

# Disrupting Innovation: A Case on Airbnb Inc.

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Introduction

Getting to  
Know Airbnb Inc.

Strategy Analysis

Key  
Strategic  
Issues

Alternative Courses of Action

Final Reco

Implementation

Industry

A person's silhouette is shown from behind, looking out a window with multiple panes. The room is dark, and the light from the window creates a strong backlight effect on the person's head and shoulders. The window has a dark frame and several thin vertical and horizontal bars.

Online  
Connection

staying away from strangers.  
never give out personal information.  
**NEVER ENTER THEIR HOMES**  
especially if you don't know them.

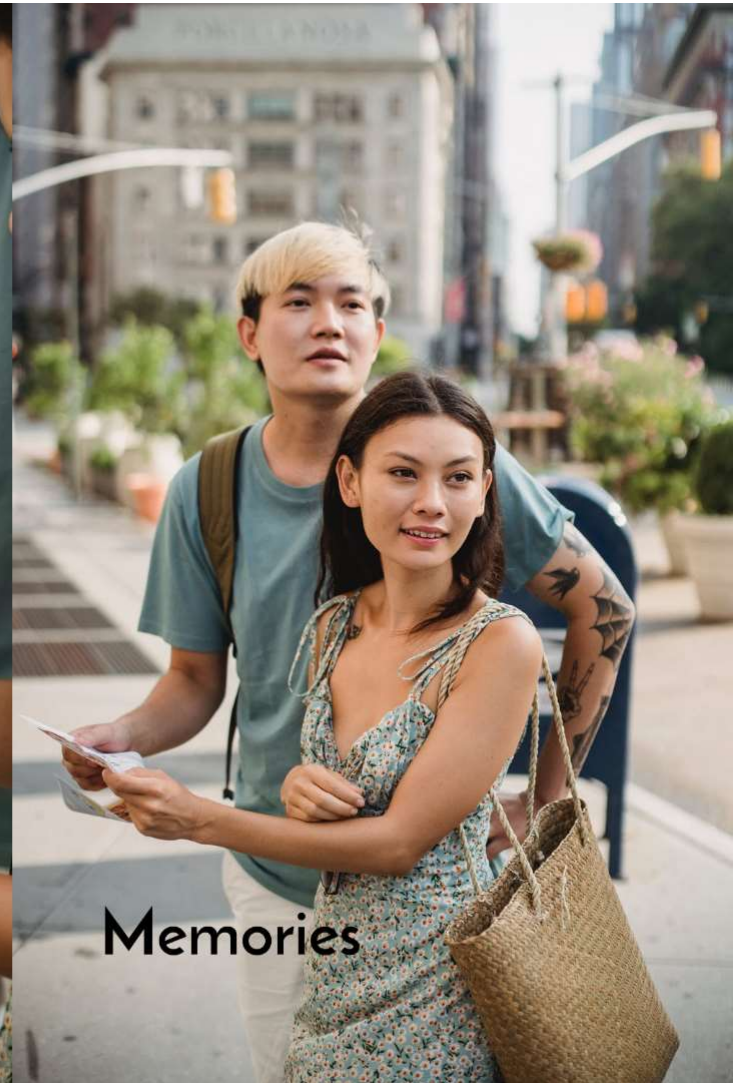




Now, we don't only see them. We look for them and make our information available.

More  
Interaction







## Hospitality Industry

- Digital Transactions
- Digital Innovation
- Impact Measurement
- OTAs and Tech Based Companies

Sharing  
Economy

Collaborative  
Economy



## Sharing Economy

collaborative approach to acquiring goods and services, and today, it became a huge part of the overall economy

Uber

Internet Based  
Platforms

lyft

Virtual  
Matchmakers

Tech companies provide the interface between providers and consumers, connecting those in need with those who have extra. (Duvigneau, 2021)

coupang

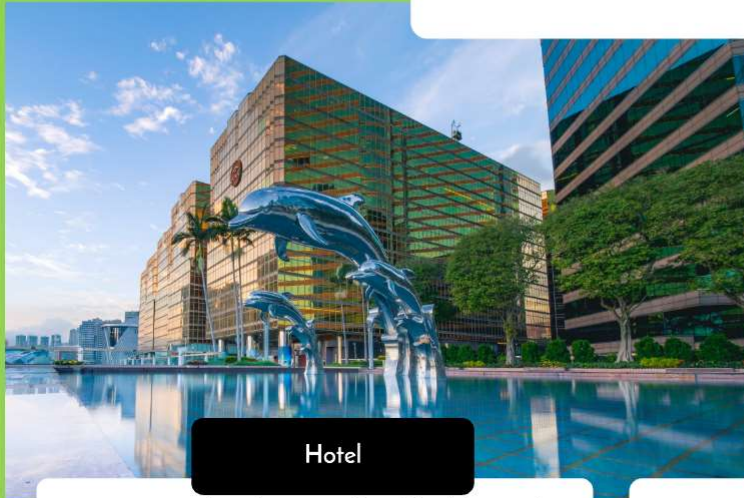
BlogVector



GrabFood



## Accommodation Market



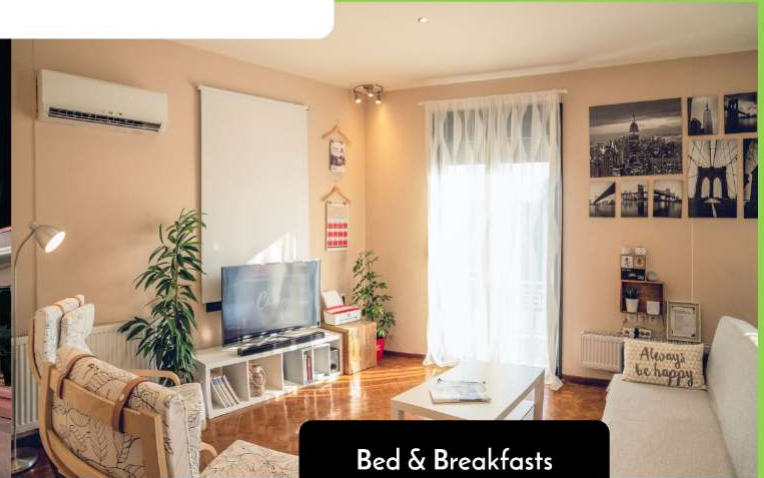
Hotel

- usually a large, enclosed building with hundreds of rooms across multiple floors, while a motel has one or two floors with outdoor room entrances
- expansive buildings with hundreds of rooms across multiple floors
- reception or lobby area with concierge, bell man and other hotel staff



Motel

- confined to locations close to roads and highways, often outside of cities but along popular tourist routes.
- typically designed for short stays
- continental breakfast is not offered, but they may have a quick, basic breakfast with foods like hard-boiled eggs, bread and cereal.



Bed & Breakfasts

- much smaller, usually where owner-operators offered a couple of rooms within their home.
- cozy, home-like ambiance
- personalized, yet quieter atmosphere
- many are in rural areas
- great allure and ambience for guests experiences

Larger Facilities

Personalized Facilities



**Brian Chesky**  
Co-Founder and CEO

# AIRBNB INC.

## Air Bed and Breakfast

*sense of belonging  
and global presence*



**Nathan  
Blecharczyk**  
Co-Founder and CSO



**Joe Gebbia**  
Co-Founder and Chairman  
of Airbnb.org

### Vision

Belong Anywhere

### Mission

help create a world where you can belong anywhere  
and where people can live in a place, instead of just  
traveling to it.

### Core Values

Champion the Mission  
Be a Host  
Simplify  
Every Frame Matters  
Be a Cereal Entrepreneur  
Embrace the adventure



# Prevailing Strategies of the Company



- Trust By Design
- Design Innovation
- Peer-to-Peer Review



## Strategy Analysis

External  
Analysis

Internal  
Analysis

# PESTLE ANALYSIS

## 01. POLITICAL

- Unregulated Housing Laws
- Impact of Political Conflicts / Mix of Politics and Brand Values in Business
- Operating Under a Non-Licensed Market

## 02. ECONOMICAL

- Host and City Benefits
- Home Sharing
- Wealth Generating Business

## 03. SOCIO-CULTURAL

- Sense of Belongingness
- New Experiences
- Social Media Reach Among People and Referrals Attraction
- Community Building Culture



# PESTLE ANALYSIS

04

## TECHNOLOGICAL

- Technology advancement
- Artificial Intelligence

05.

## LEGAL

- Nation Laws/City State Ordinances governing hotels and apartment leases

06.

## ENVIRONMENTAL

- Benefits of Home Sharing

# TOWS MATRIX

	<b>Strength</b> S1. Leveraging on Technology Advancement (Artificial Intelligence, Machine Learning, Easy-To-Use Platforms) S2. Trust By Design Model/Peer-To-Peer Review S3. Good Crisis Response S4. Global Presence S5. Influential Social Media Presence S6. 24/7 Customer Service S7. Enhanced Travel Experience Through Products and Services- Localization) S8. Success Go-To Market Track Record S10. Strong Financial Statement S11. Robust Domestic Market S12. First-Mover Advantage S13. Interface offers hosts opportunities to upload and share a number of resources. S14. Small Transaction Fee beneficial for both Company and Stakeholders. S15. Smaller Operating Costs	<b>Weakness</b> W1. Customer Feedback (Racism, Security and Safety, Host Treatment and Facility) W2. Organization Culture
<b>Opportunities</b> O1. Open Consumer Interaction O2. Consumer Preference (Prefer sharing to renting) O3. Community-Based Relationships O4. Increasing Standardization	S1S5O5O6O9. Penetrate a bigger market by leveraging on strength of technology advancement to bring across the brand's product or services. S2O1O6O9. Improve consumer interaction and use it as a way to trumpet and earn referrals to	W1O1O3O5O8. Improve customer experience by providing advanced platform identifying verified hosts that could meet their needs. By innovating their current platform into a much evolved ecommerce and social media oriented business matched with their Trust by Design, they are able to solve this weakness and back it up properly matching the needs of their
O5.E-commerce and Social Media Oriented Business Models O6. Opportunities in Adjacent Market O7. Consumer's Increase in Disposable Income O8. Access to International Talent in Global Market O9. Growing Market Size and Evolving Preference of Consumers	enter adjacent markets. With the support of highlighting and leveraging their unique business model to match the evolving preference of consumer in adjacent market. S6S7S11O5O7 Opportunity to innovate existing offers to existing and potential markets. Offering E-commerce and Social Media Oriented Initiatives for easier and more attractive offers to customers.	customers to trusted hosts and guests. Moreover, apply certain regulations, terms and conditions that are of similar standing with ecommerce to protect the stakeholders. W2O6O8O9. Improve Organizational Culture by bringing in competitive international talent across the Globe. Localized team per branch is also another route.
<b>Threats</b> T1. Taxation and Regulations T2. Major Events Involvement T3. Competition T4. Growing Protectionism T5. Competitors claimed that Airbnb were doing unfair business practices and they lobbied lawmakers.	S3T1T4T5. Strengthen efforts on good crisis response and turn threats into opportunities that could further positivize the reputation of the brand and overall organizational response. S1S8S11T2 Increase partnerships with major events and build presence in multiple markets to acquire potential customers.	W1T2T3T5 Invest on getting positive customer feedback by strengthening good reputation through major event involvement and market expansion. W2T1T4T5 Bring in expert team to have a holistic and diversified view on tackling taxation and regulations per country.



# ALTERNATIVE COURSES OF ACTION

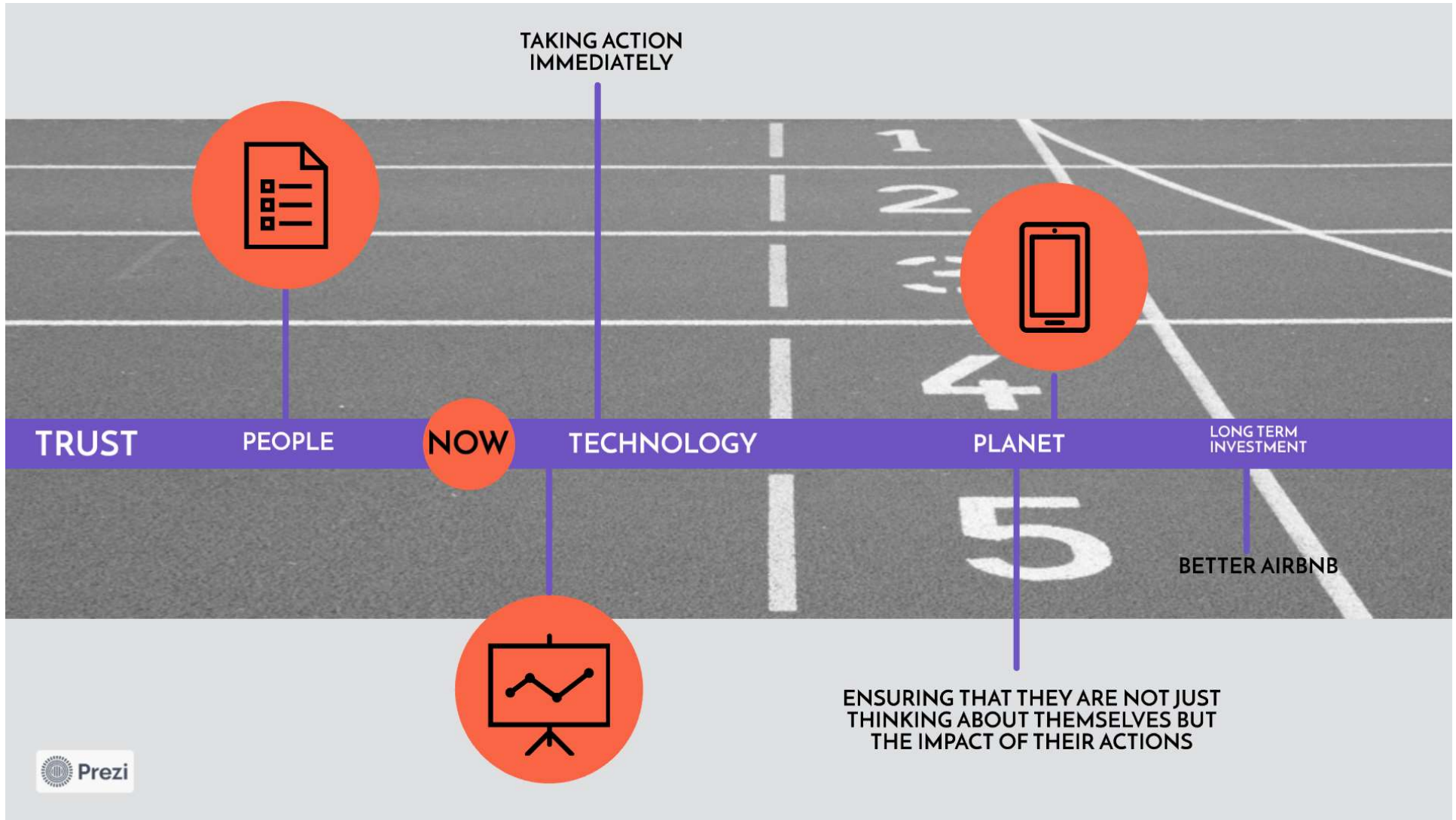
ACTION REVIEW



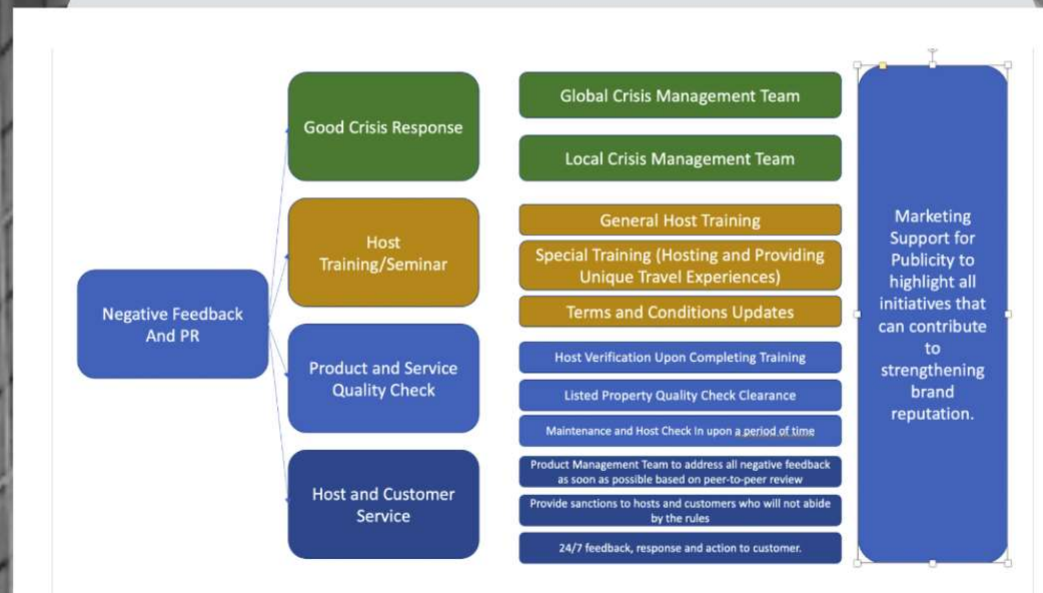


Problem / Issue	Solutions	
	Short Term	Long Term
Evolving Preference of the Consumer <ul style="list-style-type: none"> <li>Attracting Potential Customers</li> <li>Maintaining / Keeping Existing Customers</li> </ul>	<ul style="list-style-type: none"> <li>Conduct Localized Market Research on existing and target locations</li> <li>Through the results of Market Research, invest on digital marketing to promote listings and experiences that fit the preferences of the consumers. Leverage on using digital ads.</li> <li>Localize content and make it easily digestible by customers.</li> <li>Provide rewards program to loyal customers who will book listings multiple times.</li> </ul>	<ul style="list-style-type: none"> <li>Provide training to hosts on how to further market their listings</li> <li>Invest on product development team to improve services offered. Not limited to listings but experiences as well.</li> <li>Given that Airbnb is a digital marketplace, they can improve the interface of their website and app to make it more appealing. They can integrate advanced artificial intelligence and machine learning to give a much realistic feel for guest which will entice them to book the place.</li> <li>Partner with local businesses and provide additional experience and possibly connect guest to a community with the help of the host to further enjoy the culture and beauty of the place they are staying at.</li> </ul>
Negative Responses <ul style="list-style-type: none"> <li>Customer Feedback               <ul style="list-style-type: none"> <li>Racism</li> <li>Security and Safety</li> <li>Facility</li> <li>Host Treatment</li> </ul> </li> <li>External Press Releases from Government and Competitors</li> </ul>	<ul style="list-style-type: none"> <li>In the case study it was mentioned that Airbnb is willingly cooperating in the process of being taxed and following regulatory rules. They are willing to work on any issues relating to this topic which strengthened their good reputation. With this, it is important that Airbnb continuously cooperates with every</li> </ul>	<ul style="list-style-type: none"> <li>Invest on a good PR Crisis team and have a dedicated team per country who is well aware of local laws.</li> <li>Regulations should not just apply to employees but to hosts as well. (Ex. 3 bad reviews will result to penalty or eviction)</li> </ul>
<ul style="list-style-type: none"> <li>Competitors claiming that Airbnb is doing unfair business transactions.</li> <li>Taxation and Regulation per country</li> </ul>	country's taxation and regulatory laws and ensure that they are diligently abiding by any rules in order to address any issues being tagged to their business. <ul style="list-style-type: none"> <li>Prior to allowing hosts to list their homes in the platform, each hosts need to undergo certain trainings and/or seminars that could help them improve their host service.</li> <li>Ensure that all hosts are verified and screened properly.</li> <li>Airbnb should ensure proper action should be done to hosts who have bad practices and the guests who experienced the situation should be updated.</li> </ul>	<ul style="list-style-type: none"> <li>Facility screening should be done thoroughly prior to listing. In order for this to happen, Airbnb should invest on a local team who will be focused on doing regular check ups of listings.</li> </ul>
Market Expansion Limitation	<ul style="list-style-type: none"> <li>Market Study</li> <li>Feasibility Projects</li> <li>Look for Adjacent Markets based on existing locations</li> <li>Form Partnerships and Communities</li> </ul>	<ul style="list-style-type: none"> <li>Invest on Local Teams</li> <li>Provide experience based activities more than host listings that can be suggested to hosts.</li> <li>Provide training to hosts upon onboarding on how to handle and provide impeccable experiences to guests. (Ex. Personal Tour, Restaurant Hopping by Hosts etc.)</li> </ul>

## COURSES OF ACTION

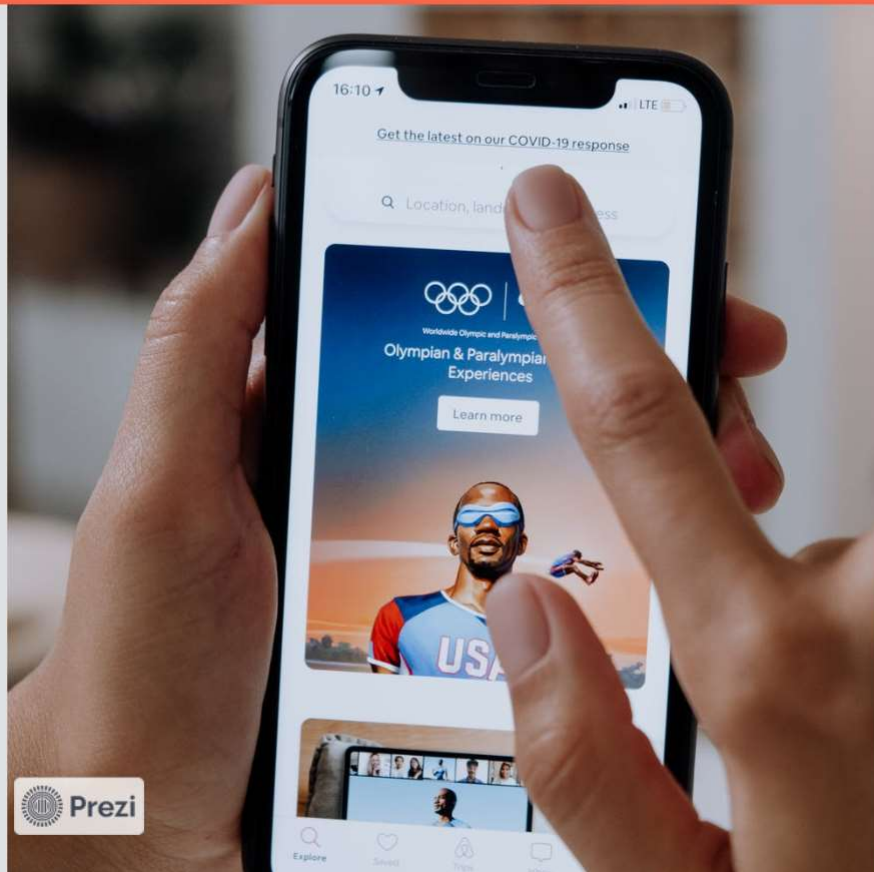


# IMPLEMENTATION PLAN





# Key Strategic Issues



## FOCUS

- Evolving Preference of Consumers
  - Publicity and Customers Feedback and
  - Market Expansion Limitations
- 
- How can Airbnb continuously attract potential customers given the ever-changing preference of consumers?
  - How can Airbnb solve the issue of addressing negative feedback. Including, external press releases and statements from competitors and local government?
  - How can Airbnb expand to more locations given that each country has many repercussions in many aspects whether external or internal?(Ex. Legal and Political Issues)