

Pestle analysis of airbnb

Business



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Airbnb is known as the cheaper, comfier hotel alternative.

Average people rent out their rooms to guests in exchange for money, providing income for the hosts and profits for Airbnb.

But the company has faced complications. Expanding worldwide so quickly has led to issues. Still, they've been an economic benefit to cities and the environment.

Here is the PESTLE analysis of Airbnb.

Political factors: Unregulated housing laws

Airbnb is a unique business. People offer to rent their homes, apartments, or rooms to strangers. But the company has run into legal issues. Some locations available to rent don't follow state housing laws and regulations.

In some states, an owner must also live on the property to legally rent apartments for short periods of time. Additionally, these locations are required to pay hotel or tourist taxes when renting out their homes during the holidays.

Airbnb has faced fines and court proceedings in Barcelona, New York, and New Orleans. Because they've failed to follow local tourism laws.

Airbnb needs to ensure they are following each state's housing guidelines. Otherwise, they open themselves up to further legalities.

Economic factors: Benefiting hosts and cities

“ Shared economy.” That is the industry Airbnb is a leader in. It’s a developing trend where resources are shared between corporations and individuals. Another example is Uber.

Airbnb has grown and is a major competitor to hotels and motels. Airbnb offers cheaper alternatives for renting. And it has grown exponentially in a short time. Now, they serve over 9 million people worldwide.

Airbnb has offered jobs to “ hosts” — people who periodically offer their homes to guests. For cities that lack hotels or motels, this type of service is beloved. Airbnb has benefited states by generating millions in spending and full-time-like jobs. In New York, the economic activity accumulated to \$600+ million and provided over four thousand jobs.

Social factors: New “ experiences”

Airbnb is a social business. Hosts offer their homes to guests in exchange for money. Visitors will document their experience online. Social media allows stories to spread. And Airbnb grows through word of mouth.

Additionally, hosts will also share their experience. Although reviews are often left by visitors, hosts also discuss tenant activity. Reddit has a subreddit where both hosts and visitors discuss their needs and experiences openly.

The company also has an “ Experiences” initiative. Users book three-day experiences like burlesque classes. Or attend special events. Visitors can

also do “ social impact experiences” where non-profits host and receive 100% of the profits.

Technological factors: Tech necessities

Airbnb relies heavily on technology. Visitors will book rooms on the app or through the website. The website is also where guests will write reviews. A bad review means a host will have a difficult time with future bookings.

They also use automation. If a host doesn't respond to a guest's message, Airbnb will automatically text the host for them.

Without technology, rooms can't be booked. Hosts can't be contacted. And Airbnb wouldn't function as easily as it does today.

Legal factors: A thorough terms and conditions

As stated above, Airbnb has faced legal issues for failing to comply to housing regulations. On their website, they address the need for hosts to follow these rules. Hosts must agree to terms and conditions, provided by Airbnb, agreeing to follow taxation, housing, and tourism regulations.

This is a legal document that prevents Airbnb from being liable when issues appear.

Environmental factors: healthier than hotels

Airbnb boasts they reduce energy usage within America and Europe compared to hotels. This includes lowering greenhouse gases, less water consumption, waste avoidance, and increased environmental awareness.

It seems the firm is keen on lowering traveling impact and chemical usage too.

In conclusion

Airbnb is a leader in the sharing economy. They offer jobs for “ hosts”, people who rent their rooms or homes to visitors. But every state and country have their own rules for housing: the need for permits, licenses, and taxation depends on location. Because Airbnb has failed to address these, they have faced backlash and legal trouble.

Now, they ensure hosts abide by these regulations when accepting Airbnb’s terms and conditions.

The firm relies heavily on technology to book rooms, to communicate between hosts and visitors, and review their stay. Consumers love the cheap option to stay in cities that would be otherwise unavailable. Since not all towns have motel options.

The company claims to be more environmentally friendly than the average hotel. And have posted several studies about it.

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