





Company Information

Travel

<https://www.airbnb.com>

Community marketplace to offer, discover and book accommodations around the globe.

Founded: 2008

Revenue 2013 250 million U.S. Dollar (USD)

Employees: 1.001-10.000

Country: United States

Company Type: B2C, Startup

How does the business model work?

Airbnb is a community marketplace for people where unique spaces around the world can be listed and booked through mobile phones or the Internet. The listing of accommodation is free of charge for hosts and travellers are able to book accommodations from a list of verified hosts. To connect guests and hosts, Airbnb provides a private messaging system as well as an user recommendation feature. The charging occurs after the reservation has been made. The company promises security and reliability based on user reviews and ratings as well as on a secure payment system. Hosts are granted a property insurance coverage for offering their free space.

What makes it special?

Airbnb can be regarded a pioneer of collaborative consumption industry envisioning to create a home away from home for travellers and monetize extra space for hosts by offering accommodation. Thus, it established a solution for home providers and renters around the globe and a cost-saving alternative to traditional bookings of hotels or vacation homes by connecting both parties on a peer-to-peer online marketplace. One attribute of this concept is the broad range of various accommodations including apartments, castles or villas bookable for whichever period desired, for a night or a month. Thus, Airbnb connects people to unique travel experiences at any price point, with 1.000.000+ listings in 34.000+ cities and 190+ countries. However, the special feature lies in making money by offering this matching service without being responsible for the normal operating costs of providing accommodation such as cleaning or repairs.

Further, Airbnb is piloting a new dinner program letting hosts invite strangers for dinner parties. The idea of sharing something in-home remains the same. In this program, interested hosts share their dining table and give detailed information regarding the meal, the price, and the approximate length of the event. Airbnb retains a share of the receipts.

Action oriented insights



The entrepreneur lesson can be learned from the origins of Airbnb. Two of the co-founders were not able to pay their rent living in the expensive city of San Francisco. The idea of how to bring in some money focused on renting out some air mattresses and let people sleep on them. After the first customers had come, the idea started to grow into a more elaborated website. The contribution of photos of the rental places helped to attract more customers which proves how crucial it is to collect information from customers in order to become aware of their needs. Today, several competitors exist with a similar business model. Airbnb does not limit its idea of shared economy to spare rooms only but tries to extend it by including new programs, such as the dinner program. With this, a new way is created to connect travellers with locals, and the company improves as an authentic brand.

However, this business model is also facing some legal problems as it can avoid certain regulatory mechanisms which usually concern the hospitality industry. The main issue is that hosts generate income by using privately held resources. With this, they compete with hotels but they do not need to pay taxes or deal with the zoning and safety regulations. This fact and regulations regarding renting are subjects to controversy in several cities.

Related Business Models

[Getaround](#)

[Uber](#)

[Instacart](#)

[Flinkster](#)