

## TEACHING NOTE

**Airbnb, Inc.****Case Overview**

The case is set in early 2019; and the protagonist of the case is Brian Chesky, co-founder and CEO of Airbnb, Inc.—an online platform that offers global hospitality services. In early 2019, just over 10 years after the two roommates (Brian Chesky and Joe Gebbia) had sent the fateful e-mail inviting complete strangers to share their apartment and stay with them (see **Exhibit 1** in the case), Airbnb was valued at \$31 billion. This makes Airbnb the third most valuable private company on the planet, just after Uber (\$72 billion) and Didi Chuxing, China's equivalent of Uber (\$56 billion). Even more stunning, Airbnb's \$31 billion valuation is just shy of that of Marriott, the world's largest hotel chain, valued at \$37 billion (in early 2019).

Airbnb is a new entrant that competes in the global hotel industry. In 2019, Airbnb had 5 million listings in over 81,000 cities in 190 countries, ranging from spare rooms to castle villas, even entire islands. Airbnb offers more accommodations than the three biggest hotel chains combined: Marriott, Hilton, and InterContinental. Airbnb has experienced impressive growth since its founding in 2008. Unlike traditional competitors in the hospitality industry that need to add additional rooms to their existing stock to grow, such as Marriott or Hilton, Airbnb faces no such constraints. Although it does not own any real estate or manage hotels, it uses sophisticated pricing and booking systems to allow guests to find a large variety of rooms pretty much anywhere in the world to suit their needs. As a digital platform, Airbnb allows ordinary people to offer rooms directly to any consumer looking for accommodations online. Given that Airbnb faces no real inventory constraints as a digital platform, it can grow much faster than a traditional business. Airbnb's growth and inventory are only limited by its ability to sign up new users with spare rooms for rent or new services it can offer.

In letting people list their spare rooms on Airbnb as hosts, Chesky and Gebbia created Airbnb as a two-sided platform. With hosts providing properties on one side and guests providing demand on another, Airbnb makes money by taking a portion of rental fees as guests book the host properties (about three percent). Although Airbnb is facing increased direct competition through online booking websites that are now offering nontraditional accommodations (such as apartments and vacation rentals), Airbnb hosts are quite loyal. Of the 5 million homes listed on Airbnb, some 3.5 million (or 70 percent of all hosts) list exclusively on Airbnb, contributing to a deep and unique inventory.

Airbnb is not only growing by organically expanding its user base, but also by innovating with new service offerings and by expanding into entirely new markets. In 2015, Airbnb announced it was expanding in China, making it potentially the largest market with some 800 million internet users.<sup>1</sup> In 2017, CFO Laurence Tosi led the acquisition of Luxury Retreats for Airbnb, a high-end rental site for \$300 million. Turning to the Airbnb community for

innovation, in a December 2016 tweet, Chesky asked “If @Airbnb could launch anything in 2017, what would it be?” In response to top requests, Airbnb launched split payments in November 2017.<sup>2</sup> With split payments, the trip organizer does not need to front the entire cost of the stay, only their own, while Airbnb allows 72 hours for the other guests in the group to pay their portions. In December 2017, Airbnb announced research and prototypes in mobile technology involving virtual reality and augmented reality.<sup>3</sup> Airbnb is also branching out to different segments of the travel market with its Experiences offering to become an end-to-end travel app for a global travel community by leveraging their hosts’ local expertise.<sup>4</sup> Since Experiences launched in 2017, Airbnb has offered over 4,000 experiences in 50 global locations.<sup>5</sup> In 2018, in an attempt to expand their target market, Airbnb launched a new feature called Airbnb Plus, which created a luxury tier of properties differentiated with 100 plus features such as design, accessibility, and comfort.

Despite this successful growth, Airbnb faces several obstacles as it debates the timing of a potential IPO. Among a range of safety concerns that impact the operations and reputation of Airbnb is the blurred line of responsibility between hosts, guests, and the company. Some Airbnb guests have voiced concerns of being discriminated against by hosts who refuse to issue a booking due to race or other characteristics.<sup>6</sup> External factors such as regulation are continuing to create major headwinds for the startup.<sup>7</sup> In 2016, the city of New York strengthened legislation first passed in 2010. It is now illegal in New York City to rent out entire apartments in residential blocks for less than 30 days. Hotel chains and resort owners have challenged Airbnb in courts and lobbied local governments, some of which passed regulations to limit or prohibit short-term rentals. For proponents of affordable housing, Airbnb has come under scrutiny for raising rents, particularly in areas already impacted by rising rental prices.

As challenges with regulation have decreased the acceleration of Airbnb’s growth in some areas, the company remains committed to expanding its business and doing so in a regulatory compliant and socially responsible way. Chesky’s commitment to social responsibility and growth are reflected in the company’s approach to growth while staying true to the company’s vision of offering “the feeling of belonging” and doing so in a way that does not compromise company ethics in exchange for fast growth. While Chesky accepts investor funds, his interest is instead in the “greater responsibility to society” that the company holds. This sentiment was further reinforced in Airbnb’s 2019 Business Update, in which Airbnb declared its commitment to working with “policymakers and regulators as allies” and commitment to investing in long-term growth as it pursues the goal of building an end-to-end travel platform.

In early 2019, CEO Brian Chesky had several key issues to address:

1. deciding when to take Airbnb public;
2. how to ensure future growth in the United States and internationally (esp. China); and
3. how to deal with regulatory challenges and backlash in major markets such as New York City and Paris.

## Key Concepts

- Strategic Leadership
- Mission, Vision, Values
- Stakeholder Strategy
- Internal Analysis
- Business Model
- Platform Strategy
- Entrepreneurial Ventures and Growth
- Organizational Culture and Structure
- Implementation

## Suggested Discussion Questions

1. According to CEO Brian Chesky, what is Airbnb's mission? What are the strategic implications of this mission?
2. List Airbnb's internal and external stakeholders. What is Airbnb's stakeholder strategy? Conduct a stakeholder impact analysis. Would this analysis change when Airbnb is a publicly traded company? Why or why not? Explain.
3. What is Airbnb's platform strategy? What are some strengths and some weaknesses of this approach?
4. Who is Airbnb's competition, and how does Airbnb attempt to differentiate itself from the competition? Do any of these factors have the potential to lead to a (sustainable) competitive advantage?
5. Identify the key issues that Brian Chesky faces in the case. What recommendations would you give Brian Chesky to address each of them? Be specific.

## Suggested Answers

1. According to CEO Brian Chesky, what is Airbnb's mission? What are the strategic implications of this mission?

In teaching the Airbnb case, I use this “softball” question to get the discussion going, as the mission statement is explicitly stated in the case and strategic implications are mentioned. A mission statement describes what an organization does—that is, the products and services it plans to provide, and the markets in which it will compete. To be effective, firms need to back up their visions and missions with strategic commitments, in which the enterprise undertakes credible actions. To be credible, such commitments need to be costly, long-term oriented, and difficult to reverse.

According to Chesky, Airbnb's mission is to “build [an] end-to-end travel app for a global travel community.”<sup>8</sup> In a recent interview,<sup>9</sup> co-founder and CEO Brian Chesky really highlights the fact that the one of the main aspirations for Airbnb is to build a “global community” rather than simply running a business to maximize profit (in the short-term). The implication is that Airbnb's initial public offering (IPO) has been delayed beyond what seems reasonable for some early investors, employees, and executives. Chesky's decision to delay Airbnb's IPO until the “time is right for the community” led to conflict, including high-profile executive departures (e.g., CFO) and increasing pressure on Chesky. Ever-increasing demands on Chesky to take Airbnb public is one of the key issues in the case.

In discussing Airbnb's mission, it is also helpful in the class discussion to highlight that Airbnb's mission statement seems to be a bit more *product-oriented* (“build end-to-end travel app”) rather than more *consumer-oriented* (e.g., “make travel and other experiences available to any person in the world”).

2. List Airbnb's internal and external stakeholders? What is Airbnb's stakeholder strategy?

## AIRBNB'S STAKEHOLDER IMPACT ANALYSIS

In class, I use Exhibits TN-1 and TN-2 to work through this question, filling in the frameworks with student comments while focusing on the key points to make in the case.

*Step 1. Who are Airbnb's stakeholders?*

**Internal:** Airbnb's internal stakeholders include Airbnb employees, Airbnb Homes hosts, Airbnb Experiences hosts, and the board of directors.

**External:** Airbnb's external stakeholders include Airbnb's guests, city and state governments, communities, investors, and landlords.

*Step 2. What are Airbnb's stakeholders' interests and claims?*

### Internal Stakeholders

*Airbnb Employees:* Current Airbnb employees are interested in stability for the company so that Airbnb can continue to provide growth opportunities to its employees while serving as a stable and reliable employer. Employees are also eager to see Airbnb with an IPO sooner rather than later, before their stock grants expire.

*Airbnb Homes Hosts:* Hosts are interested in continued access to guests so that they can generate profit by renting out their unused spaces. They also value the protection and security provided by the Airbnb platform and support continued innovation to further secure and reduce liability for hosts. Hosts value when Airbnb simplifies transactions both internally, through booking, and externally, through automatic tax collection. To the degree that Airbnb's claims of an attempt at an untraditional IPO may be true, hosts may also hope to gain ownership in Airbnb through IPO.

*Airbnb Experiences Hosts:* Experiences Hosts are interested in finding a way to market and monetize their unique offerings to a broad audience. They are interested in reaching a larger audience, and they value experiencing increased bookings of their offerings now that Airbnb is ensuring exclusivity in creating a quality-vetted community of Experiences.

*Board of Directors:* The board of directors is invested in sustainable long-term growth for Airbnb. They are committed to mitigating regulatory risks by working directly with governments to resolve conflict. Additionally, they want to see the business continue to grow through further expansion of product offerings and into new markets.

### External Stakeholders

*Guests:* Airbnb believes its guests are interested in gaining access to unique offerings of accommodations and experiences that traditional hotel accommodations cannot offer. It believes that guests are motivated by a desire to travel based on their interests. Guests are also seeking protection and assurance about their hosts. As the guests of Airbnb are diversifying, there are guests that desire to have access to a reliable standard in accommodation or wish to be rewarded for their loyalty as Airbnb guests. Although Airbnb does not directly address economic motives of guests, often guests are also looking for a more affordable accommodation option, especially when traveling with larger groups.<sup>10</sup>

*City and State Governments:* Government and regulatory bodies are seeking to maintain order and economic certainty despite Airbnb being a disruptor to the traditional hospitality industry. These regulatory agencies are

invested in maintaining order and preventing unstable growth of Airbnb by enforcing policies that prevent the rapid spread of Airbnb that could be detrimental to the safety and security of communities. As tax collecting agencies, these bodies are also invested in securing economic gains from Airbnb for their communities. Traditional hotels must pay taxes such as lodging, tourism, room, and sales tax. Because governments have traditionally benefited from taxing these accommodations, there is a strong interest to implement a similar tax structure for this nontraditional accommodation. In order to gain understanding of the impact of Airbnb on their areas of jurisdiction, governments seek transparency about Airbnb practices. By having hosts register their listings with city and state governments when listing on the Airbnb platform, Airbnb can provide this insight.

*Communities:* Communities have, at times, conflicting interests of driving increased traffic into their townships and cities by offering unique additional accommodations, while also maintaining the security and stability of the town for its full-time residents. Communities want to ensure that full-time residents have access to affordable housing and that existing community structures are not negatively impacted by disruptive visitors. Communities are interested in accessing data to understand how Airbnb impacts their communities to better be able to defend or advocate against Airbnb.

*Investors:* Investors are interested in increasing their returns through an Airbnb IPO. They desire to see the company continue a path of long-term growth so that their investment remains stable and can continue to grow over time.

*Landlords:* Landlords desire to have their properties remain safe to their tenants and the rental communities they have created. For this reason, in some geographic areas they seek regulation to restrict tenants from renting out their unused space. For landlords who are open to allowing subletting through Airbnb, there is a desire to make a profit as their tenants rent their properties to Airbnb guests.

*Step 3. What opportunities and threats do Airbnb's stakeholders present?*

*Opportunities:* Working with city and state governments to develop regulation that protects the interests of guests, hosts, and communities could enable Airbnb to expand its market share in a responsible and sustainable way. Collaborating with landlords could provide access to additional listings that would allow Airbnb to grow by gaining new properties. Leveraging the ideas of guests by tapping into them as a resource for new product innovation can propel Airbnb forward as it faces increasing competition. Ideas such as split payments have been developed by tapping into the resources of their community.

*Threats:* City and state governments pose an immense threat to the continued growth and sustainability of Airbnb offerings. If Airbnb plans to continue to work with these agencies as allies, continuing to grow into new markets will only be possible if the regulatory processes to support that growth are in place. Especially in cities such as New York City, failure to reach agreement could result in Airbnb being forced to leave markets or adapt its strategy so that it more forcefully enters markets. Lack of consistency or quality among Homes and Experiences hosts could lead to decreased trust in the service. Investors, who have up until now remained patient, may increase pressure for Airbnb to go public before the company believes it is prepared to do so. The board of directors may be too reluctant to move towards IPO, thereby missing an opportunity for Airbnb. Understanding and sustaining a clear value proposition for Airbnb may also be challenging as guests are motivated to use the platform for reasons ranging from wanting to experience the community as a local to Airbnb being the less expensive option compared to hotels.<sup>10</sup>

*Step 4:* What economic, legal, ethical, and philanthropic responsibilities does Airbnb have to its stakeholders?

Airbnb has economic responsibilities to its hosts who use its platform as entrepreneurs. By creating this platform, Airbnb has created an entire community of hosts who depend on the company to make a living. The legal responsibilities that Airbnb must abide by are the various city, state, and country regulations that serve to limit or support Airbnb's growth and penetration into certain markets. Airbnb has an ethical responsibility to ensure safety for its hosts and guests who use its platform. By vetting offerings such as quality testing its new Experiences offerings, providing transparency to consumers through reviews, and having an infrastructure in place that supports safety for guests when making bookings, Airbnb has effectively acted to construct systems that support its ethical duties to its users. The company is also undoubtedly ethically responsible to the communities in which it operates. The interests of hosts, guests, and communities may differ in such a way that is challenging for Airbnb to maintain its ethical responsibility to all these stakeholder entities. In this tradeoff, Airbnb has often prioritized the interests of the good of the community. One way in which Airbnb has attempted to fulfill its philanthropic responsibility is by leveraging its access to affordable unused space to provide accommodations to individuals who are displaced due to natural disasters or political turmoil.

*Step 5:* What should Airbnb do to effectively address its stakeholders' concerns?

For Airbnb to be effective in addressing stakeholder concerns, it will need to be transparent about its plans regarding IPO. Airbnb will also need to outlay a clear plan to work with regulatory bodies to ensure the longevity of its business. Hosts act as entrepreneurs using the platform, so it is vital that they are confident that the platform will continue to provide the best access to possible guests. Airbnb will need to sustain its attraction of guests to its platform in order to maximize the platform's utility to guests and hosts alike. Guests rely on traffic to generate reviews that further perpetuate the trust that guests have in the bookings they make. Hosts use the platform because they feel backed by the security of Airbnb and know that they can tap into an almost limitless pool of potential guests by doing so.

3. What is Airbnb's platform strategy? What are some strengths and some weaknesses of this approach?

In class, I use Exhibits TN-3 and TN-4 to work through this question, filling in the frameworks with student comments while focusing on the key points to make in the case.

By matching hosts with guests on their site, Airbnb is a two-sided platform. A platform is a business that enables value-creating interactions between external producers and consumers. The platform's overarching purpose is to consummate matches among users and facilitate the exchange of goods, services, or social currency, thereby enabling value creation for all participants. The platform, therefore, provides an infrastructure for these interactions and sets governance conditions for them.

Platforms are business model innovations that use digital technology (such as the internet, cloud computing, etc.) to connect organizations, resources, information, and people in an interactive ecosystem where value-generating transactions (such as booking a room on Airbnb or hailing a ride on Uber or Lyft) can be created and exchanged. Effective use of technology allows platform firms to drastically reduce the barriers of time and space. Information is available in real time across the globe, and market exchanges can take place effectively across a range of vast to small geographic distances worldwide (such as Tinder, a location-based dating service).

In letting people list their spare rooms on Airbnb as hosts, Chesky and Gebbia created Airbnb as a two-sided platform. With hosts providing properties on one side and guests providing demand on another, Airbnb makes



money by taking a portion of rental fees as guests book the host properties (about three percent). Also, Airbnb eliminated the pains of person-to-person transactions by facilitating the reservation and payment entirely online. Airbnb follows an asset-light approach because it does not own any (rental) properties or real estate, unlike the large physical holdings held by traditional hotel chains. To expand capacity, Airbnb is not restricted by the need to build more properties, whereas a hotel must increase its number of beds to meet increased demand. Instead, Airbnb only needs to ensure that its site remains online and available to satisfy the growing number of guests and hosts.

4. Who is Airbnb's competition, and how does Airbnb attempt to differentiate itself from the competition? Do any of these factors have the potential to lead to a (sustainable) competitive advantage?

Airbnb is facing direct competition from online alternative booking platforms; however, as a corporation that created this market, there are elements of the Airbnb business model that show potential of continued differentiation. Although the hotel industry is also in the business of providing accommodations, the infrastructure provided by the Airbnb platform has positioned Airbnb as more of a complement than substitute to traditional offerings, especially as it works toward the goal of becoming an end-to-end travel application. Contrary to traditional offerings, Airbnb finds that its guests tend to have longer stays. In order to position itself with a competitive advantage, Airbnb relies on its business strategy. Airbnb has created a global network effect as its user base spans the globe, thereby turning guests in one geographic area into hosts in their home geography as individuals travel the world. Users highly value the unique inventory that Airbnb offers, further enhancing the network effects that the platform provides. Unlike traditional hotels or even other alternative booking options that may cater to one price point, Airbnb has developed offerings that span across all price points and consumer segments. One of the greatest differentiators is the passionate community that Airbnb has created, not only among guests but also for entrepreneurs. Airbnb is different from other accommodation offerings in that it has broken from the basics of real estate listings to becoming a community to which 3 million people are connected and exclusively opening their homes through. To continue to differentiate, Airbnb has invested greatly in incubator hubs and gaining a clearer understanding of the needs of their consumers. Airbnb's approach with regulatory bodies and commitment to the triple bottom line also serve as further differentiators.

In class, I use the VRIO framework (see **Exhibit TN-5**) to gain additional insight into the sustainability of Airbnb's competitive advantage; using students answers to fill in the framework, while focusing on the key points below.

#### **Is the Resource, Capability, or Competency...?**

*Valuable* – Airbnb has created a platform that creates value for hosts who can monetize unused space in their accommodations while providing value to guests who are looking for alternative more-authentic accommodations and local experiences. Their approach is unique in that it is asset light (having the ability to scale rapidly) and is dependent only on the platforms ability to match the supply of hosts and experiences with demand from guests.

*Rare* – Although other travel websites and hotel websites exist, Airbnb's size and variety of offerings makes it unique. It is focused on authentic experiences and accommodations and has access to a global network that is trusted due to its strong brand recognition. Continued access to the large and passionate community of users adds to the novelty of Airbnb. The company benefits from its first-mover advantage that created a market for non-traditional accommodations on a global scale. Their commitment to creating a platform that works and continued innovation to develop new products for consumers is rare. During its tenure, Airbnb has created a "currency of trust" that guests and hosts tap into when making their travel decisions.

*Imitation Costly?* – Due to the size and community of Airbnb, imitation would be incredibly costly and time consuming. For competitors to provide similar value, they would first need to gain access to the same magnitude of listings and connections and develop a similarly passionate community to that which Airbnb has cultivated. Although competitors could likely imitate the technical components, such as a website or an app, it is the community and brand of Airbnb that make it incredibly costly, if not impossible, to imitate. Although large-scale imitation would be costly, imitation on a smaller scale is a threat. The company relies on user loyalty, rather than on restricting hosts from listing on multiple websites. As has happened in other industries, Airbnb is also at risk of local international imitation, if guests and hosts are more interested in catering to local versus global communities.

*Is the Firm Organized to Capture Value?* – Airbnb values its stakeholders and is committed to corporate responsibility with a focus on their triple bottom line. Unlike many other quickly growing and successful organizations (e.g. Uber), Airbnb aims to partner with regulatory agencies and modifies policies to demonstrate its commitment to being socially responsible and respectful of communities. Additionally, Airbnb looks to its users for innovation and directly asks both hosts and guests what they are looking for in their end-to-end travel offering; this is how split payments and other Airbnb innovations have been born. Leadership recognizes the responsibility of Airbnb to all stakeholders, even openly claiming that the company leadership seeks out mentorship so that others do not need to suffer from Airbnb’s mistakes. Airbnb continues to develop its board of directors by actively pursuing diversification through female representation and individuals who bring unique perspectives. As of 2019, the board of directors now includes two independent directors. If the vision of the founders is no longer aligned to that of the board of directors, this could pose a challenge to Airbnb’s ability to maximize on capturing value, especially as it weighs the benefits and timing of an IPO.

5. Identify the key issues that Brian Chesky faces in the case. What recommendations would you give Brian Chesky to address each of them? Be specific.

In early 2019, CEO Brian Chesky had the following several key issues to address:

*(1) Deciding when to take Airbnb public*

As Airbnb expands, Brian Chesky will be pressured more strongly to take the company public for several reasons. First, Airbnb needs capital for future expansion, and retained earnings are not enough at this stage. Second, early investors want to “cash out,” especially venture capitalists want to move on to the next investment. Third, regulation in the United States allows for only 500 shareholders in privately owned company. As the company grows, it needs to be able to provide stock options for important hires such as in engineering and executive management. Finally, founders and early employees also have a desire to cash out and see their hard work rewarded.

In deciding about when to go public, the “health” of the stock markets plays a role. High stock market valuations (especially in the tech-heavy NASDAQ) are conducive for high valuations at an initial public offering (IPO), while stock market downturns or even crashes such as the dot.com bust in 2000 are negatively correlated to IPO activity and valuations.

In addition, the regulatory environment also plays an important role when deciding on the timing for going public. Balancing the interests of all stakeholders will be necessary, as this aligns to the company’s vision. As it appears that Airbnb may be choosing to wait to go public until it has gained access into certain markets, such as New York City, Airbnb must be prepared for the competition to continue to rise. Airbnb is likely to see increased impatience from investors and dissatisfaction from employees with the timing of an IPO, which could lead to major turnover,



especially if timing robs current employees of taking advantage of their stock plans. Before going public, however, Airbnb must decide their direction as a global company moving forward. As the company defines itself, it is expanding both in local and global markets, and considerations about scalability of experiences and services could dictate if Airbnb chooses to focus on local or global markets moving forward. The company should also consider how an IPO would impact the current leadership of the company.

*(2) How to ensure future growth in the United States and internationally (especially China)*

As Airbnb focuses on future growth both in the United States and internationally, the company will need to continue to develop its mission to build and end-to-end travel application. In doing so, continued investment in Experiences shows promise and is further supported in Airbnb's 2019 Business Update where the company outlined plans to dedicate a second office in Los Angeles to the Experiences offering. The company will need to continue to seek out new opportunities to integrate into earlier stage of the value chain for consumers for it to become an end-to-end option platform. Possible ways to expand offerings are through investment in expanding community travel content and integrating into travel plans earlier, such as through airfare, by exploring options such as vertical integration to engage with consumers earlier. Airbnb has also communicated an interest in developing products aimed at businesses through its Airbnb for Work offering, stemming from the belief that business travelers also want to become a part of the communities they stay in. This offering is expanding to also including venues for team building, meetings, and relocation services. There is also potential for continued growth and penetration in the United States by Airbnb establishing itself in smaller communities. Airbnb's focus has been in larger cities, but by leveraging the platform as a resource to entrepreneurs in smaller communities, Airbnb can further add to its unique inventory and expand its geographic presence. As Airbnb continues to develop its strategy, it will need to adapt to the evolving need of consumers through innovation to continue to deliver value.

Airbnb's success in China has been largely due to its decentralized Chinese operations and willingness to comply with the regulations set forth by the country. As it continues to expand its community abroad, Airbnb can expose users to the innovative features, such as Experiences, that are already established in local markets. Because Airbnb is a global network, interaction with the success of innovative features in other parts of the world drives demand for similar features in the home countries of users and hosts who have had global Airbnb experiences.

*(3) How to deal with regulatory challenges and backlash in major markets such as New York City and Paris*

Contrary to the approach taken by many disruptors, Airbnb has publicly stated that it aims to work with cities as allies, and thereby has invested in complying with the regulatory demands of cities. In cities such as New York City, this has been especially challenging. There is a great deal of power among hotels that has limited Airbnb's ability to make headway with changing regulation. Although the company has successfully collected hotel tax in many other cities, collecting over \$1 billion in hotel and tourist taxes, it has been unable to position itself so that it could collect these taxes in New York City. In attempts to comply with the demands of cities, Airbnb removed all individuals who had multiple listings on their platform in New York City. The company has also worked with cities to register hosts to increase transparency. If Airbnb wants to fully comply with city regulations, it is possible that it will need to further adapt its business model, which could dilute its brand and approach to nontraditional accommodations.

Airbnb is committed to persevering against the regulatory challenges it is experiencing because the company has declared a commitment to the entrepreneurial opportunity it has created for hosts in these communities that have left many dependent on Airbnb for their income. Airbnb ultimately aspires to make neighborhoods better, so it is through partnership and understanding the unique needs of communities that it has adapted its approach to experience success. The company has recognized that its approach cannot be standardized across all markets and geographies, but instead needs to be customized to meet the unique needs of its geographically diverse users. Commitment to both users and communities is complex, because adding additional value to guests often creates situations where these guests are directly inserted into communities, instead of contained to tourist areas

as is characteristic of traditional offerings. Fostering support of communities and regulatory bodies is vital for Airbnb's continued existence because opposition could create a barrier that makes a continued presence of Airbnb impossible. Empowering users and communities with data that transparently illustrates the impact of Airbnb on communities is one channel to garner additional support for the platform.

## Additional Resources

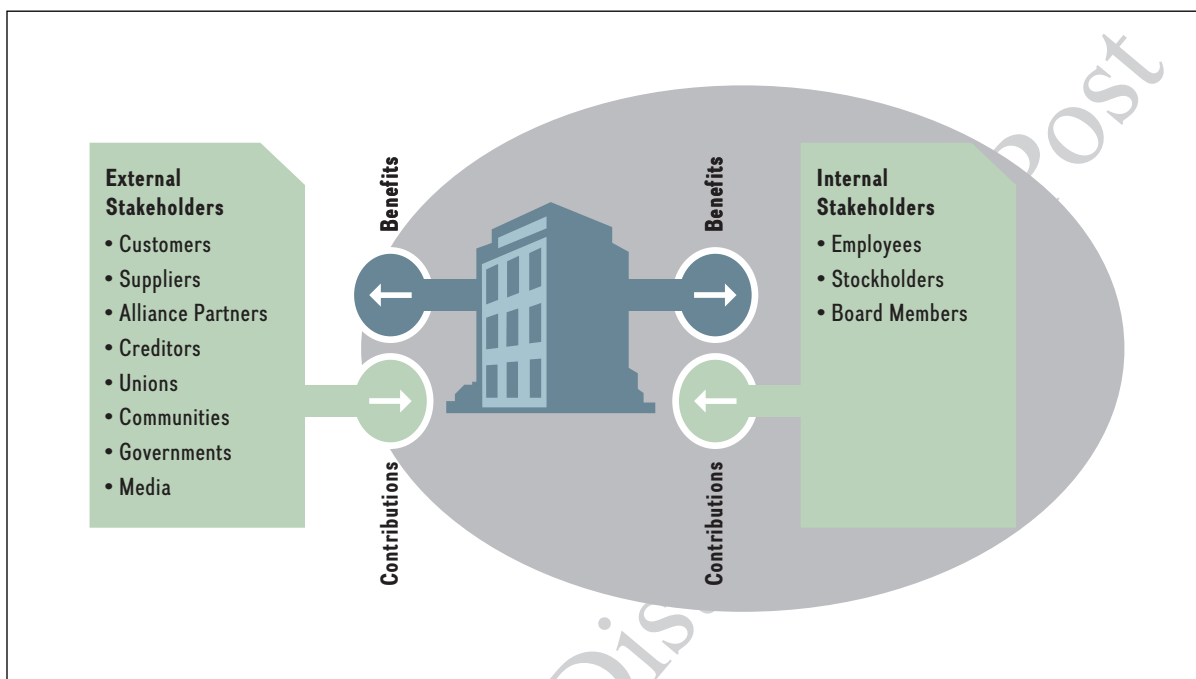
### 1. Articles and Books

- Stone, B. 2017. *The Upstarts: How Uber, Airbnb, and the Killer Companies of the New Silicon Valley Are Changing the World*. New York: Little, Brown and Company.
- Van Alstyne, M. W., G. G. Parker, and S. P. Choudary. 2016. "Pipelines, Platforms, and the New Rules of Strategy," *Harvard Business Review*, April 2016.

### 2. Videos

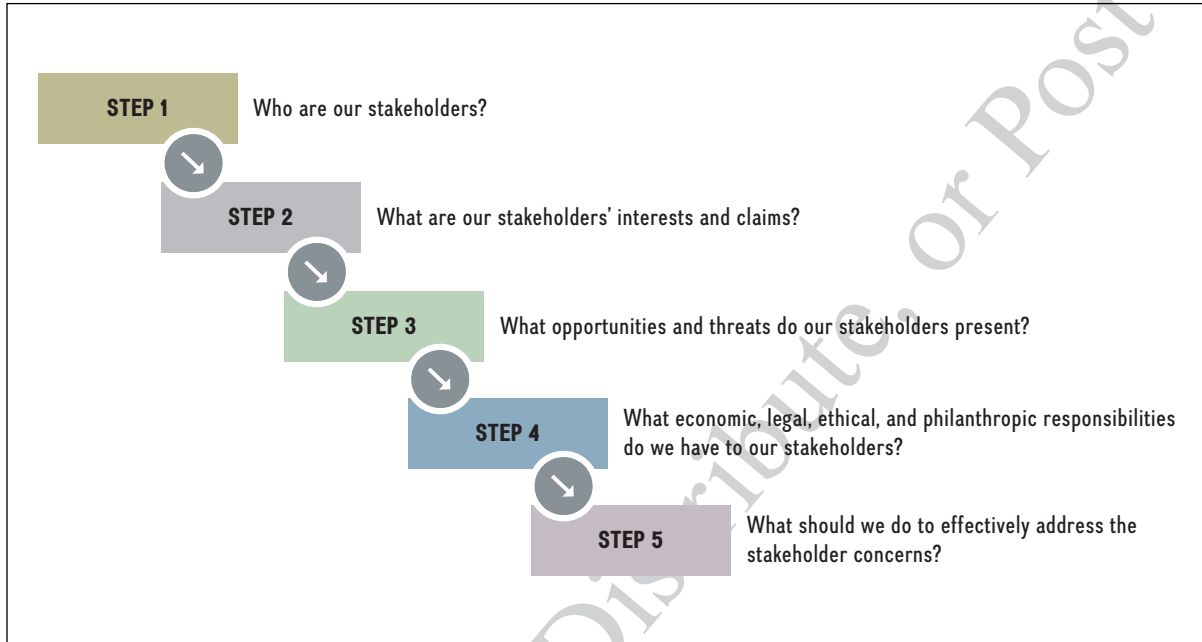
- "Interview with Brian Chesky, Co-founder and CEO Airbnb." (34:24 min) Code 2018. *Recode*. <https://www.youtube.com/watch?v=nc90n-6dQRo&t=673s>.

**Exhibit TN-1** Internal and External Stakeholders in an Exchange Relationship with the Firm



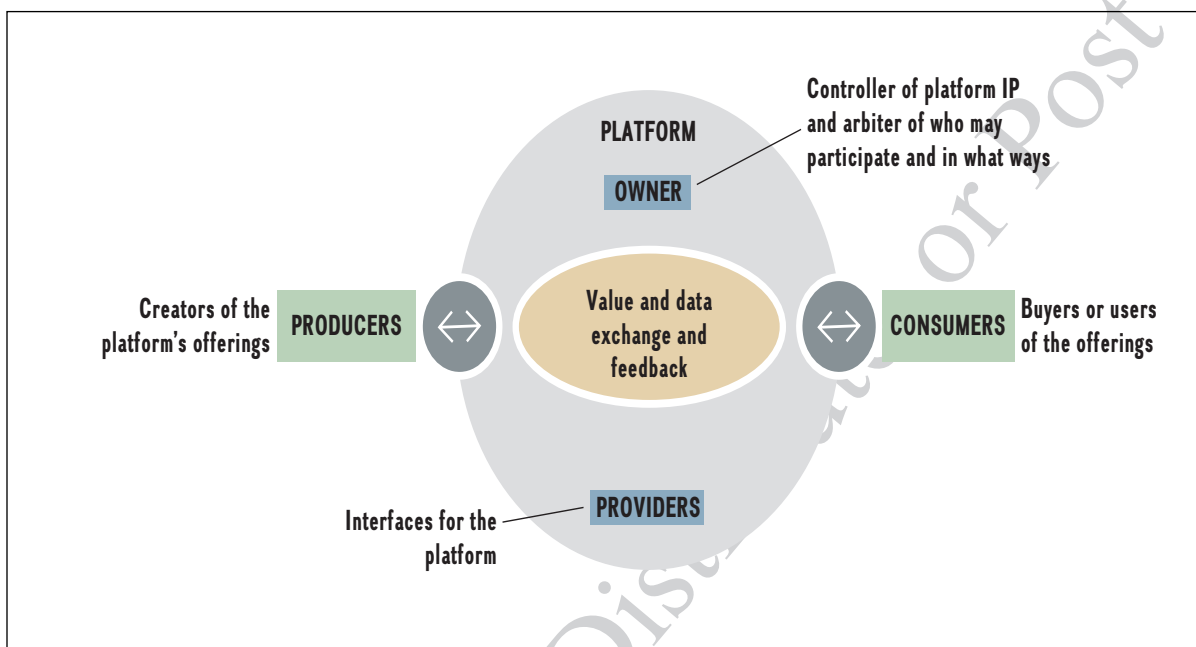
Source: Rothaermel, F.T. (2020), *Strategic Management*, 5th edition, Burr Ridge, IL: McGraw-Hill.

Exhibit TN-2 Stakeholder Impact Analysis



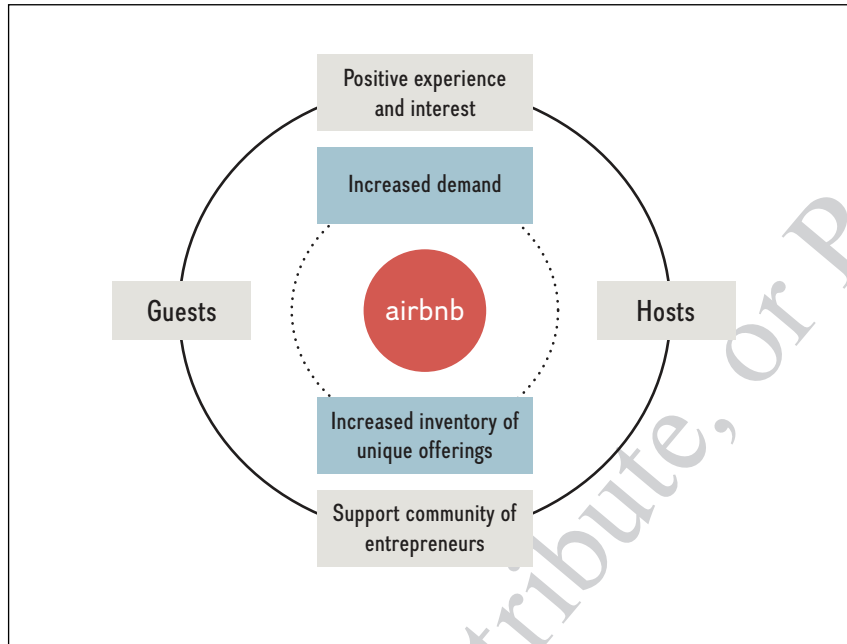
Source: Rothaermel, F.T. (2020), *Strategic Management*, 5th edition, Burr Ridge, IL: McGraw-Hill.

Exhibit TN-3 The players in a Platform Ecosystem



Source: Rothaermel, F.T. (2020), *Strategic Management*, 5th edition. Burr Ridge, IL: McGraw-Hill.

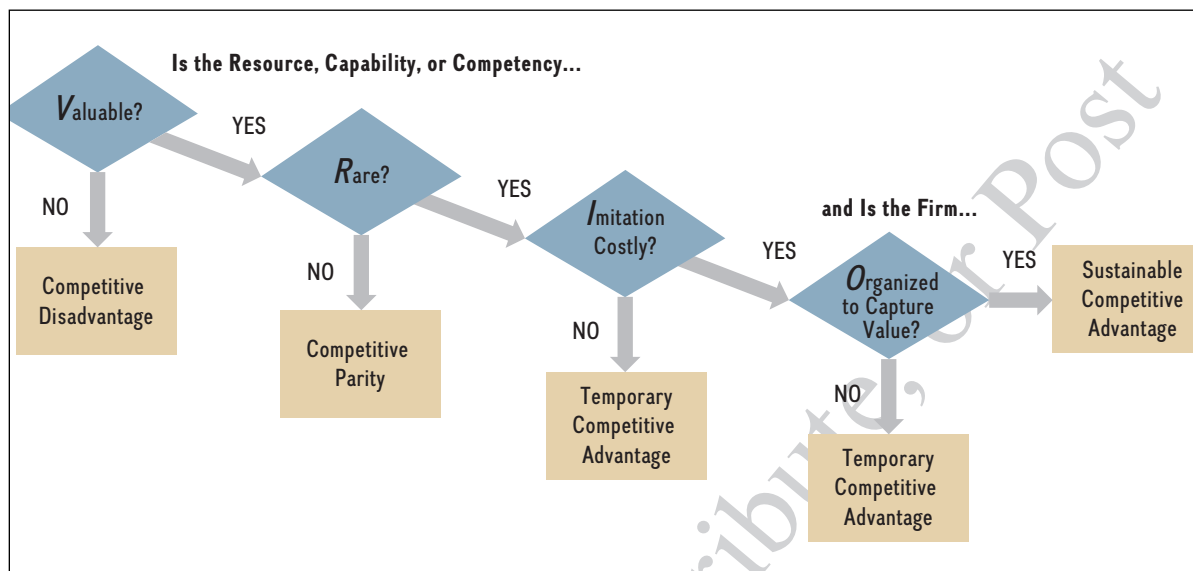
Exhibit TN-4 Airbnb's Two-Sided Platform and Network Effects



Source: Author's depiction.



**Exhibit TN-5** Applying the VRIO Framework to Reveal the Potential for a (Sustainable) Competitive Advantage



Source: Rothaermel, F.T. (2020), *Strategic Management*, 5th edition, Burr Ridge, IL: McGraw-Hill.

## Endnotes

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