

# Analysis of airbnb business model

Environment, Air



The company was started through a mattress renting company to the attendant of conference meetings in New York. The first project out gave the initiators a notion that each of the founders can lease out their mattress and couches for the attendants at a certain charge that was cheaper than staying in a guesthouse. The platform was established in the year 2009 and is now the largest rooms' rental platform globally. Their goal is to provide the visitors and tourists with alternative ways of staying in the cities besides staying in hotels (Sigala, p. 349). This form of lodging is regarded as more budget friendly and more authentic than staying in a hotel while concurrently allowing homeowners to make more money with their homes by renting out the extra rooms in their houses. Airbnb provides the most viable example of a peer-to-peer system that is under collaborative consumption (Matzler, Kurt, Viktoria Veider, and Wolfgang Kathan, p. 71).;

### **Airbnb Research of Innovation of Products**

There have been several instances of home sharing even before Airbnb was launched. In order for Airbnb to emerge as a competitive force in the industry that has had previous and older players, Airbnb had to come up with a unique strategy and an innovative product that provided the customers with a special feeling and a unique experience while implement several tactics so as to overcome the market setbacks and gain critical mass in the vacation rental sector (Matzler, p. 71).;

### **Airbnb Customers**

Airbnb has two groups of customers that they target; the visitors and the hosts. For the hosts, the company targets the locals in the countries where

the company is located and is interested in making extra money from their spare rooms so as to make that extra income (PRICE WATERHOUSE COOPERS, p. 15).; The landlords who issue out their houses are not specifically Airbnb's licensed professionals but merely the homeowners. The company has spread to over 190 countries with mostly studios, rooms, houses, apartments and villas (Cusumano, p. 32).

For the visitors the company does not issue a limitation on the target customer; however, the company specifies that the platform best fits the tourists than the business travelers. The company specifies the categories that fall under their platform through advertising campaigns and marketing that emphasizes on getting to learn more about local cultures and the discovery of new places. The sharing nature of the company's platform makes it more reasonable to target the personal traveling clients as they tend to be more flexible, show sensitivity in pricing levels and contented with spending in shared environment (Zekanovic-Korona, n. p). There has also been the growth in the long-term renting of entire properties as there are more hosts who opt to rent out the entire premises while more business traveler opts to rent the whole house in cases where they are seeking a more authentic experience than that of a hotel (PRICE WATERHOUSE COOPERS, p. 16). This has become one of the major factors that have led to the spontaneous growth of the company. Even though the company has a wide range of the users from both sides that is the hosts and the customers, most of the users are of young age at an average of 35 years who have the passion of the sharing community (Weill, Peter, ; Stephanie, n. p).

## **Airbnb Value Proposition**

Airbnb derives value proposition from the offer it makes to the customer's transactions between travelers and the hosts. The company provides a two stream platform of the proposition of value to the two sides of the marketplace it entails (Osterwalder, n. p). Airbnb also ensures that improves the experience of the hosts by ensuring that they take measures on the quality of the clients renting the premises, this is an important aspect considering the wide audience that Airbnb has at its exposure. On the other hand, Airbnb also provides services to the hosts such as managing and making the schedule for the rental listing, payment processing and quality photography for the premises (Malhotra, Arvind & Marshall Van Alstyne, p. 27).

The travelers have a variety of benefits that accrue besides the Airbnb's quality and spectacular rental listings; they also get services such as neighborhood directions and city guides that add quality to the visits and trips to their destinations. Airbnb offers additional services to both sides of the platform so that customer service may be enhanced for instance; they have 24 hours customer service. As a means of promoting collaborative consumption, Airbnb promotes social interactions to the hosts and the travelers. This platform provides a service-cash transaction and exchange, it further provides a basis for traditional and social interaction involvement for their two customer clientele structure.

## **Value of Airbnb**

The main value proposition delivery by Airbnb to the customers occurs through a modernized and digital platform that enables the connectivity and the execution of transactions between the travelers and the hosts. For the company to reach the critical mass, they have the capability of using technology to create the ; growth hack.' This helped in the accelerated growth of the company and the abrupt adoption of this platform. Airbnb is facing thorough competition, but the company is concentrated on fast growth in the home sharing sector so that they can maximize on the phenomenon that the winner takes it all.