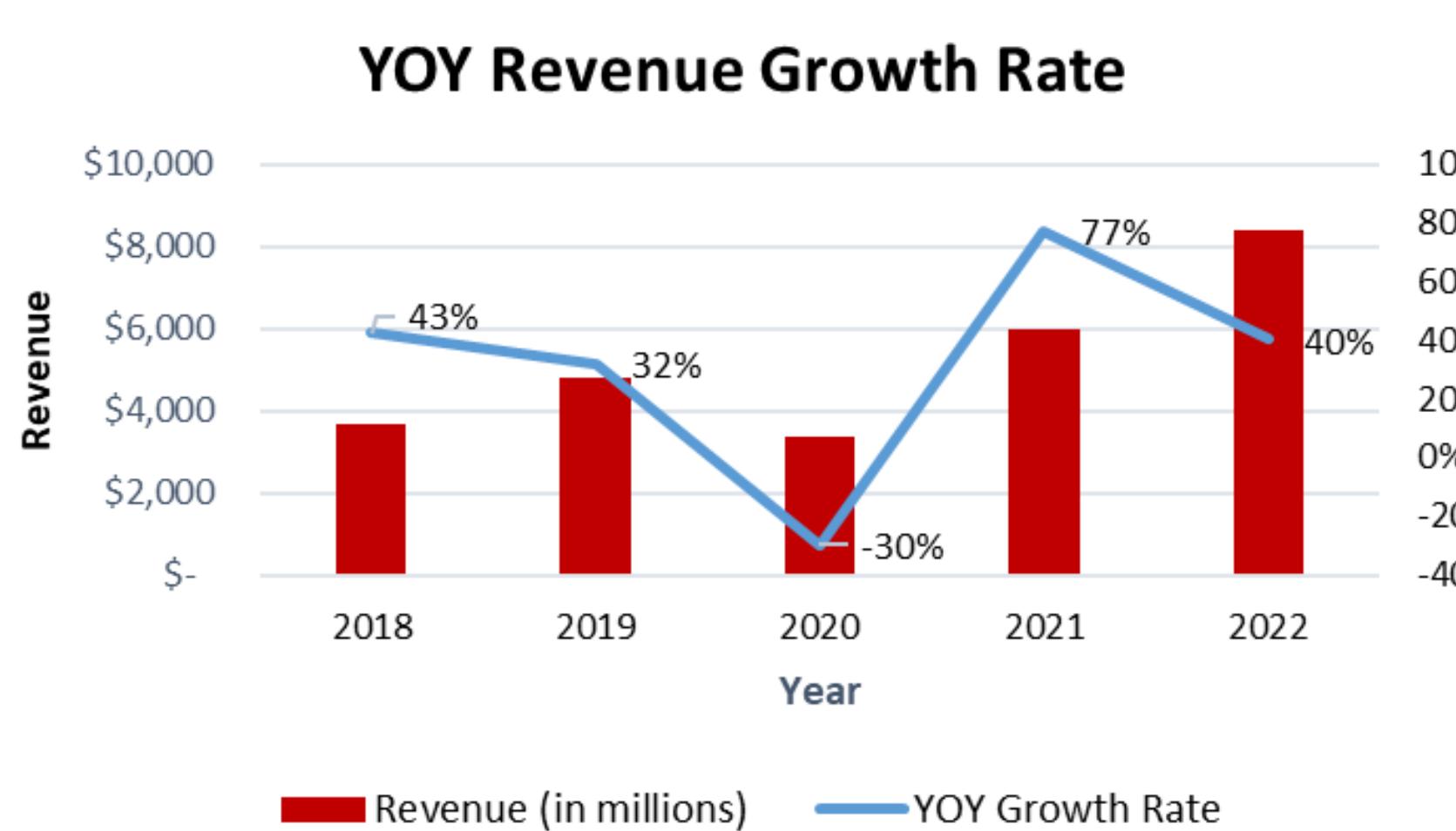
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- Airbnb's revenue generally showed a steady increase from \$3,651 million in 2018 to \$8,399 million in 2022, except for the decrease in 2020 due to the global pandemic which greatly restricted travel.



# REVENUE YEAR OVER YEAR (YOY) & COMPOUND ANNUAL GROWTH RATE (CAGR)

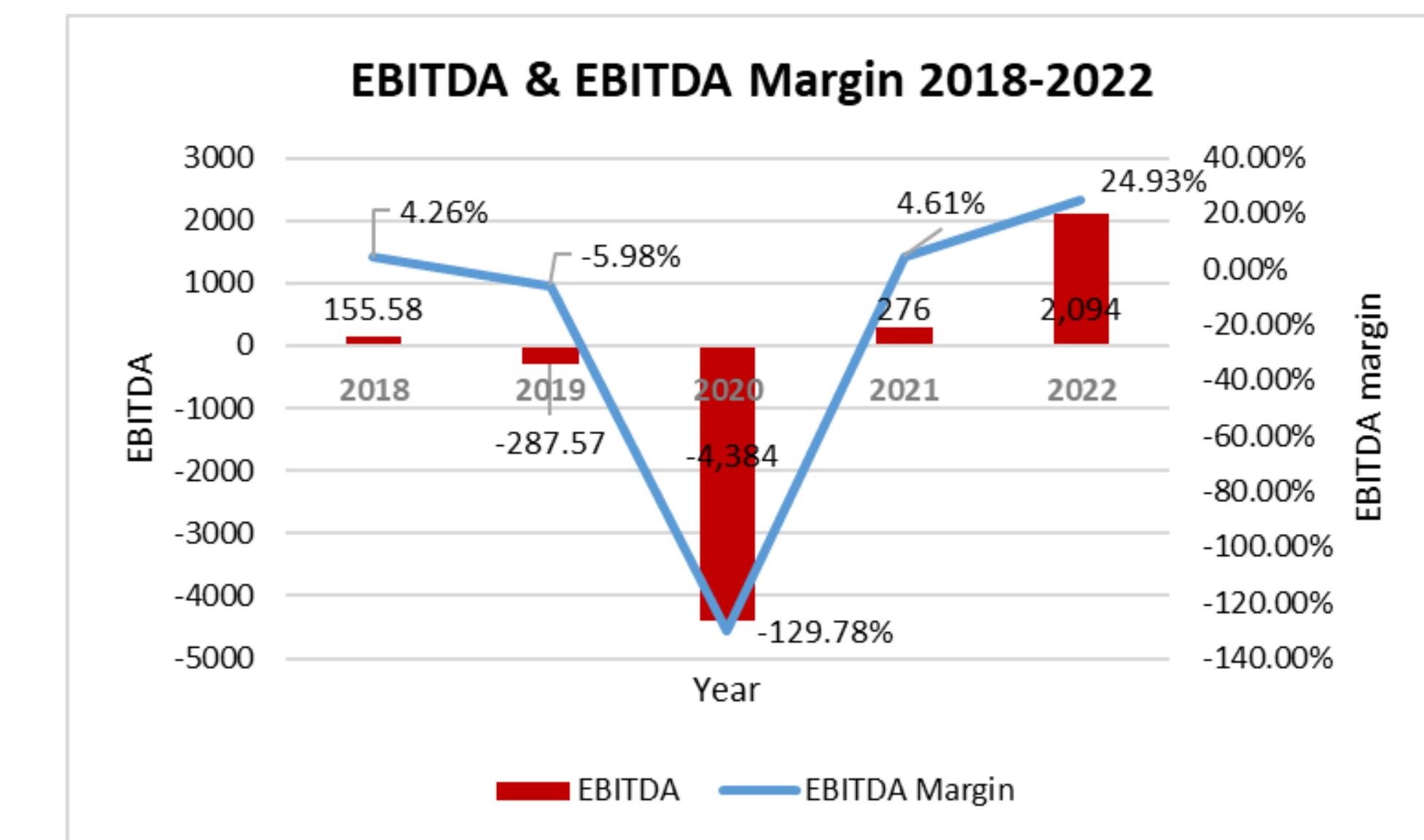
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- From 2018 to 2022 Airbnb had a CAGR of 63.43%.
- This indicates that their revenue has significantly and consistently grown on an average rate of 63% over the past 5 years.
- With a closer look at the YOY revenue growth, we see Airbnb had a negative growth percentage from 2019 to 2020, but all other years had positive growth rates.

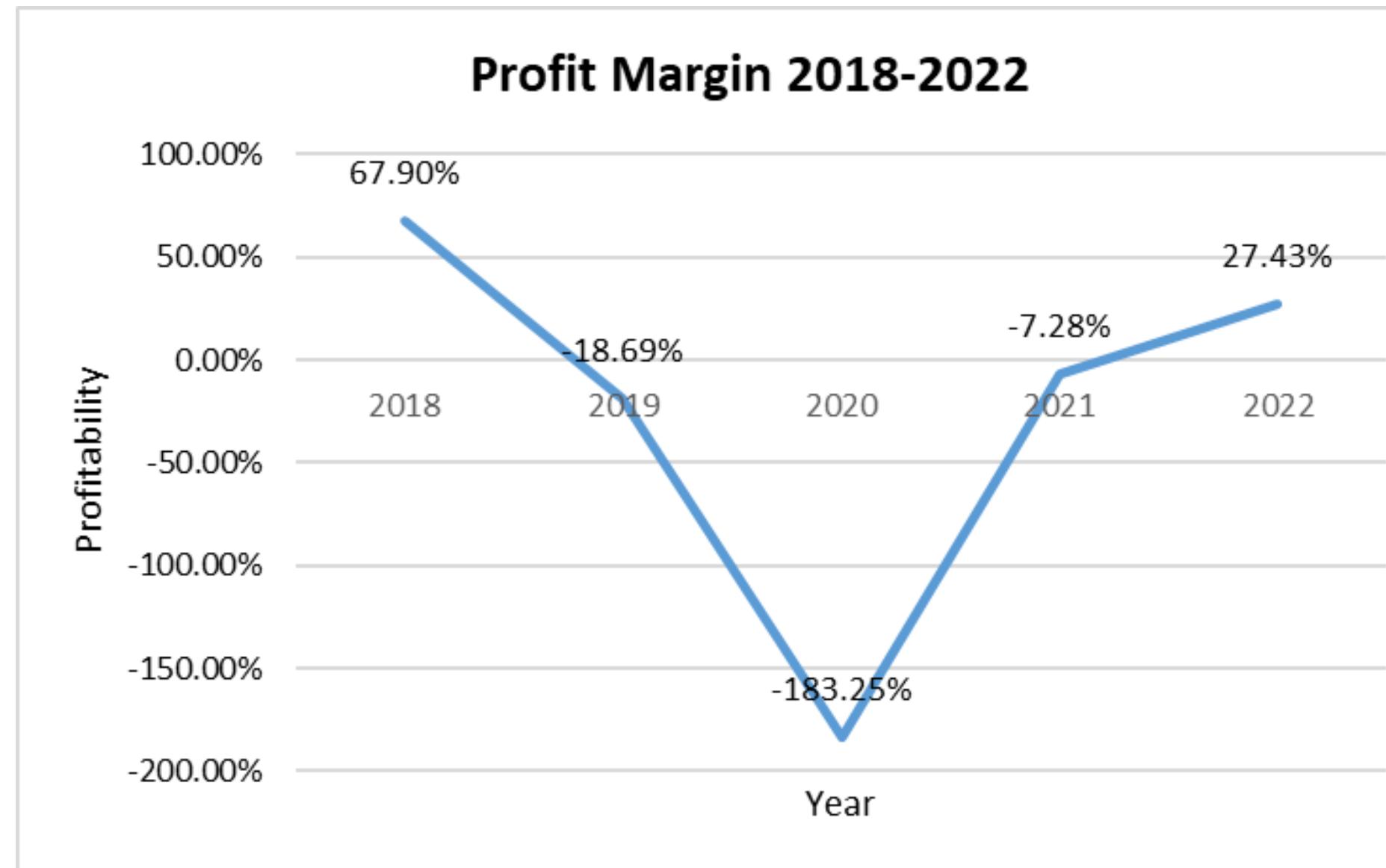
# EBITDA & EBITDA MARGIN

- From the positive margins, we see Airbnb is covering operating expenses with surplus earnings and has a strong EBITDA in all years except the pandemic, which had a massive negative impact on the travel industry.



# PROFITABILITY

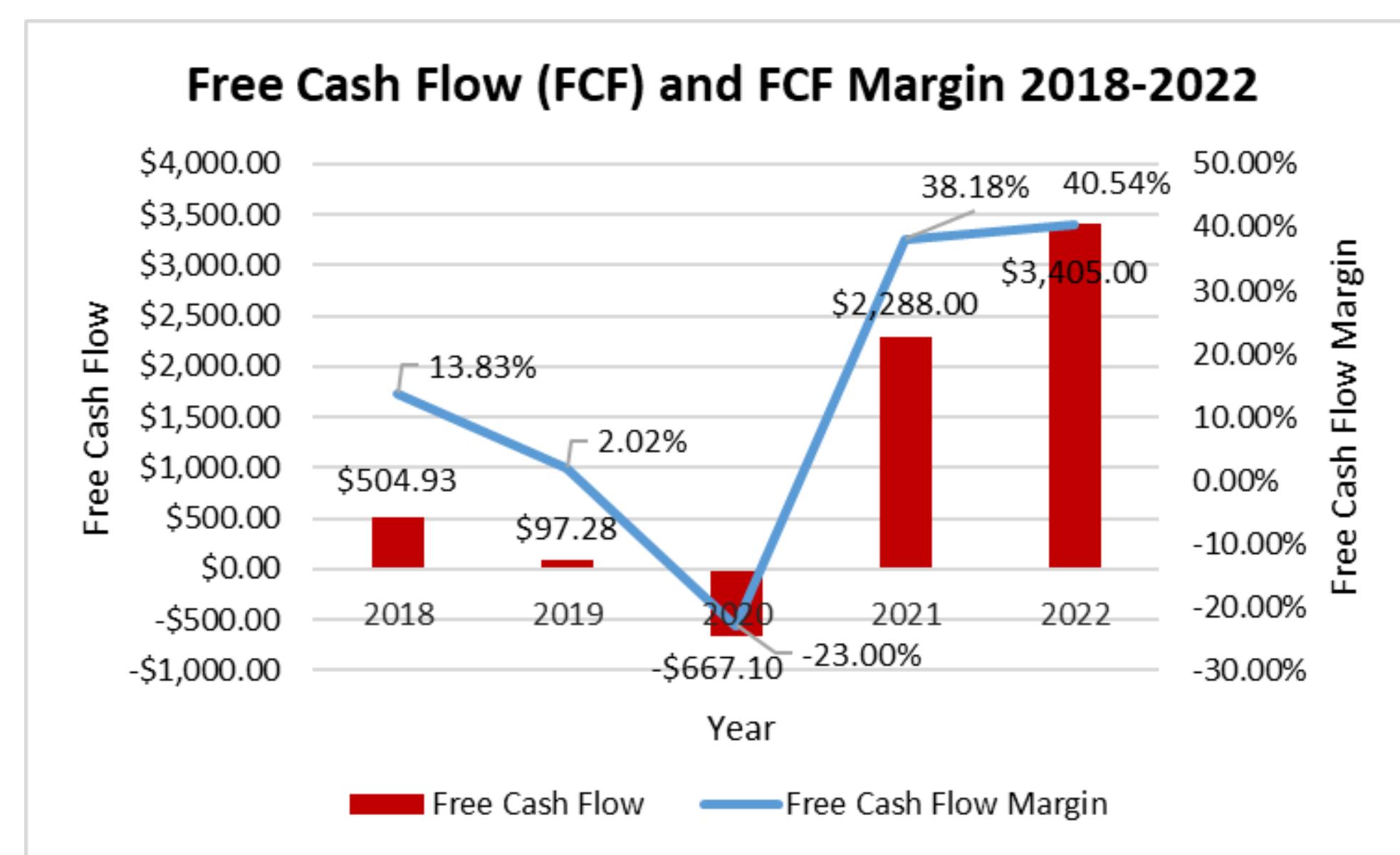
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- Airbnb's profit margins show a very similar trend to the EBITDA margins in that they overall perform well, except in the years of the pandemic.
- Their positive profitability ratios in 2018 and 2022 are good, but a lot of fluctuation, as seen here, is bad.
- However, now that the pandemic is largely in the past, the profitability may be more stable in the future.

# FREE CASH FLOW AND FREE CASH FLOW MARGIN

- Free cash flow (FCF) shows us how much cash Airbnb has at its disposal, especially to repay debts, issue dividends, and buy back shares.
- Similar to the other analyses, 2020 shows poor performance with a negative free cash flow, although their cash flow wasn't very strong before the pandemic either.
- Airbnb has a stronger cash flow (when evaluating with a 20% threshold) in 2021 and 2022, and is projected to continue to increase.



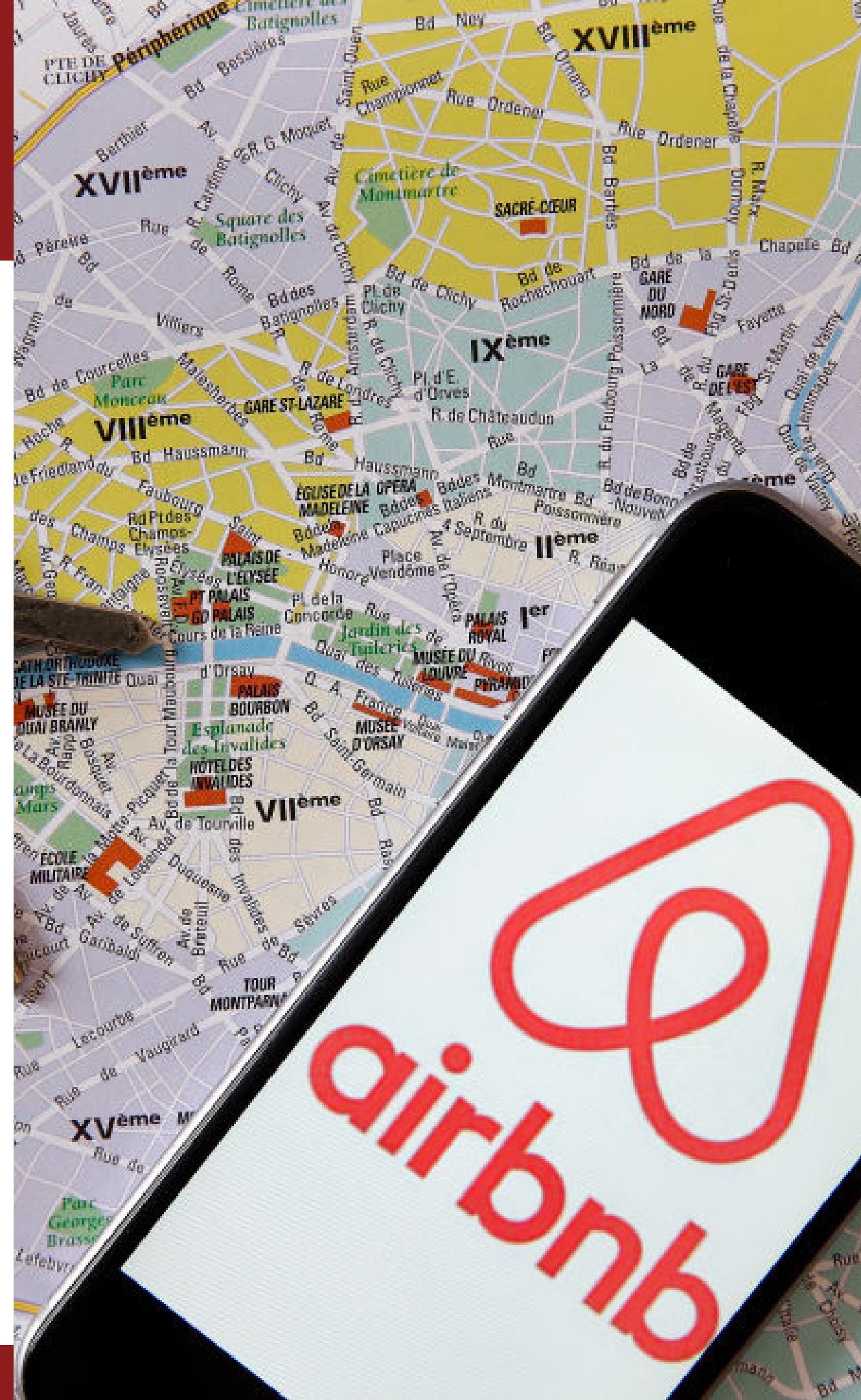


# NON- FINANCIAL PERFORMANCE



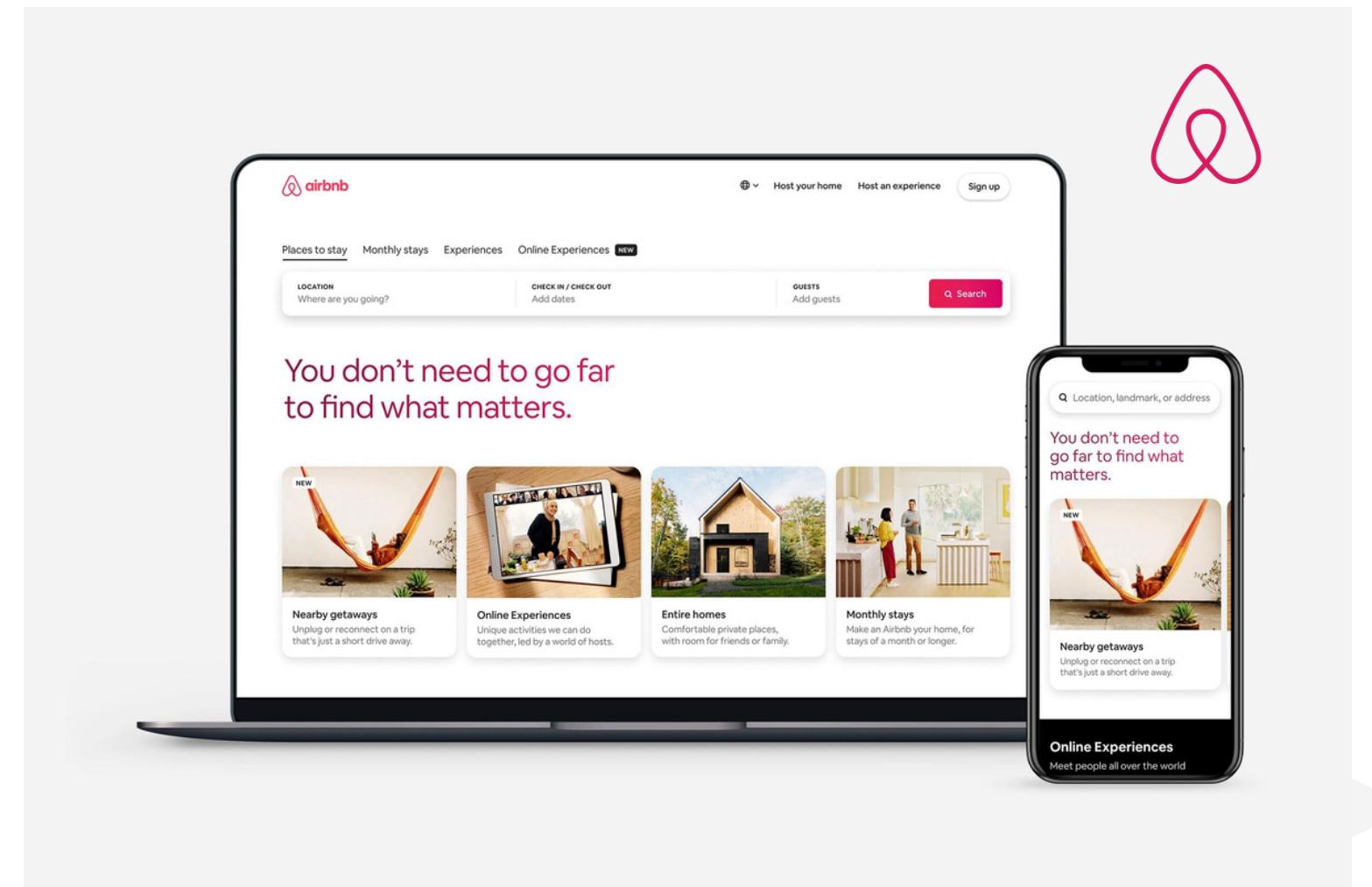
# VOLUME OF ACTIVE LISTINGS

- As of 2023, there are over 6 million active listings around the globe.
- Ten years ago, there were only 300,000 active listings on the platform.
- There are at least 100,000 cities with active Airbnb listings in over 220 countries and regions.



# USER ENGAGEMENT

- Airbnb has one of the most user-friendly platforms with an updated algorithm to give customers personalized recommendations for travel, creating emotional loyalty.
- There are Airbnb listings in over 100,000 cities.
- Airbnb has more than 150 million users worldwide that have booked over 1 billion stays.
- Every second, 6 guests check into an Airbnb listing.
- Guests stay for an average of 4.3 nights per booking.
- It takes users an average of 11 minutes and 31 seconds to book a stay on the app.
- The average host earns \$13,800 a year from their listing(s).
- In 2021, most of Airbnb's listings were in Europe with 4.84 million.



# TECHNOLOGY & INNOVATION

- Technology is at the core of Airbnb's operations.
- Every reservation interacts with AI or machine learning technology Airbnb has developed.
- Airbnb began developing machine learning models in 2013 to strengthen search and discovery capabilities.
- They now use AI to enhance functionality of their platform including improving search, preventing fraud, and helping hosts optimize their pricing.
- In the future, Airbnb aims to use AI and algorithms to build deeper understandings of images, improve reviews using natural language processing (NLP) (for reviews that are more about the city they stayed in rather than the place), and to support more advanced search using NLP.



# SUSTAINABILITY

- When travelers use Airbnb rather than traditional hotels, significantly less energy and water is used, and fewer greenhouse gases are emitted.
- Airbnb set a goal in 2021 to operate as a net zero company for corporate operations by 2030.
- Airbnb partnered with the United Nations Environment Program (UNEP) to promote sustainable travel.
- Airbnb has created an Airbnb Sustainability Advisory Board which consists of a team of experts who will shape and refine the company's long-term sustainability vision.



# SWOT ANALYSIS



# STRENGTHS

- Airbnb has first-mover advantage being the first company to provide a platform of its kind.
- The company takes advantage of the network effect. When there are a lot of potential renters there will be more hosts, and when people have good experiences, they will recommend the platform to others.
- The business model is innovatively designed.
- They have strong branding and effective marketing.
- Airbnb offers a unique traveling experience.
- The company is publicly traded as of 2020.
- The company has presence across the globe.
- They have a dual rating system where the hosts and guests can rate each other after a stay, encouraging both parties to be considerate of the other.
- Airbnb has a healthy balance sheet and gross margin.
- The company has made strategic partnerships and acquisitions including a travel agency, a luxury rental company, and a booking platform.



# WEAKNESSES

- Airbnb initially struggled to achieve profitability. From their launch in 2008 it took until 2017 for the company to be profitable, and then they went back into net losses during Covid.
- The company must face constantly changing legal regulations due to the innovative business model and the consequences of the it become clear.
- The business model is easy to imitate.
- Some of the hosts charge inflated prices, going against the focus on offering cheaper alternatives to hotels.
- There have been claims of fraudulent activity such as inaccurate descriptions of properties and fake reviews.
- There have also been accusations of racial discrimination when booking.
- The company has been reported to have poor search engine optimization.
- There is a lack of quality control since Airbnb doesn't directly own the properties it advertises.



# GROWTH OPPORTUNITIES

- Airbnb currently has most properties in prominent regions like North America, it could expand to developing economies like Latin America, the Middle East, and Africa.
- The company can further invest in strategic partnerships and acquisitions to reduce competition.
- They can increase focus on luxury rentals and increase the number of luxury listings on the platform.
- Airbnb can further invest in creating a seamless mobile experience for users.



# THREATS

- Due to Airbnb's success, there is an increase in competition and companies trying to copy their business model.
- The travel industry is strongly dependent on the economy, economic downturns, such as the pandemic, are a threat to the business.
- Negative experiences for hosts or guests can create a negative reflection on the business.
- Airbnb stores a lot of sensitive user information; a data security leak would be catastrophic for the company's reputation.

**10 APPS LIKE**  
 **airbnb**



# THANK YOU



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