

## Case Study on Airbnb

**Airbnb case Study pdf** – People love [Airbnb](#) because it's cheaper and it provides a lot of different kinds of housing offers that fit the needs of all kinds of travelers. You are not limited to hotel rooms anymore now, whether you're alone or a family of six you can find a unique place that fits you perfectly with the exact criteria that you like. Airbnb started off with customer innovation by creating a new market of people who would rent rooms in other people's homes. Before Airbnb, it was inconceivable to let the random stranger sleep in one of the rooms of your house.

As a matter of fact, most investors refuse to invest in Airbnb because of that, and later they deeply regretted it. Since then Airbnb started to list full units on their platform and got access to a much bigger market, which is vacation rentals now. Airbnb grew so big it all seems so obvious but let's quickly remind ourselves how things were before. The market for apartment rentals existed way before Airbnb. You could rent your own flat to someone using websites like Craigslist but it wasn't anywhere close to the global success that Airbnb is now.

### **History of Airbnb**

In October of 2007, Brian Chesky and Joe Gebbia who were former school friends moved to the city of San Francisco. While there they developed the idea of putting an air mattress in their living room and turning it into a bed and breakfast. Fast-forwarding to February of 2008 Nathan Blecharczyk who was Chesky's former roommate had joined the venture as the chief technology officer. He was also the third co-founder of the new venture and they named the new company AirBed and Breakfast. Once the company was established the founders made a website that offered living quarters and breakfast for short-

term services. This service was for those who could not book a hotel if the market was busy.

On August 11, 2008, the website was officially launched. The first customers for the business came in the summer of 2008. This also happened at a time where travelers were having issues in finding a place to stay within the city. Near the end of 2008, the founders were invited to a session that provided training and funding in exchange for a small interest in the company. They were invited by computer programmer Paul Graham to his session in January of 2009.

With an already established website, they used the Y combinator investment to fly to new york to meet users and promote the website to investors and a target audience. Later on, they returned to San Francisco with a profitable business plan to show west coast investors in march of 2009. The site had 10 000 users and 2 500 listings within the same month. The company name was shortened to Airbnb, the name that is known today. The content on the site had started including air beds and shared spaces to a variety of properties.

This included the use of homes, apartments, and other types of properties. One month later in April, the company obtained some funding from sequoia capital. Over a year later, in November of 2010, they raised money from Greylock partners and sequoia capital in a series of rounds. They also announced that out of 700 000 nights booked 80 had occurred in the previous six months. This was the start of the company's growth.

In the year 2011, the Airbnb company won the app award at the south by southwest conference. In October of the same year, Airbnb established an office in London which was also its international office. A year later in 2012, due to an increase of international end-users, Airbnb managed to open offices in cities

such as Paris, Milan, Barcelona, Copenhagen, and other cities around the world. At this point, the company already had existing offices in the cities of San Francisco, London, Hamburg, and Berlin.

In November of 2012, Airbnb opened an office in Sydney Australia. This was its 11th office location and plans were being discussed to launch the service in Thailand and Indonesia within the same month. Airbnb launched a new travel guide known as neighborhoods. This guide would help travelers choose a neighborhood in which to stay based on preferences and specific criteria. In December of 2012, Airbnb announced that it would be doing more marketing within the Asian sector with the launch of an office in Singapore.

In September of 2013, the company announced that it would establish its European headquarters in Dublin Ireland. By October of the same year, Airbnb had served 9 million guests since its founding back in August of 2008. Along with the guests serving nearly 250,000 properties were added in the year 2013.

The next year in July 2014, Airbnb revealed design revisions to the website along with the mobile app. With this, they also introduced a new logo. The logo is also known as the Bellow and is intended to be symbolized as giving the feeling of belonging. It has four main factors ahead which represent people, a location icon that represents a place, a heart to represent love, and in a letter A to stand for the name of the company.

In April of 2015, Airbnb expanded to the island of Cuba making it one of the first U.S. companies to do so. It was in the second half of 2016 where Airbnb first became profitable and was generating more revenue with growth. Airbnb's revenue grew more than 80% from 2015 to 2016.

Two years later in January of 2017, Airbnb made a 13 million investment in the restaurant reservation-booking app Resi. This investment took place along with

well-known entrepreneurs Gary Vaynerchuk Ben Leventhal and Mike Montero. February of 2018 was another month of achievement for the company. They announced two new features, the first one was Airbnb plus which was a collection of homes that had been made for quality of services, comfort, and design. The second feature was beyond Airbnb which offers luxury vacation rentals and was higher priced.

By October of 2019, around 2 million people were staying with Airbnb each night. After the success of a 200 million dollars profit in the year 2018, Airbnb reported that they encountered a loss of 322 million dollars in the year 2019. Despite this setback, they have kept on going in the year 2020. Airbnb had a drop in bookings and rentals estimated at between 41 and 96 in order to deal with the lowering of booking numbers. The company lowered its internal valuation from 31 billion dollars to 26 billion.

### **Airbnb IPO evaluation:**

The plans for obtaining an IPO or initial public offering were postponed to the 30th of March 2020. The CEO and head of community Brian Chesky wrote a letter to hosts pledging 250 million dollars in response to cancellations. In May of the same year, Brian Chesky made a message to all employees announcing the company would be dismissing around 1900 employees which were equivalent to around 25 of its workforce in various offices around the world.

In August of 2020, the company had filed for an IPO and this was announced three months later in November. The company made an official statement about filing for an IPO and that it was set to go public in December of 2020. On the 10th of December, the company went public and had a valuation of over 100 billion dollars. This valuation makes Airbnb one of the largest IPO's in the year 2020. Airbnb has come some way to be the successful company that we know

of today. It still has plenty of potentials to grow as the travel industry grows along with the property rental market.

allabout-engineering.com