

Swot analysis of airbnb: is its business model flawed?

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Airbnb connects travelers from all over the world with local hosts. As a traveler or guest, you browse through Airbnb's extensive catalogue of listings. Then you select a room that fits your mood.

The host is paid for offering a space for resting and relaxation, much like a hotel. Except the guests get a unique, inexpensive experience that hotels can only struggle to compete with. Although Airbnb's business model has refashioned the traveling experience, it's not without its hiccups.

We've discussed Airbnb through a PESTLE analysis last year. This time, we're using a SWOT analysis of Airbnb to expand on the strengths, weaknesses, opportunities, and threats affecting the company's current and future success.

Strengths: The experience you need at a price you want.

Airbnb is recognized as the cheaper alternative to hotels. Prices are competitive and based on location. You can shop around and choose the perfect place on your budget. Before committing to your decision, you can check out the ratings provided by previous guests. This system is crucial to building and maintaining trust in the Airbnb community.

Airbnb isn't just about saving money. It's also about the experience. Think of it like this: in a hotel, every room is basically the same. They have the same TV set and side table. The same grey carpets and white walls. The sheets are simple; you can never remember what color they were after leaving.

Basically, if you could step into every room — from the first to the top floor — you'd notice a few inconsistencies. If any.

Airbnb is different.

The rooms and houses are unique. If you're dying to spend your evenings in a comfy, bohemian-chic inspired home, it's available. Let's say the next day you change your mind. Now you're after an apartment overlooking the city, with floor to ceiling windows and sparkling white marble flooring. You can find it.

The best part? It may even be cheaper than the bohemian room!

You're paying for a unique and budget-friendly experience through Airbnb. You're able to view ratings and testimonials before spending a dime. What you want is likely there, waiting for you to book a night when you need it.

Anyone can find a beautiful room, considering Airbnb is operational in over 190 countries. That's more than 30, 000 cities. If you've got time to spare, browse through over 1 million listings. That's how many are available, right now.

The company has easily expanded worldwide. They show no signs of stopping.

Weaknesses: Relying on strangers to host leads to legal violations.

Airbnb faces problems stemming from housing laws and regulation violations. Hosts are paid for offering their rooms for a set time. It seems like easy money, and who doesn't want quick cash? That way of thinking is leading people to offer up rooms and guest houses against their housing

laws. Meaning, they're not legally allowed to but are listing their places for rent anyway.

They might not realize it. In some lease contracts, there's a clause against renting out the room for profit. Maybe the occupant doesn't know before they list their place. Maybe they don't care and assume no one will notice. But people are noticing. And Airbnb is paying the price.

Poor hosts can also be damaging to the company's reputation. If a host doesn't follow Airbnb's guidelines, there's consequences. Poor ratings and backlash on social media is all it takes to tank a company's profits these days. Considering their business models relies heavily on hosts from around the world, Airbnb is quite vulnerable to the strangers they work with.

Speaking of their business model, it's easy to replicate. It's a simple concept; let people around the world host strangers for a nightly fee. Even now, anyone could copy it. If they could survive under Airbnb's brand reputation, that would be impressive. But competing against a company that has Airbnb's worldwide recognition isn't something just anyone can do. Although many are trying, they're barely on the radar.

Opportunities: Trust begins with celebrity endorsements.

Cities are rising up in favor of Airbnb. San Francisco, for example, has changed their housing regulations and laws. Now, Airbnb listings are legal. This lifts the legal weight off the company's shoulders. It adds a bit to their hosts, however, because they need to be properly registered and pay taxes after earning a payout.

Communication between guest and hosts is easier than ever now. Airbnb offers a mobile app for two-way communication. More people use their phones to look up listings and room reviews. It makes sense to allow the two parties to speak on the go.

Obviously, Airbnb as a whole is its own opportunity. People dislike hotels because they're pricey and noisy. Too many have three stars or less. In the end, you're more likely to choose a hotel based on price and hope it's OK. Airbnb set out to offer inexpensive temporary accommodations with hotels as their main competition. The company saw a need and fulfilled it.

And they're endorsed by celebrities, like Elizabeth Taylor and Kevin Jonas, who've rented out their rooms to the public. Although celebrities stay at hotels, that's the end of the relationship. If celebrities like Airbnb's business model so much that they're hosting their opening their doors, they clearly trust it.

Trust is the foundation of this business. It starts from celebrities and travels down to the average traveler.

Additionally, the business focus isn't centered on only hosting rooms. Airbnb is expanding out into travel guides; you can select a person who will show you around the city at a set price. With this in place, it's easier for the company to offer car rentals and other necessary tools for travelers. If they choose.

Threats: Lawsuits for Airbnb, fines for the hosts.

Although a few cities are updating their housing regulations to accommodate Airbnb, it's not nearly enough. Airbnb is available worldwide in 192 countries. Each country, state, and city have their own regulations to abide by.

Airbnb could help their hosts and guests understand these laws. Making them follow it is out of their hands. Instead, Airbnb needs to hope they're meeting the expectations of local laws. And then do what they can, legally, to protect themselves if the hosts and guests don't follow through.

At the moment, the company is facing a number of lawsuits from all over the world. Hosts are also facing legal repercussions (fines) for hosting illegal hotels. In general, it seems the biggest threat for everyone involved is the failure to follow housing protocols.

Also, the competitor scene is growing. Yes, they exist. No, they're not as big as Airbnb. But if they're paying attention, they may be a big problem for Airbnb in the future. Especially if they can find a way to put a lid on the legal issues.

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