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AIRBNB: BUILDING A REVOLUTIONARY TRAVEL COMPANY

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AIRBNB: BUILDING A REVOLUTIONARY PEER-TO-PEER HOSPITALITY COMPANY

“Create the perfect experience however you need to do it, and then scale that experience. Every company that makes something is just two things. It's creating an experience. And then it's multiplying them. Too many people start in technology with "how many you sell" and then they try to make it better.” – Brian Chesky, Airbnb, Co-Founder and CEO¹

At the heart of Airbnb sits a powerful idea: authentic travel experiences can be created through genuine connections with people and places, and this can be achieved by staying in locals' homes across the world. It was this notion that galvanised the early Airbnb user community, and made it feel more like a movement than a marketplace right from the beginning.

The three founders of Airbnb – Nate Blecharczyk, 31; Brian Chesky, 33, and Joe Gebbia, 33 – aspired from the outset to build a business that would not only change the way people think about travel, but become a revolutionary company. Launched in October 2007 from a San Francisco apartment, the start-up had serendipitous beginnings. A massive design conference was being held in town; hotels were booked out; Chesky and Gebbia (in need of extra cash) offered air mattresses on their floor to visitors for \$80 per night; three open-minded guests made separate bookings through the course of the week; needs were met all-round. This idea became Air Bed & Breakfast (its original name), which was, in its first incarnation, a peer-to-peer marketplace that made it easy for people to offer and find affordable places to stay during events such as music festivals and political conventions. The business was unsustainable, but Chesky and Gebbia knew the idea was sound. They pulled in Blecharczyk and the three of them got to work.

At the start of 2009, the founders joined seed start-up accelerator Y Combinator. Through the 12-week process, Chesky, Gebbia and Blecharczyk identified a bigger opportunity: What if they could appeal to travellers wanting an authentic experience by making it easy for people to book any kind of lodging imaginable?

The name was shortened to Airbnb and was dubbed the 'eBay for spaces' by the media. Shortly after receiving approximately \$600,000 USD in seed funding from Sequoia Capital, the founders had an important decision to make. “Should we take the money to grow fast and sell fast or should we take the money and grow a long-term sustainable company?” Gebbia remembers. They unanimously chose the latter. “We had dreams of the possibility of being up there with Nike, Disney and Apple as a great company. We wanted to build a revolutionary brand that would outlive us all.”²

Six years later, Airbnb now facilitates access to more than two million properties – everything from holiday homes to spare rooms, igloos, treehouses, private islands, boats and castles – in more than 34,000 locations globally. By comparison, according to the 2014 BTN Business Travel Survey, InterContinental Hotels Group, the largest hotel chain in the

¹ Derek Thompson, *Airbnb CEO Brian Chesky on Building a Company and Starting a 'Sharing' Revolution*, The Atlantic, Aug 13, 2013.

² Joe Gebbia interviewed by Rachel Botsman, April 7, 2015.

world based on room count, has a portfolio of about 687,000 rooms. With more than 60 million guests using Airbnb, it has become a dynamic competitor with established hospitality players in its relatively short history.

While most of us are taught from an early age not to trust strangers, Airbnb is a multi-billion dollar company that has been built to counter this conventional wisdom. Yes, its success is dependent on the millions of empty spaces that are not being used but more importantly it's about ordinary people trusting one another in their homes. Building a business on an unconventional idea has meant that Airbnb has often had to counter traditional business wisdom: it has had to identify the special ingredients that make the organisation unique, local and human.

Every facet of Airbnb, including product design, customer support, government relationships and brand and marketing is cultivated not as a transactional business, as most hotels are, but as a transformational business. Through such exponential growth, how do you scale the 'secret sauce' to build not just a new kind of hospitality experience for hosts and guests but a revolutionary peer-to-peer hospitality company?

Build Something 100 People Love

Airbnb's iterative and design-led approach to tackling challenges was born early in the company's history, as the founders worked to define what was special about an Airbnb experience for hosts and guests. "Love has been at the core of our company from day one," says Chesky. "We were, from the start, in business of delivering amazing experiences for our customers. That is the most important thing we need to do."

Paul Graham, founder of Y Combinator and one of the Airbnb's earliest investors and mentors, offered a valuable piece of advice. "Build something that 100 people love, rather than 1 million people kind of like," Graham said. "If you have people that really love you, you don't have to worry about the viral growth thing – that will take care of itself."³ Chesky took the advice literally. Guided by his design training at the Rhode Island School of Design, Chesky recognised that to learn what early hosts and guests loved and hated about Airbnb, he needed to meet and stay with hosts. (See Exhibit 2). His most powerful realisation through this immersion was that Airbnb was not about renting houses, but about people inviting other people into their homes. Its biggest asset would not be its marketplace for spaces, but the way it empowered people to create experiences.

Another critical observation Chesky made through staying with hosts was that there was often a gap between the quality of photographs of each listing, and the quality of the spaces themselves. Could improving the quality of photographs not only make the host's job easier, but also increase the number of bookings?

Chesky and Gebbia visited places listed on the Airbnb platform in New York City and offered their own photography skills. "The biggest lesson we learnt from the photography program was to give ourselves permission to do things that don't scale," says Gebbia. It is "...a

³ Hamish McKenzie, *Airbnb's Brian Chesky: Love is All You Need*, Pando Daily, January 10, 2013

philosophy that continues to this day at Airbnb.”⁴ Today any host can have their space snapped by a professional photographer for free through Airbnb’s global photography program launched in late 2011. Listings with professional photography are booked 2.5 times more frequently⁵ (See Exhibit 3). Any space that is professionally photographed is also given an ‘Airbnb Verified’ badge – an important indicator for users to trust the legitimacy of the listing.⁶ Superficially, the provision of professional photography was a design decision, but in reality it was a foundational step that raised the standard of listings and gave hosts the tools they needed to be more successful.

What makes Airbnb the clear market leader, trumping accommodation search platforms such as HomeAway, Roomorama, VRBO, and Wimdu isn’t the beautiful pictures on its platform, however. What powers Airbnb is its embrace of a community of people, not spaces. And the engine of support for this community is the Customer Experience team.

A Human Approach, Not a Standard Response

“An Airbnb reservation is like a fingerprint. No two are the same.” – Emma Jagunich, Customer Experience Operations Manager

Emma Jagunich joined Airbnb in May 2011, having spent the previous five years as an emergency room coordinator in a Minneapolis hospital. No stranger to high pressure situations, she was recruited in San Francisco with five other new hires to join the fresh-faced ‘Air Crew’ – a tight-knit but remotely distributed team of around 20 well-traveled self-starters with diverse backgrounds who were at the coalface of customer enquiries (See Exhibit 4). A host or guest calling the Airbnb community support line would speak to Jagunich or one of her colleagues.

Initially, each batch of new hires was brought in for a week of training, to meet the founders and learn from the rest of the team. They would then return home to work independently. But within just four months, Jagunich was leading her own team of 12, and the size of the batches being hired had increased from five to 20 new recruits per intake. Despite continued emphasis on recruiting and training the team, now renamed Customer Experience, it was becoming increasingly difficult to keep pace with volume, diversity and, on occasion, the severity of user problems.

On a typical day in 2011, the Customer Experience team would be fire hosed hundreds of tickets every day on issues ranging from something as simple as a password reset or adding a photo to your profile, through to a host’s pipes bursting during a reservation and having to immediately relocate the guests. “It’s never the same scenario. It’s always different hosts, different guests, different numbers of people, different days of the week, different time of year, and how you solve the problem will be different depending on all those factors,” says Jagunich⁷.

⁴ Joe Gebbia, *Scaling Airbnb from the Living Room to Across the Globe*, Zurb, October 26, 2012

⁵ Nidhi Subbaraman, *Airbnb’s Small Army of Photographers are Making You (and Them) Look Good*, FastCompany, October 17, 2011

⁶ *Airbnb Free Photography: Celebrating 13,000 Verified Properties and Worldwide Launch*, Airbnb Blog, Accessed at: <http://blog.airbnb.com/airbnb-photography-celebrating-13000-verified/>

⁷ Emma Jagunich interviewed by Lauren Capelin, February 26, 2015.

The Customer Experience team realised they must divide and conquer the support tickets in a specialised fashion. “When we started, we were all working out of the same inbox, meaning we didn’t segment or group problems together at that point,” remembers Jagunich. “Everyone was a Jack of all trades, you just had to know everything.”⁸ The process was changed to group similar problems such as payment issues or the cleanliness of a booking, and Customer Experience team members with skill sets in certain areas were each assigned to tackle that subset.

A critical challenge the Customer Experience team faced was to provide a highly personal and consistent experience for millions of users without resorting to standardised solutions. They looked to learn from other marketplaces, such as eBay, to address problems within a peer-to-peer environment. Through this process, however, they also learned that other marketplaces were largely transactional and that Airbnb must be innovative with its own solutions.

The decision was made to not give the Customer Experience team a list of prescriptive solutions to different user problems, but a toolkit instead. It comprises of basic tools such as issue refunds and rebooking services through to advanced customer service best practices that in Jagunich words “show love, empathy and make the community feel heard.” Team members were given autonomy to apply use their best judgement to apply these tools to do the right thing for the issue at hand. In training they learn how little things matter such as sending a handwritten note with a personalized offer, rather than an email with a generic coupon attached. “ I see a big difference in how our community wants to be treated, compared to other services. Listening and making sure the community is heard often matters much more to them than a refund or a credit.

Mistakes happen, but rather than being seen as a failure, the team views them as a starting place to recover from. They are coached to ask, “How would you turn this experience around?” When the team received a call that an Airbnb host had cancelled the cottage Shay Fan had booked for her bridesmaids on the evening of her wedding, they sent her \$1,000 USD credit to help her find a new place to stay⁹.

This approach reflected the Airbnb founders’ mission to treat each situation, host and guest as individual, with unique qualities. “Even when we were very small, they trusted us to solve the problem,” says Jagunich, “I think it’s that trust, plus giving people autonomy and saying, ‘You have the power to make these choices.’ If you don’t trust them to make the choices, the choices won’t happen. If you actually trust people to do something awesome, they’re going to do it.”¹⁰

This degree of trust in the team had been bred into the Airbnb company culture since its early days. “The stronger the culture, the less corporate process a company needs. When the culture is strong, you can trust everyone to do the right thing. People can be independent

⁸ Ibid

⁹ Jim Edwards, *Check Out The Extreme Lengths Airbnb Will Go To In Order to Please Customers*, Business Insider, August 15, 2013

¹⁰ Emma Jagunich, interviewed by Lauren Capelin, February 26, 2015

and autonomous. They can be entrepreneurial,” says Chesky.¹¹ Indeed, on raising their \$200 million Series C investment round in October 2013, the founders met with veteran entrepreneur and investor Peter Thiel, who had taken part in their round, and asked for the single most important piece of advice he had. His reply? ‘Don’t fuck up the culture’¹² (See Exhibit 5).

The Customer Experience team was just one arm of the business that recognised how they treated hosts and guests, as well as each other, was a critical point of difference for Airbnb. Now that the company had reached a certain size, it was imperative to ensure the culture was not compromised. As of April 2015, the Customer Experience is powered by more than 450 people across 10 offices, makes up one-third of the company, and offers round-the-clock support (See Exhibit 6).

Keau Katsunuma has been instrumental in this growth. Like Jagunich, he was an early member of the Air Crew and now leads the Global Customer Love Program – designed, in his words, to “create magical experiences that foster brand loyalty.”¹³ Katsunuma believes this is where Airbnb differs from a typical company that might stick to its policies regardless of the issue. Instead, Airbnb’s approach empowers its people to empathise, and to put themselves in the traveller’s shoes in order to gain insight into how to best handle the situation.

On one occasion, the Customer Love team faced a situation in which three generations of a family travelling by road to Orlando, Florida, to visit Disneyworld for their five-year-old’s birthday, had arrived to find their Airbnb was well below expectations. The family tried frantically to book somewhere else to stay during peak season, the child’s birthday cake spoiled, and party plans were thrown out the window. Everyone was unhappy, to say the least.

Of course Airbnb assisted in finding new accommodation for the family. But the Customer Love team took additional steps, sending a ‘party-in-a-box’ with a Disney ‘Frozen’ theme, complete with dolls, cups, plates, streamers and a birthday banner. “The parents were just so blown away that they posted a picture of their daughter on Instagram and said how we turned the situation around,” explains Katsunuma. “We of course wanted to do our best so the family wasn’t driving around Orlando looking for a place to stay. But we also wanted to follow up with how we can make it up to the little girl, because if we can make her happy, then we can make the entire family happy.” Thinking on the fly and a touch of emotional IQ, powered by the autonomy gifted to Customer Experience team members, Airbnb turned a family-sized disaster into an unforgettable Frozen surprise for one little birthday girl.

While these kinds of unscripted responses to problem solving have become a recognised part of the Airbnb experience, a constant challenge for the company is balancing the tension between retaining the individuality that members love with the need to standardise certain processes. And one area where Airbnb must consistently deliver is trust and safety.

¹¹ Brian Chesky, *Don’t Fuck Up the Culture*, Medium, October 2013

¹² Ibid

¹³ Keau Katsunuma interviewed by Lauren Capelin, March 2, 2015

Subverting Conventional Wisdom: Trust a Stranger

For people to try Airbnb, they must become comfortable with the idea that those they have never met can be trustworthy. What makes the Airbnb dynamic even more complex than a peer-to-peer marketplace such as eBay or Etsy is that it depends on an offline/ online trust: Guests are booking online but the experience they have is offline, in the physical world. Airbnb must figure out how to use digital tools to enable face-to-face connections.

Essential trust and safety building blocks such as personal profile pages for hosts and guests, reviews and ratings, and secure payments have been part of the Airbnb user experience from its early days. 'Social connections', a discovery application that works through Facebook's social graph was also introduced, enabling people to identify how they are connected to other hosts or guests, either directly or through mutual friends. "The founders realised that for trust purposes, bringing forward the person behind the listing helped to paint a picture of who the person was and it brought a more human element to it," explains Jakob Kerr,¹⁴ who has been at the forefront of company communications, in particular around trust and safety, for almost four years.

While these trust tools were a good first step in providing reassurance that people are who they say they are, it became evident early on that the current product was not robust enough to make Airbnb work safely at scale. Indeed, less than one week after the company announced its Series B funding in 2011 (a major round of \$112m¹⁵), a story broke that an Airbnb host, identified by the name 'EJ', had arrived home after almost a month-long holiday to find her apartment completely trashed by her guests¹⁶. "They smashed a hole through a locked closet door, and found the passport, cash, credit card and grandmother's jewelry I had hidden inside. They took my camera, my iPod, an old laptop, and my external backup drive filled with photos, journals...my entire life. They found my birth certificate and social security card, which I believe they photocopied – using the printer/copier I kindly left out for my guests' use," EJ wrote in her blog post entitled 'Violated: A traveler's lost faith and difficult lesson learned'¹⁷ (See Exhibit 7).

The guest in question had used a falsified identity, 'DJ Patterson', and stolen credit card information to make the booking, exposing a critical flaw in the booking system. To make matters worse it took Airbnb more than a day to respond to EJ, then it failed to follow-up. "Part of the reason for the delay was a direct result of the business growing fast," says Gebbia. "There was not a system or procedure in place at the time that had the expediency to handle the situation." The situation turned into a media storm right after the funding announcement. "We really screwed up," Chesky admitted a month later in a public apology letter. "In the last few days, we have had a crash course in crisis management. I hope this can be a valuable lesson to other businesses about what not to do in a time of crisis, and

¹⁴ Jacob Kerr interviewed by Lauren Capelin, March 3, 2015

¹⁵ Alexia Tsotsis, *Airbnb Bags \$112 Million In Series B From Andreessen, DST And General Catalyst*. Techcrunch, July 24, 2011

¹⁶ Michael Arrington, *The Moment of Truth For Airbnb As Users' Home Is Utterly Trashed*, TechCrunch, July 27, 2011

¹⁷ *Violated: A Traveler's Lost faith, A Difficult Lesson Learned*. Blog Post Accessed at: <http://ejroundtheworld.blogspot.sg/2011/06/violated-travelers-lost-faith-difficult.html>

why you would always uphold your values and trust your instincts."¹⁸ For the founders, the incident carried a critical lesson. "There is an opportunity in everything," says Gebbia. "The hardest moments show how we can get through things, but are also invaluable in terms of being a driving force to fix big things."¹⁹

EJ's disastrous experience brought questions about the safety and security of guests and hosts into the spotlight. The founders recognised that trust in the company and its central idea was broken, and the incident became a rallying cry to create solutions that would dramatically reduce the chance of similar incidents occurring in the future.

Shortly after, the company introduced a \$50,000 Airbnb Guarantee²⁰, protecting the property of hosts from damage by Airbnb guests (the guarantee has since been increased to \$1 million per booking). A 24-hour customer hotline was introduced, and a dedicated Trust and Safety team was spun out of the Customer Experience group.

This team's initial remit was to identify and develop the next level of safeguards needed to significantly lower the risk of bad things happening again. A number of behind the scenes features that were critical to securing the platform, including general account security, unauthorised access and payment chargebacks, were put in place to weed out bad actors and crack down on suspected fraudulent activity. In 2013, of the six million guests that stayed on 550,000 listings there were 700 reports of property damage.²¹

For Anna Steel, Trust and Safety Operations Manager for EMEA and APAC, one feature she is most proud of is 'Verified ID', a feature designed to ensure that each user's online identity marries with their offline identification. Airbnb users are asked to verify their ID through a brief three-step process. (See Exhibit 8) The first step requires providing a copy of a government-issued identity (or where this is not possible, answering a series of personal questions to confirm these details). Secondly, an additional online profile, such as Facebook or Google+, needs to be connected to the existing Airbnb account. Again, in the case of members who are not users of social media, they are provided with additional options, such as creating a video message. Finally, users are asked to provide a clear profile picture and contact details such as an email address and phone number.

'Verified ID' was initially tested on 25 per cent of randomly selected Airbnb users in the United States. While the intention was to encourage greater transparency within the Airbnb community, there was backlash from both sides of the marketplace. Some users didn't like that it was now seemingly harder, and took longer, to make a reservation, while others raised serious privacy concerns around Airbnb holding this kind of personal information. As one user called 'Jon' put it, "As a host, it is up to me to choose who I allow in my home. I like that I can decide how many requirements to place on my guests. Should I choose to place strict requirements, I get more protection and probably fewer bookings. I like having the choice. Airbnb just took the choice away from me and I'm not happy about it."

¹⁸ *Our Commitment to Trust and Safety*, Airbnb Blog Accessed at: <http://blog.airbnb.com/our-commitment-to-trust-and-safety/>

¹⁹ Joe Gebbia interviewed by Rachel Botsman, April 7, 2015

²⁰ *Our Commitment to Trust and Safety*, Airbnb Blog Accessed at: <http://blog.airbnb.com/our-commitment-to-trust-and-safety/>

²¹ Burt Helm, *Airbnb Is Inc.'s 2014 Company of the Year*, Inc., November 2014

Much of the negative feedback came from hosts wanting choice and control over their own experience but for Airbnb, this was exactly the reason it wanted to implement these tools proactively: to give hosts control as to how much information they required in order to make an informed choice about who they accepted bookings from. “Verified ID came from the belief that at its core, trust is about transparency – anonymity does not have a place in community, and because of that we want hosts and guests to be sharing who they are and contributing to the creation of that trust,²²” says Steel. “While for most companies, feature launches can be reactive, we are always thinking about what we can do better, what more can we do?” The system evolved to let hosts nominate whether or not they require guests to have verified ID, though this doesn’t prohibit an unverified guest from making a booking.

To do more and better meant the Trust and Safety team had to evolve its role from a focus on risk mitigation – developing products for the rare instances when something did go wrong – to strengthening trust between users before, during and after the stay. “Our role is to help guests and hosts make decisions that they feel comfortable with, and use our platform in the way where they know what kind of experience they’re going to get,” says Kerr. “What we try to do is just create as many signals as possible for our host and guest to look at and to use in making their decisions.” In order to understand the critical moments when hosts and guests make choices that ultimately make or break their relationship with Airbnb, the founders knew they needed a detailed understanding of the entire trip experience. It turned out the way forward would lie in the wisdom of Walt Disney.

Snow White and the Importance of Empathy

“I’d go to Disney World, and I became obsessed with Walt Disney growing up; he was the person I looked up to,” admits Chesky. While on Christmas holiday, he decided to read Walt Disney’s biography, which gave him an insight not on where Airbnb should head next, but how decisions should be made. “I realised that Disney as a company was actually at a similar stage where we are now when they created Snow White,” Chesky says. “They had success with shorter cartoons, but Walt wanted to create a feature-length film with enough depth that people would care about, not just laugh at, the characters. He wanted to tell a complete story.”²³

Chesky pitched to his cofounders the concept of storyboarding the ideal Airbnb experience, from both the host’s and the guest’s perspectives, frame by frame. The project, named ‘Snow White’, was aimed at not just understanding functional steps such as “checking out”, but for the company to be able to empathise with the end-to-end experience of the entire trip, such as “feeling prepared and ready for guest”.

"When you have to storyboard something, the more realistic it is, the more decisions you have to make. Are these hosts men or women? Are they young, are they old? Where do they live? The city or the countryside? Why are they hosting? Are they nervous? It's not that they show up to the house. They show up to the house, how many bags do they have? How are

²² Anna Steel interviewed by Lauren Capelin on April 1, 2015

²³ Sarah Kessler, *How Snow White Helped Airbnb's Mobile Mission*, Fast Company, November 8, 2012

they feeling? Are they tired? At that point you start designing for stuff for a very particular use case,” Chesky explained in an interview with *Fast Company*.²⁴

Nick Sung, an animator from Pixar, was brought on board to visualise this experience. It was refined to 15 pivotal moments that cover the guest journey, and 15 more that show the journey for the host. Alongside each frame, Airbnb was able to overlay ideas for product development and service delivery to evaluate where to go next. “We realised by looking at the storyboard that there are a lot of important moments where we weren’t doing anything,” says Blecharczyk, co-founder and CTO. “And other frames were overrepresented.”

The storyboard exercise was a galvanising moment in the history of Airbnb. The founders sought to develop a shared vision of how to scale the experience and prioritise what was important moving forward. Rather than set out a prescriptive strategic plan, it highlighted the moments of truth that were core to a successful Airbnb experience and helped to determine priorities with a laser focus. Airbnb was storyboarding its recipe for responsive success in the unique environment it had itself created.

Empowering Hosts as Partners

One of the key realisations that Airbnb had through the Snow White process was that it could only ever be as good as its hundreds of thousands of hosts. The insight led to a new outreach strategy and even a new language; hosts would be referred to as ‘partners’, guests as ‘customers’. To zero in on helping hosts be all that they can be, Airbnb recruited industry veteran Chip Conley, in September 2013, founder of the boutique hotel brand Joie de Vivre, as Global Head of Hospitality.

“I became a boutique hotelier because I wanted to shake up the conventional wisdom that, in order to offer quality, hospitality had to be conventional,” says Conley. “Nearly 30 years later, Airbnb is now on the forefront of a new type innovation: democratising hospitality. It’s a beautiful idea for people to want to open their homes, and it can have cross-cultural impact in a positive way, on a global scale.”²⁵

A key focus for Conley is empowering hosts to deliver the Airbnb experience that guests expect. “There is a great equation that I like to use to describe this. It’s Disappointment equals Expectation minus Reality,” he says.²⁶ “The number one thing we have tried to do in the two years I’ve been here helping to build a hospitality initiative is not create consistency but to create dependability. The difference is this: Consistency is what a chain hotel does to make sure the holiday in Sydney is like the one that you get in Melbourne or in New York City. There is some consistency which means there is some predictability.”

Airbnb is not trying to build consistent or ubiquitous experiences but to ensure that what a guest sees on the listing is carried through in the experience. “In order to do that we need to manage two things; if Disappointment equals Expectation minus Reality then we need to adjust the expectations piece and the reality piece.” An online and in-person training course

²⁴ Ibid

²⁵ Chip Conley interviewed by Rachel Botsman and Lauren Capelin, April 8, 2015

²⁶ Ibid

for hosts called Hospitality Moments of Truth' has been developed to address the expectations component.

"We really focus on accuracy. One of the things I try to teach hosts is in your listing, talk about three things guests love about your place and two things that some people don't like. Be that authentic," explains Conley.²⁷ The rapidly growing Hospitality Team is also developing a peer-to-peer driven on-boarding process where experienced hosts can volunteer or in some cases get paid to mentor new hosts about the Airbnb style of hospitality. Conley recognises that the key part of the way forward for host education is taking a decentralised approach, with an estimated 1400-plus new hosts joining the platform every day. "We can scale this mentorship approach globally. It's magnifying the wisdom of our best hosts."

Conley hopes to address the 'reality' part of the equation with the nine hospitality standards (Exhibit 9) that were launched at the end of 2013. These start with basics such as communication around an enquiry, to more proactive steps like providing thoughtful amenities for guests and being available for support throughout the duration of their stay. "We're not forcing hosts to put a certain kind of soap or a certain kind of towel in the property but we are actually helping them to understand the nine moments of truth when guests are most likely to judge them and judge the experience," Conley says. The standards also give Airbnb a way to enforce quality. "We are on a monthly basis getting rid of thousands of hosts who are not meeting minimum standards and we will continue to do that," says Conley. On the flipside, the standards are a way to give credit to hosts who do the best job.

Indeed, not all hosts are equal on Airbnb. Approximately, 45,000 hosts are considered 'Super Hosts', a badge of honor given to hosts who reached a set of qualifications that reflect quality of listings, responsiveness to travellers and the commitment to the guest experience. For this group, the most important element that Airbnb can deliver is recognition. 'Airbnb Open', a global super-host convention, is part of this strategy. "It is a host event where we are open with them and they are open with us," says Conley. The first was held in November 2014, where 1,500 hosts from 40 countries converged at Fort Mason, a historic pavilion on the waterfront in San Francisco. Over the three-day forum, hosts shared feedback on what works and does not work for them and shared best practices with each other. It culminated with the first Super Host Awards, recognising and rewarding hosts who go the extra mile, based on nominations from the community. The next Airbnb Open, scheduled to be held in Paris in November 2015, will be even bigger with 6,000 hosts from the top 100 countries. "These kinds of events help to listen to and celebrate our evangelists," says Conley.

The host program is part of Airbnb's big shift from being a technology company with a product design focus to a truly community-driven hospitality brand. "The thing that differentiates us versus the Apples and Disneys is that we're creating a community and that community have their fingerprints on how we're growing and how we're doing what we do," explains Conley. "Very few companies have organised themselves in such a way that their community can help influence where it is going. I think that is our opportunity."

²⁷ Ibid

Conley's approach to creating dependable guest experiences recognises that despite rapid growth in listings on the platform, Airbnb's continued success depends on its hosts being passionate brand ambassadors. This recognition required a brand the itself community can own.

Mi Casa es Su Casa: A Brand of Belonging

In 2013, Airbnb realised it had outgrown its original playful brand logo. Working with London-based DesignStudio, the goal was to create a brand that would have meaning regardless of language and culture and represent the 'us' of its community. The team asked "What is the big idea that truly defines Airbnb?" They decided it could be summed up in one word: belonging.

"Belonging has always been a fundamental driver of humankind. So to represent that feeling, we've created a symbol for us as a community. It's an iconic mark for our windows, our doors, and our shared values", Chesky wrote in a company blog post on July 16, 2014, the day Airbnb launched its new brand and 'Bélo' symbol. "We all come from vastly different cultures and places. And yet, no matter how many miles may separate us, we are united by the universal, powerful, human desire to connect, to understand, and to belong." (See Exhibit 10).

Every touchpoint of the user interface across web and mobile was redesigned to bring the new logo to life. While the initial reaction to 'Bélo' was not unanimous positivity, with the internet taking liberties to make all kinds of comparisons between the symbol and other items (from animals to avocados to genitalia), users generally embraced the shift. This was helped by the 'Create Airbnb' tool, which was introduced to encourage members to customise the 'Bélo' with their own colours and textures and design a symbol that was uniquely theirs but was also part of a shared identity. Within a week, almost 20,000 people had created their own 'Bélo' from 184 countries across the world.²⁸ Today, more than 150,000 people have taken the time to customise a unique version of the symbol (See Exhibit 11).

By viewing this rebrand not as a corporate image to be protected, but as a way to engage members to make the brand their own, Airbnb again sent the strong message that there is no line between the Airbnb company and the user community. Instead there is one organisation, a community of guests, hosts – partners and customers – and employees who frequently switch roles. As Conley puts it, "It's like feeling like I have a family with 30 million members in that family."

To date, Airbnb has raised \$682 million USD.²⁹ It is reported to be currently raising further \$1 billion in funding that will provide an estimated valuation of \$20 billion USD, making it one of the most highly valued private technology companies in the United States. According to a recent research report by Barclays³⁰, Airbnb currently represents as much as 17.2 per cent

²⁸The Belo Report: An Infographic on the New Airbnb Symbol. Airbnb Blog Accessed at: <http://blog.airbnb.com/belo-report-new-airbnb-symbol-infographic/>

²⁹ Airbnb company profile on Crunchbase Accessed at: <https://www.crunchbase.com/organization/airbnb>

³⁰ *Hotels: Is Airbnb a Game-Changer?*, Barclays Report, 2015

of room supply in New York, 11.9 per cent in Paris, and 10.4 per cent in London. The current estimation of 37 million (hotel?) room-nights booked per year will be dwarfed by the 129 million room-nights predicted to be booked on Airbnb in 2016³¹.

However, room nights booked and inventory are not what ultimately drives the founders. “We want to be known for belonging; a company that helps the world to belong more,” says Gebbia. “I want people to point to Airbnb and say they help inspired people to care for each other more than ever before.” A revolutionary thought indeed.

³¹Zainab Mudallal, *Airbnb Will Soon Be Booking More Rooms Than the World's Largest Hotel Chains*, Quartz, January 20, 2015

CASE QUESTIONS

1. What is the significance of shifting Airbnb's emphasis from a place to stay to a global community as the company grows even larger?
2. After Chesky and Gebbia's grassroots research project in New York City, they introduced the photography program. What does this program add to Airbnb, beyond the "Verified" status and quality photography?
3. The Disney disaster: What is written into Airbnb's culture that is demonstrated by the handling of this debacle?
4. The EJ experience taught Airbnb some brutal lessons about management and trust. As the company grows, what are the pros and cons for users of this increased visibility? How did the founders use their lessons learned?
5. What lessons can be learned from enabling members to customise the new Airbnb 'Bélo' logo for themselves?
6. What are the benefits and drawbacks of no clear boundary between the Airbnb company and its community of members?
7. The core ideals of Airbnb sometimes seem to be in conflict with its enormous growth. How can a business that is growing so quickly hold onto its values?

Exhibit 1: Airbnb Funding Rounds

	2009	2010	2011	2013	2014
Investment Round (Amount Received USD)	\$20K, \$600K	\$7.2M	\$112M	\$200M	\$475M

Exhibit 2: Brian Chesky Staying With Airbnb Hosts in 2008



Exhibit 3: Airbnb Professional Photography (Before and After)



Exhibit 4: Airbnb Aircrew 2008



Exhibit 5: Brian's 'Don't Fuck Up the Culture' Blog Post October 21, 2013

Hey team,

Our next team meeting is dedicated to Core Values, which are essential to building our culture. It occurred to me that before this meeting, I should write you a short letter on why culture is so important to Joe, Nate, and me.

After we closed our Series C with Peter Thiel in 2012, we invited him to our office. This was late last year, and we were in the Berlin room showing him various metrics. Midway through the conversation, I asked him what was the single most important piece of advice he had for us.

He replied, "Don't fuck up the culture."

This wasn't what we were expecting from someone who just gave us \$150M. I asked him to elaborate on this. He said one of the reasons he invested in us was our culture. But he had a somewhat cynical view that it was practically inevitable once a company gets to a certain size to "fuck it up." Hmm.. How depressing I thought.

Were we destined to eventually "fuck up our culture?" We talked about it a bit more, and it became clear that it was possible to defend, and actually build the culture. But it had to be one of the things we were most focused on. I thought to myself, how many company CEOs are focused on culture above all else? Is it the metric they measure closest? Is it what they spend most of their hours on each week?

Culture is simply a shared way of doing something with passion.

Our culture is the foundation for our company. We may not be remembered for much after we are gone, and if Airbnb is around 100 years from now, surely we won't be a booking website for homes. We will be far past this in our evolution (not to mention that kids 100 years from now will be asking their grandparents what websites were).

The thing that will endure for 100 years, the way it has for most 100 year companies, is the culture. The culture is what creates the foundation for all future innovation. If you break the culture, you break the machine that creates your products.

So how do we build culture?

By upholding our core values in everything we do. Culture is a thousand things, a thousand times. It's living the core values when you hire; when you write an email; when you are working on a project; when you are walking in the hall. We have the power, by living the values, to build the culture. We also have the power, by breaking the values, to fuck up the culture. Each one of us has this opportunity, this burden.

Why is culture so important to a business? Here is a simple way to frame it. The stronger the culture, the less corporate process a company needs. When the culture is strong, you can trust everyone to do the right thing. People can be independent and autonomous. They can be entrepreneurial. And if we have a company that is entrepreneurial in spirit, we will be able to take our next "(wo)man on the moon" leap. Ever notice how families or tribes don't require much process? That is because there is such a strong trust and culture that it supersedes any process. In organizations (or even in a society) where culture is weak, you need an abundance of heavy, precise rules and processes.

There are days when it's easy to feel the pressure of our own growth expectations. Other days when we need to ship product. Others still where we are dealing with the latest government relations issue. It's easy to get consumed by these. And they are all very important. But compared to culture, they are relatively short-term. These problems will come and go. But culture is forever.

Brian

Exhibit 6: Customer Experience Team Headquarters, Portland, Oregon



Designed to be a collaborative workspace built around the behaviors of the Airbnb Customer Experience Team.



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Exhibit 7: EJ's 'Violated: A traveler's lost faith, a difficult lesson learned' Excerpt From Blog Post

I am crouched low on the carpeted steps of my apartment building's old staircase, bent over into something resembling the fetal position. There is a skylight overhead; the sun's hazy glare makes me want to close my eyes, and not have to see for a while. But instead, I take this opportunity - with head resting heavily on the step above me - to record this moment in writing.

I am just half a flight away from the top floor, where my home is located. But I don't have the mental energy to take those last few steps into my apartment. It's too creepy in there anyway.

Three difficult days ago, I returned home from an exhausting week of business travel to an apartment that I no longer recognized. To an apartment that had been ransacked.

With heart pounding and stomach churning, I slowly swung the door open as both a pungent odor and the full realization of what had occurred washed over me: this wasn't just a random break-in. My home had been burglarized, vandalized and thoroughly trashed by a "traveler" I connected with via the online rental agency, [airbnb.com](https://www.airbnb.com).

I would be remiss if I didn't pause here to emphasize that the customer service team at [airbnb.com](https://www.airbnb.com) has been wonderful, giving this crime their full attention. They have called often, expressing empathy, support, and genuine concern for my welfare. They have offered to help me recover emotionally and financially, and are working with SFPD to track down these criminals. I do believe the folks at [airbnb.com](https://www.airbnb.com) when they tell me this has never happened before in their short history, that this is a one-off case. I do believe that maybe 97% of [airbnb.com](https://www.airbnb.com)'s users are good and honest people. Unfortunately I got the other 3%. Someone was bound to eventually, I suppose, and there will be others. For this reason, I felt compelled to get my story out as soon as possible – as a warning to travelers and renters everywhere – even though this case remains under investigation, and the final chapter of this story remains unwritten.

What I Know

There is little I know at this stage, but I am slowly putting the pieces together. Someone named Dj Patterson (was it a guy? A girl? I still don't know – but I have noticed much too late that the person misspelled their own last name) came into my home earlier this month (apparently with several others, according to witnesses) and set out on what I believe to be the carefully-planned theft and destruction of my home and my identity. With an entire week living in my apartment, Dj and friends had more than enough time to search through literally *everything* inside, to rifle through every document, every photo, every drawer, every storage container and every piece of clothing I own, essentially turning my world inside out, and leaving a disgusting mess behind.

They smashed a hole through a locked closet door, and found the passport, cash, credit card and grandmother's jewelry I had hidden inside. They took my camera, my iPod, an old laptop, and my external backup drive filled with photos, journals... my entire life. They found my birth certificate and social security card, which I believe they photocopied - using the printer/copier I kindly left out for my guests' use. They rifled through all my drawers, wore my shoes and clothes, and left my clothing crumpled up in a pile of wet, mildewing towels on the closet floor. They found my coupons for Bed Bath & Beyond and used the discount, along with my Mastercard, to shop online. Despite the

heat wave, they used my fireplace and multiple Duraflame logs to reduce mounds of stuff (my stuff??) to ash – including, I believe, the missing set of guest sheets I left carefully folded for their comfort. Yet they were stupid and careless enough to leave the flue closed; dirty gray ash now covered every surface inside.

They did weird stuff too: moving things around in a spooky, psychotic kind of way - creepy little things that I am still discovering as I dig through the wreckage - like cutting the tags off my pillows, and hanging a painting of Paris on the wall that I had never hung before... probably while wearing my now-missing Ugg boots and Roots cap.

All the while, Dj Patterson was sending me friendly emails, thanking me for being such a great host, for respecting his/her privacy.... telling me how much he/she was enjoying my beautiful apartment bathed in sunlight, how much he/she particularly loved the "little loft area" upstairs... with an "lol" closing one sentence, just for good measure. It makes me sick to my stomach to think now of these emails.

Full post can be found at: <http://ejroundtheworld.blogspot.com.au/2011/06/violated-travelers-lost-faith-difficult.html>

Exhibit 8: Verified ID

airbnb Where are you going? BROWSE SIGN UP LOG IN HELP LIST YOUR SPACE

Verify Your ID 12 HOURS LEFT

Verification preview

Offline ID Online ID Basic Profile

BACK HELP

Choose issuing country

Country United States

Select ID type

PASSPORT

United States of America

Passport

IDENTITY CARD

UNITED STATES OF AMERICA

Identity card

CALIFORNIA

DRIVER LICENSE

Driver license

Steve

San Francisco, CA

Member since July 2010

VERIFICATIONS

None

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NETVERIFY BY JUMIO

BACK NEXT: ONLINE ID

Exhibit 9: Nine Hospitality Standards

Accuracy

Be sure everything (and the kitchen sink) in your listing—photos, details, house rules, pricing—accurately reflects what guests will experience. And don't skimp on photos. Listings with better photos get more bookings.

Communication

Keep in touch! Get to know your guest's travel plans so you can personalize their experience. Download the Airbnb app to respond to guests from wherever you are in the world. Respond to all inquiries and reservation requests within 24 hours.

Availability

Manage your calendar meticulously. Find the right match for your space by setting criteria and using Instant Book. Get to know your guests before saying yes.

Commitment

If you can't keep a reservation, keep it classy and contact your would-be guest pronto. Apologize profusely and bend over backwards to find back-up accommodations. Don't forget to officially cancel online, too.

Cleanliness

Clean as if royalty were on their way for a slumber party. The cleaner your space, the more glowing your review.

Amenities

Fresh bedding, towels, soap, and toilet paper are a must. Always, always have them available upon arrival. Plus feel free to add your own little luxuries, too, like maps, wine, locally roasted coffee beans, aromatherapy diffuser.

Welcome

Show 'em your world-class hospitality with a prompt check-in time, transportation tips, and a tour of your space.

Support

Check in on guests, be easily accessible, and go way out of your way to offer alternatives if things don't flow according to plan. Our world isn't perfect. Pipes burst and ankles twist, but you have the power to help remedy these situations.

Reviews

Write a review (compliment or constructive feedback) for guests within 14 days of checkout. Approach this as if you were writing a thank-you note or a friendly letter encouraging one how to be a better guest.

Read the expanded version of the hospitality standards on the Airbnb Blog:
<https://www.airbnb.com.au/support/topic/206>

Exhibit 10: Airbnb Logo Evolution

2008



2009



2014



Exhibit 11: Create Airbnb: Examples of ‘Bélo’s created by the community

