

Strategic Management (LCMB7003)

Strategic Analysis of AIRBNB



Student Name: Bibi Biju
Student Number: 2207951
Lecturer: Dr.Hosein Shokri
Word Count: 5124
Submission Date: 08/05/2023

TABLE OF CONTENTS

Introduction.....	3
Background	3
Mission and Objectives.....	4
Macro-Environment analysis	4
PESTEL analysis.....	4
Micro-environmental analysis	6
Industry life cycle.....	6
Porter's industry five forces analysis	8
Internal analysis	9
Strategic resources and capabilities.....	9
Value chain analysis.....	10
Primary activities.....	10
Secondary analysis	12
VRIO analysis of distinctive resources and capabilities	12
SWOT analysis.....	14
Strategies to sustain competitive advantage	16
Growth strategies	17
Green Strategyy and CSR	17
Conclusion	18
Recommendation	19
References.....	20

Introduction

The current report will perform a macro-environmental analysis of the company using PESTLE analysis. Moreover, the micro-environmental analysis will be offered which describes the industry life cycle, and porters industry five forces analysis will be offered. In addition to this internal analysis of the company which describes the strategic resources and capabilities and value chain n analysis will be conducted. Also, the secondary analysis and primary activities are offered in the report. Later VRIO analysis of distinctive resources and capabilities will be offered in the report. Moreover, the assignment will also describe the SWOT analysis. Furthermore, the Strategies to sustain competitive advantage and Growth strategies of the company will be offered. The growth strategy, green strategy, and Corporate Social Responsibility of the company will be provided.

Background

Dann et al. (2019) mentioned that Airbnb has approximately 25000 employees globally and the company was founded in August 2008. The 25000 employees work across several functions such as Engineering, customer support, finance, operations, product development, and human resources. The company consists of several employees from diverse backgrounds and cultures which contribute to international operations. The company started as a small platform for offering air mattresses for rent in an apartment amidst a conference which had grown into an internal business. Airbnb operates internationally in around 2000 countries which makes it an internal company with a well-known presence in the international market. Ozdemir and Turker (2019) mentioned that Company provides an online marketplace in which the customers are offered services such as renting houses, rooms, and apartments for tourists for short-term stages. Airbnb is valued at around \$47 billion which makes Airbnb the most valuable startup in the international market. During the COVID-19 pandemic companies have confronted several challenges due to the shutting down of the travel and hospitality industry. The company has interrupted traditional models of the hospitality industry and altered the way people experienced travel and local culture. Airbnb offers alternative options for accommodation for traditional hotels which attract hosts and travelers. Fell (2021) argued that the Airbnb platform offered a list of properties from spare rooms to entire rooms. Also, the company offers services such as short-term stays through online websites and applications. Airbnb also expanded its offerings to contain services that are more unique and attractive. Airbnb faced certain

challenges in certain markets linked to taxation, zoning, and safety which led to several operational and legal complications in certain places. Airbnb also focuses on attaining the trust and safety of its customers. The service platform of Airbnb involves host reviews, secure payment systems, guest reviews, and identity verification. Airbnb has also been associated with several organizations such as governments, local tourism boards, and hospitality companies.



Mission and Objectives

The mission and objectives of the company include enabling access to unique services, offering a sense of belonging, promoting responsible travel, driving innovation and partnership, emphasizing inclusion and diversity, and building trust and safety (Dogru et al., 2022).

Macro-Environment analysis

PESTEL analysis

Political analysis: The political factors impact Airbnb operations through legal frameworks, regulatory policies, and taxation. The taxation policies require hosts to pay taxes for the rented houses and therefore the company may collect tax from the guests (Fischer et al., 2019). The changes in taxation policies such as the implementation of new tax policies, and changes in tax rates, can impact the cost of the guests and the company. Also for short-term stays, different countries have different regulations associated with permits, licenses, zoning, and taxes restrictions. The government policies associated with the sharing economy can also effect Airbnb operations. The lobbying and advocacy efforts can also impact Airbnb and its stakeholders. The fluctuations in the geopolitical tensions, Government and political unrest impact the travel and demand for services.

Economic factors: The economic growth in the market can impact Airbnb operations during periods of economic growth customer spends more on traveling and during economic breakdowns such as recessions the customers of the travel industry decline. Moreover,

exchange rate fluctuations also impact Airbnb's operations in the international market. Lee, M. (2022) revealed that the cost of booking and revenues of the company can be impacted by the exchange rates. The financial policies, monetary policies, and trade policies can affect Airbnb's operations. The changes in government spending, inflation rates, interest rates, and trade tariffs can affect customer spending patterns and macroeconomic conditions. The tourism industry trends like changes in travel restrictions, travel patterns, and shifts in dynamics of travel also affect the Airbnb industry.

Social factors: Demographic determinants like income, age, gender, and sex impact the operations of Airbnb. In the case of travel and accommodations people belonging to different demographics have different preferences. Social issues like inclusivity, diversity, and social justice can affect Airbnb's operations of Airbnb (Gerwe, 2021). The company has confronted issues related to discrimination, social issues, fairness in the past, and bias which can affect regulatory scrutiny, brand, and customer trust. For the business of Airbnb promoting inclusivity, addressing social issues, and ensuring fair practices are important. Lifestyle trends such as travel preferences, work patterns, and digital connectivity can affect Airbnb operations. The safety and security of the hosts and guests address problems linked to vandalism, crime, and several other issues. Safety and security issues can affect demand for listings, customer perception, and regulatory requirements (Zhu and Liu, 2021).

Technology factors: Advanced technologies like Blockchain, the Internet of Things, virtual reality, and artificial intelligence, can affect various aspects of company operations such as payment methods, data security, customer experience, property management, and the booking process. Moreover, online reviews and ratings can affect the operations by influencing the guests and hosts, impacting trust, ensuring accuracy and transparency, and also impacting the host's reputation. Jelassi et al. (2020) opined that smart home technologies like smart thermostats, home security systems, and keyless entry can improve the security, convenience, and comfort of the guests and hosts which can help the company in attaining a competitive advantage. The technological disruptions and advancements also impact the competitive landscape of the sharing economy and therefore impact the company operations.

Environmental factors: The rules and regulations related to environmental protection, energy efficiency, and sustainability can affect Airbnb operations. Kadi et al. (2020) pinpointed that the local authorities and Government can impose a tax on the company which can cause several issues. Natural disasters and climate change can also impact the hospitality industry.

The weather conditions like wildfires, hurricanes, heat waves, and floods can impact the industry by declining travel plans, damaging properties, and impacting the desirability of travelers negatively. The environmental issues are inclining and therefore the customers are more environmentally conscious nowadays this can also impact the operations of the company. In the travel and hospitality industry, green labels and green certifications are becoming important factors in attracting environmentally conscious customers (Qu et al., 2022).

Legal factors: Airbnb operations are impacted by consumer protection laws, data privacy regulations, laws related to customer rights, and cyber security. The company collects and manages the financial data of the guest and therefore the data privacy and data protection laws prevailing in the country are imperative for the company. In addition to this, laws related to employment like minimum wages, working conditions, labor rights, and employee benefits can impact the legal obligations, cost structure, and labor practices in Airbnb. The intellectual property laws prevailing in different countries are also imperative (Cassell. and Deutsch, 2020).



Fig 1.1: PESTEL analysis
Source: Qu et al. (2022)

Micro-environmental analysis

Industry life cycle

Introduction

The introduction lifecycle was entered by the company in the year 2008 when the company was founded. In the initial stage, the company was an interrupter in the hospitality traveling industry which introduced unique stay experiences of home-sharing. The company introduced a novel concept of connecting different travelers with local hosts which offered unique accommodations according to customer preferences. In the initial stage the hospitality and

travel industry market was established and small with less awareness and adoption of Airbnb services (Akbari et al., 2022).

Growth

The company after the introduction stage transformed into a growth stage that expanded globally. In the growth stage, the company witnessed growth in terms of customer base, revenues, and the number of listings. Boar et al. (2020) argued that the company used several advancements and innovations in the growth stage like innovative marketing strategies, strategic partnerships, and technological advancements for attaining a larger share in the hospitality and travel industry. In the growth stage, the company expanded globally and also faced certain issues such as legal disputes and regulatory changes.

Maturity

In the current stage, Airbnb can be considered to be in the maturity stage of the industry life cycle. In the current era of globalization, the market of home-sharing is widely accepted which also enhances the competition in the industry. Currently, Airbnb achieved imperative market penetration, with extensive listings, a wide range of customers, and a strong brand presence. Boon et al. (2019) opined that the competition from traditional lodging providers and online travel platforms has enhanced the competition for Airbnb. Moreover, the company has diversified its service and expanded into more markets globally. The company is expanding into services like corporate travel, experiences, and; long-term stays to attain a competitive edge and sustain itself in the industry. Moreover, during the maturity stage, the company has also faced issues related to the regulation of the government and regulatory issues and increased criticism and scrutiny (Bosma and van Doorn, 2022).

Decline

In the current stage the decline stage is not applicable for Airbnb because it is still in the maturity stage. Moreover, the company has a significant competitive advantage and is the major player at the current stage. Like any other sector, the preferences of the customers and the market demand can fluctuate in the hospitality and travel industry which may cause a decline in the industry life cycle for the company in the future (Demir and Emekli, 2021).

Porter's industry five forces analysis

The threat of new entrants: The threat of new entrants in the hospitality industry and online accommodation is average. The barriers to entry are comparatively low as organizing an online platform for home sharing does not need high resources like complex technology and capital investment. Moreover, the sharing economy model has attained popularity which resulted in the emergence of several other platforms that provide similar services. Bugalski (2020) indicated that the company has established a larger customer base, strong brand presence, and wide network of guests and hosts which can perform as a barrier for the new entrants. Moreover, the company has confronted certain issues like regulatory changes.

Bargaining power of suppliers: Kuhzady et al. (2021) opined that the bargaining power of suppliers is low in Airbnb. The company does not rely on traditional suppliers of accommodations like lodging providers or hotels. The company operated as a mediator between the hosts and the guests which allow the company to offer a wide range of services and hence the bargaining power of the individuals is relatively low. Moreover, for limiting the bargaining power of hosts in relation to setting terms and pieces the company has implemented certain standardization measures.

Bargaining power of buyers: In the case of Airbnb the bargaining power of Airbnb is moderate. The company has a wide range of accommodations services that can be selected according to the preferences and needs of the guests. This offers bargaining power to the buyers in terms of price and accommodation selection. On the other hand, the company has introduced certain bargaining power in terms of accommodation selection and price negotiation (Bosma, 2022).

The threat of substitute products and services: The Threat of substitute products and services is moderate in the case of Airbnb. Since the company offers several accommodation options according to the customer needs and preferences it cannot be easily replaced by traditional hotels. On the other hand, there are several other accommodation options like hostels and lodging providers, Vacation rentals, online platforms, and hotels that have the potential to offer similar services offered by Airbnb. But the Brand presence, brand recognition, unique offerings, and user base can control the risks of the Threat of substitute products and services (Chen et al., 2022).

The intensity of competitive rivalry: The Intensity of competitive rivalry is relatively high in the hospitality and travel industry. The company confronts strong competition from traditional lodging providers, home-sharing platforms, and online travel platforms. The industry is under rapid expansion due to technological; advancements, rapid innovations, and changing customer needs. Moreover, Airbnb confronts issues related to regulatory challenges and legal issues in the market which can also hurt its competitive position of Airbnb. Hence the company needs to adapt, differentiate and innovate its services for maintaining its competitive edge (Törnberg and Chiappini, 2020).



Figure 2.1: Porter's industry five forces analysis

Source: Chen et al. (2022).

Internal analysis

Strategic resources and capabilities

Islam et al. (2022) indicated that the online platform and technology settings in Airbnb help the company with payment processes and seamless booking. The technology advancements benefit the company by offering excellent customer service through personalized recommendations, customer reviews, and sophisticated search algorithms.

Bianco et al. (2022) mentioned that the data-driven approach in Airbnb permits the company to observe user preferences, market trends, and customer behavior to build informed decisions on inventory management, pricing, and product development. Moreover, data-driven decision-making permits Airbnb for attaining a competitive advantage by meeting customer needs.

Moreover, Airbnb has developed a strong brand recognition globally with hosts and guests sharing a strong community. This community-driven approach helps the company for networking and attract more customers towards the company and this helps the company in enhancing its revenue.

Mallinson et al. (2020) revealed that Airbnb depends on the host community for offering an inventory of lodging options. Moreover, Airbnb provides several support mechanisms, such as customer support, host education programs, and dispute resolution, to sustain a strong host community which is one of the strategic resources for the organization.

Airbnb has built several partnerships and collaborations with several stakeholders such as event organizers, travel agencies, destination marketing organizations, and airlines to enlarge the presence of the company and for offering integrated travel services. The partnerships with the stakeholders help Airbnb to enter into new customer segments and markets. Airbnb has an organizational culture of continuous product development and innovation. Jun (2020) revealed that Airbnb has extended beyond traditional lodging services to offer unique experiences such as tours, activities, and restaurant reservations, as also transportation services. This diversification and innovation in the company allow Airbnb to innovate and meet the changing customer preferences and needs.

Trabucchi et al. (2019) indicated that Airbnb operated in over 220 countries and regions which makes the company the largest online platform that offers lodging options. Moreover, Airbnb has a strong international presence. Moreover, Airbnb uses localization with support for several payment methods, multiple languages, and currencies.

Value chain analysis

Primary activities

Attaining and Onboarding Hosts: Airbnb's business model depends on attaining hosts that provide properties for lodging accommodations. The attaining and onboarding comprises of attracting hosts through several marketing efforts. In addition to this process consist of verifying hosts' identities, and later the onboarding of hosts for particular properties. Moreover, Hosts are the asset of the company inventory and are imperative in offering unique lodging accommodations to guests (Räisänen et al., 2021).

Managing Coordination and Communication: Airbnb permits communication among guests and hosts to organize several components of the lodging service, like check-in arrangements, check-out arrangements, addressing any problems or inquiries that may happen, and regulating cancellations or changes. The effective management of both coordination and communication is imperative to ensure excellent customer service and for building healthy relationships among the guests and hosts (Lee et al., 2020).

Providing Additional Services: Airbnb provides additional services for attaining a competitive advantage through offering differentiation in guest experience. The additional services offered by Airbnb include safety features for guests and hosts, insurance coverage for bookings, and several activities and experiences for guests. Such additional services can help companies to enhance the guest experience and also help companies in attaining a competitive advantage (Mate-Sanchez-Val, 2021).

Facilitating Bookings: After the onboarding of the hosts, Airbnb's platform helps the guests for booking the lodging accommodation. For ensuring smooth booking the company offers a user-friendly mobile application and website in which clients are permitted to search for options according to needs and preferences like amenities and location. Moreover, the platform also manages payment processing, such as refunds and secure transactions, to ensure excellent customer service.

Offering Customer Support: Airbnb provides customer support through several platforms like phone, chat, and email for addressing inquiries and assisting guests and hosts. Customer support involves managing situations like refunds, booking changes, cancellations, and most importantly managing the conflicts that can happen during a guest's stay. For attaining customer satisfaction and loyalty the company must offer efficient customer support (Uzunca and Borlenghi, 2019).

Managing Ratings and Reviews: Airbnb's platform permits hosts and guests to leave reviews and ratings after experiencing the service in which the customer shares the experience and benefits in building reputation and trust among the community. Airbnb efficiently manages the rating and review system, making sure that reviews are accurate, transparent, and honest. In addition to this, it takes suitable actions to tackle any malicious or fraudulent activities. Moreover Managing reviews and ratings benefits maintaining the truthfulness of the platform and also impacts bookings in the future (Núñez-Tabales et al., 2020).

Secondary analysis

Marketing and Promotion: marketing and promotion are imperative for Airbnb for attaining customer attraction. Marketing and promotion comprise advertising, branding, and other strategies for promotion to raise awareness, attract new customers to the company and generate demand. The marketing and promotional strategies consist of social media campaigns, digital marketing, content creation, and strategies to encourage Airbnb as a reliable and trusted lodging service.

Legal and Regulatory Compliance: Airbnb works in several markets internationally, and hence compliance with local regulations and local laws is crucial for the operations of the company. Legal and Regulatory Compliance comprises of fulfilling local lodging regulation, tax laws, and data privacy laws. Legal and Regulatory Compliance is imperative to solve legal risks. Moreover, maintain Airbnb's reputation and brand image (Huang et al., 2021).

Strategic Partnerships: Airbnb focuses on collaborating with other individuals, organizations, and companies to improve services and attain global brand reach. This consists of partnerships with payment processors, travel agencies, tourism boards, technology providers, and several other stakeholders for offering additional services, attaining strategic advantages, and accessing new markets.

Talent Management: The Airbnb Talent management methods comprise training, recruiting, retaining, and developing a skilled workforce for offering excellent customer service. Talent management consists of hiring and training the workforce for several functions like technology development, customer support, and marketing. The success of the company is based on the skillful workforce to meet its goals.

VRIO analysis of distinctive resources and capabilities

Presenza et al. (2021) mentioned that VRIO analysis is a framework utilized to estimate the inimitability, value, rarity, and organizational support of the capabilities and resources of an organization.

Value: distinctive resources and capabilities of Airbnb need to generate value for the company, help attain competitive advantage,

Proprietary Algorithm: The company has created a proprietary algorithm that observes the booking patterns, user preferences, and several other data to attain custom and personalized lodging recommendations to customers. Proprietary Algorithms can develop value by providing tailored lodging options, increasing the user experience, and, leading to customer satisfaction and higher bookings.

Rarity: Airbnb's characteristic capabilities and resources must be unique and rare from the competitor service for attaining a competitive advantage (Heo et al., 2019).

Partnership with Virtual Reality Supplier: Airbnb developed exclusive partnerships with several virtual reality suppliers for offering services like virtual tours for selecting the accommodation before booking according to their convenience. Therefore the service can be rare and offer a unique selling proposition for the company, by using a differentiation strategy.

Inimitability: Airbnb's characteristic capabilities and resources must be complicated for competitors to replicate or imitate.

Data-driven Customer Relationship Management (CRM): Airbnb created a complicated Data-driven Customer Relationship Management system that performs machine learning and data analytics to recognize booking behavior, and guest preferences, and offers customized recommendations. Hence offering Data-driven Customer Relationship Management can be risky for competitor companies to replicate or imitate due to the complex machine learning and data analysis capabilities required (Mohsin and Lengler, 2021).

Organizational Support: Airbnb needs to have sufficient organizational alignment and support to efficiently perform its characteristic capabilities and resources.

Culture of Innovation: Airbnb needs to have a culture in which the company promotes innovation that encourages creativity, continuous improvement, and experimentation. A culture of innovation can help the development and utilization of characteristic capabilities and resources, promoting the competitive advantage of the company (Haqqani et al., 2022).

SWOT analysis



Fig 3.1: SWOT analysis
Source: Gil and Sequera, 2022

Strengths:

Huge customer base: Airbnb has 200 million users internally which makes the company a massive customer base company.

Brand recognition: Airbnb is a globally recognized brand and also a prominent brand in the sharing economy.

Diverse inventory: Airbnb provides a different range of services from shared rooms to complete homes, giving customers unique experiences according to their customer preferences.

Customer reviews: Airbnb collects reviews from customers and this helps the company in building transparency and trust in the community.

Cost-effective: Airbnb offers more affordable accommodation services according to customer preference unlike traditional hotels, which can attract budget-conscious travelers to the company (Gil and Sequera, 2022).

Weaknesses:

Quality control: Airbnb maintains high quality as a result of diverse inventory which can be challenging for the company to maintain consistency of quality.

Regulation: The legal issues related to short-term rentals in certain countries and cities are high and this impacts the global performance of the company.

Dependence on hosts: The company operations are highly dependent on the hosts and therefore the negative behavior or experience from the hosts can negatively impact the company's reputation.

Limited customer support: Certain reports have indicated that certain consumers faced difficulty in attaining proper customer service (Mermet, 2021).

Security unease: Issues related to security like hosts installing hidden cameras can impact the trust and loyalty of the customers towards the company.

Opportunities:

Technology advancements: For offering more personalised and customised experiences companies need to update the technology.

Expansion into new markets: The company needs to focus on expansion to new markets like luxury accommodations and business travel.

Product innovation: For attaining a competitive advantage the company needs to differentiate itself by developing new services and products for the market (Kas et al., 2022).

Partnerships: For offering unique services such as travel packages the company needs to integrate with companies like car rentals, airlines, and payment processors.

Increased focus on sustainability: In the current era of globalization the customer base is getting more sustainable and hence Airbnb can promote sustainable practices in its operations by providing environmentally friendly accommodations. Moreover, collaborating with companies that encourage sustainable travel initiatives can also help (Gunter et al., 2022).

Threats:

External determinants: External factors like pandemics, natural disasters, and other factors beyond the control of the company can affect the operations within the company.

Competition: The competition in the industry is quite high and the company faces competition from companies like VRBO, HomeAway, and several other traditional hotels.

Legal and regulatory challenges: Airbnb confronts legal and regulatory issues in many places, which can impact the growth and profitability of the company negatively.

Economic downturns: During a recession and economic breakdown the customers of the company can limit the expenses such as travel and this can impact the travel business negatively (Trabucchi et al., 2021).

Safety concerns: Safety is a major worry for travelers, and any occurrence that happens on the platform can affect the company's reputation of Airbnb.

Strategies to sustain competitive advantage

Focus on Data Analytics: Airbnb can foster the use of data analytics to gain knowledge regarding customer buying behavior, customer preferences, and needs. This might assist the business in updating its marketing and advertising plans. Additionally, data insights assist businesses in locating their target market and developing appropriate marketing plans. Data analytics can be used by the business to identify and address operational problems and increase profitability.

Improve Customer Experience: In order to keep its current user base and draw in new ones, Airbnb should give the customer experience top priority. It can enhance the way people search and make reservations, build a stronger system for providing customer service, and make sure that its listings are of good quality and live up to customers' expectations (Medeiros et al., 2022).

Continuous Innovation: In order to set itself apart from its rivals, Airbnb should keep innovating and launching new goods and services. It can employ recent technological developments to enhance the user experience by including smart home technology or virtual reality tours in its listings.

Expanding its selection: Airbnb may provide more than just lodging by including experiences and activities for visitors. To improve the trip experience for its users, it can collaborate with neighbourhood businesses to provide exclusive activities like cooking courses or tour guides.

Sustainability and Social Responsibility: Airbnb can prioritize sustainability and social responsibility in its operations to appeal to consumers who value eco-friendly and socially responsible travel options. It can offer green accommodations, support local communities, and promote responsible tourism practices (Zhang et al., 2022).

Build Strong Partnerships: Airbnb can form partnerships with other travel-related companies, such as airlines or car rental services, to offer bundled packages and attract more customers. It can also partner with local governments and communities to address regulatory challenges and promote responsible tourism.

Growth strategies

Market Penetration: The primary growth strategy adopted by Airbnb is the market penetration strategy. The market penetration strategy of Airbnb consists of enhancing the sales of prevailing products in prevailing markets. The company has gained a market penetration strategy through the expansion of company services involving innovative categories of services like luxury villas and experiences. In addition to this, the company has spent on advertising and marketing campaigns to attract new clients and boost brand awareness (Chapuis-Doppler and Delhomme, 2020).

Market Development: Market development is another growth strategy utilized by Airbnb. The market development strategy consists of expanding the business into new markets with prevailing products. Airbnb has gained a market development strategy by expanding the existing services of the company to new markets like Africa and Asia. Airbnb is also collaborating with several other companies for expanding into new markets.

Product Development: Another growth strategy utilized by the company is product development. product development consists of establishing new products for prevailing markets. Airbnb has attained this by growing its services to encompass experiences like local activities and tours. Moreover, the strategy involves the development of innovative technology features, like virtual reality or augmented reality for home rentals (Lima, 2019).

Diversification: the fourth growth strategy used by Airbnb is the diversification strategy. diversification strategy involves the expansion into new markets with new services. Airbnb has gained a diversification strategy by investing in new business enterprises like partnerships with transportation companies like Lyft and Delta for offering travel packages or its own branded apartment building in Florida.

Green Strategy and CSR

Airbnb has used a green strategy initiative to portray its commitment to corporate social responsibility and sustainability. Airbnb has understood the impact of the business operations on the environment such as encouraging sustainable travel and declining the carbon footprint. The execution of environmentally friendly practices in business operations is one of the aspects of Airbnb's Green Strategy. According to Airbnb's Green Strategy, sourcing sustainable

products, reducing waste, and encouraging energy efficiency. Airbnb promotes the hosts to promote sustainable practices like reducing water usage and utilizing eco-friendly cleaning products. Agapitou et al. (2020) stated that Airbnb has introduced several practices for supporting social communities and addressing social concerns like partnering with NGOs and local organizations for several practices such as housing initiatives for refugees and offering free shelter for the refugees. The company also supports sustainable tourism by providing services like providing guests the opportunity to associate with sustainable activities. Sustainable activities like supporting sustainable farming and promoting knowledge regarding local conservation are the initiatives taken by Airbnb. Mulla (2022) mentioned that the company concentrates on environmental protection through Corporate Social Responsibility efforts. The company has also concentrated on sustainable building practices and has executed green building standards all over the offices. In addition, this company has introduced certain initiatives for counteracting carbon emissions by spending on purchasing carbon offset and renewable energy ventures.



Fig 4.1: CSR
Source: Mulla (2022)

Conclusion

The current report has conducted a macro-environmental analysis of Airbnb using PESTLE analysis. In addition to this micro-environmental analysis is performed in the assignment. Furthermore, the industry life cycle and Porter's industry five forces analysis is offered in the

report. Later internal analysis of Airbnb is provided which portrayed its strategic resources and capabilities. Later the value chain analysis is also conducted. Also, the secondary analysis and primary activities are provided in the assignment. Later VRIO analysis of distinctive resources and capabilities is offered in the assignment. In addition to this, the Strategies to sustain competitive advantage and Growth strategies Airbnb are provided. Furthermore, the report comprehended the SWOT analysis. Later the initiatives to maintain the competitive advantage and Growth strategies of Airbnb are provided. Moreover, the green strategy, growth strategy, and Corporate Social Responsibility is offered in the report. To demonstrate its dedication to sustainability and corporate social responsibility, Airbnb has employed its green strategy initiative. Airbnb is aware of how its business practices affect the environment, such as by promoting eco-friendly travel and reducing carbon emissions. External determinants Competition, Legal and regulatory challenges, Economic downturns, and Safety concerns are the threats faced by the company. The technological factor and the social factor are the key factors impacting the performance of the industry. The mature stage of the industry life cycle might be considered to be where Airbnb is at the moment. The market for home-sharing is generally acknowledged in the current period of globalization, which increased business competition.

Recommendation

Enlarge Services: the company has already expanded beyond traditional accommodations and the company can also find areas for growth. The company can focus on several ranges of services by collaborating with hospitality companies and travel companies.

Focus on Sustainability: Airbnb needs to concentrate more on sustainability for attaining a competitive advantage in the current era. Companies need to offer more initiatives related to the reduction of carbon footprint, reduction of water usage, sourcing sustainable materials, and encouraging electric vehicle usage.

Improve Customer Service: Due to the competition in the market, the customers need to be satisfied. Hence Airbnb needs to invest in offering customers faster response times, improving customer support, and making services more personalized. Hence Airbnb can attain more customer satisfaction and customer loyalty.

References

- Adamiak, C. (2022) Current state and development of Airbnb accommodation offer in 167 countries. *Current Issues in Tourism*, 25(19), pp.3131-3149.
- Agapitou, C., Liana, A., Folinas, D. and Konstantoglou, A. (2020) Airbnb is customers' choice: empirical findings from a survey. *Sustainability*, 12(15), p.6136.
- Akbari, M., Foroudi, P., Khodayari, M., Fashami, R.Z. and Shahriari, E. (2022) Sharing your assets: A holistic review of sharing economy. *Journal of Business Research*, 140, pp.604-625.
- Bianco, S., Zach, F.J. and Singal, M. (2022) Disruptor recognition and market value of incumbent firms: Airbnb and the lodging industry. *Journal of Hospitality & Tourism Research*, p.10963480221085215.
- Boar, A., Bastida, R. and Marimon, F. (2020) A systematic literature review. Relationships between the sharing economy, sustainability and sustainable development goals. *Sustainability*, 12(17), p.6744.
- Boon, W.P., Spruit, K. and Frenken, K. (2019) Collective institutional work: the case of Airbnb in Amsterdam, London and New York. *Industry and Innovation*, 26(8), pp.898-919.
- Bosma, J.R. (2022) Platformed professionalization: Labor, assets, and earning a livelihood through Airbnb. *Environment and Planning A: Economy and Space*, 54(4), pp.595-610.
- Bosma, J.R. and van Doorn, N. (2022) The Gentrification of Airbnb: Closing Rent Gaps Through the Professionalization of Hosting. *Space and Culture*, p.12063312221090606.
- Bugalski, Ł. (2020) The undisrupted growth of the Airbnb phenomenon between 2014–2020. The touristification of European Cities before the COVID-19 outbreak. *Sustainability*, 12(23), p.9841.
- Cassell, M.K. and Deutsch, A.M. (2020) Urban challenges and the gig economy: How German cities cope with the rise of Airbnb. *German Politics*, pp.1-22.
- Chapuis-Doppler, A. and Delhomme, V. (2020) Regulating Composite Platform Economy Services: The State-of-play After Airbnb Ireland. *European Papers-A Journal on Law and Integration*, 2020(1), pp.411-428.
- Chen, Y., Prentice, C., Weaven, S. and Hsiao, A. (2022) A systematic literature review of AI in the sharing economy. *Journal of Global Scholars of Marketing Science*, 32(3), pp.434-451.
- Dann, D., Teubner, T. and Weinhardt, C. (2019) Poster child and guinea pig—insights from a structured literature review on Airbnb. *International Journal of Contemporary Hospitality Management*, 31(1), pp.427-473.

- Demir, E. and Emekli, G. (2021) Is Airbnb no longer a sharing economy platform? Evidence from Europe's top 10 Airbnb destinations. *Anatolia*, 32(3), pp.470-488.
- Dogru, T., Mody, M., Suess, C., Line, N. and Bonn, M. (2020) Airbnb 2.0: Is it a sharing economy platform or a lodging corporation?. *Tourism Management*, 78, p.104049.
- Fell, M.J. (2021) Anticipating distributional impacts of peer-to-peer energy trading: Inference from a realist review of evidence on Airbnb. *Cleaner and Responsible Consumption*, 2, p.100013.
- Fischer, S.L., Pahus, H.S. and Bager, A. (2019) What motivates people to become Airbnb hosts—do we know enough?—an exploration of the literature. *Research in Hospitality Management*, 9(2), pp.83-88.
- Gerwe, O. (2021) The Covid-19 pandemic and the accommodation sharing sector: Effects and prospects for recovery. *Technological Forecasting and Social Change*, 167, p.120733.
- Gil, J. and Sequera, J. (2022) The professionalization of Airbnb in Madrid: Far from a collaborative economy. *Current Issues in Tourism*, 25(20), pp.3343-3362.
- Gunter, U., Önder, I. and Zekan, B. (2020) Modeling Airbnb demand to New York City while employing spatial panel data at the listing level. *Tourism Management*, 77, p.104000.
- Haqqani, A.A.H., Elomri, A. and Kerbache, L. (2022) Sharing Economy: A Systematic Review of Definitions, Drivers, Applications, Industry status and Business models. *IFAC-PapersOnLine*, 55(10), pp.490-495.
- Heo, C.Y., Blal, I. and Choi, M. (2019) What is happening in Paris? Airbnb, hotels, and the Parisian market: A case study. *Tourism management*, 70, pp.78-88.
- Huang, D., Coghlan, A. and Jin, X. (2021) Crossing the chasm: resistance to and adoption of Airbnb by Chinese consumers. *Journal of Travel & Tourism Marketing*, 38(6), pp.597-621.
- Islam, M.D., Li, B., Islam, K.S., Ahasan, R., Mia, M.R. and Haque, M.E. (2022) Airbnb rental price modeling based on Latent Dirichlet Allocation and MESF-XGBoost composite model. *Machine Learning With Applications*, 7, p.100208.
- Jelassi, T., Martínez-López, F.J., Jelassi, T. and Martínez-López, F.J. (2020) AccorHotels' digital transformation: a strategic response to hospitality disruptor Airbnb. *Strategies for e-Business: Concepts and Cases on Value Creation and Digital Business Transformation*, pp.665-689.
- Jun, S.H. (2020) The effects of perceived risk, brand credibility and past experience on purchase intention in the Airbnb context. *Sustainability*, 12(12), p.5212.
- Kadi, J., Plank, L. and Seidl, R. (2022) Airbnb as a tool for inclusive tourism?. *Tourism Geographies*, 24(4-5), pp.669-691.

- Kas, J., Delnoij, J., Corten, R. and Parigi, P. (2022) Trust spillovers in the sharing economy: Does international Airbnb experience foster cross-national trust?. *Journal of Consumer Behaviour*, 21(3), pp.509-522.
- Kuhzady, S., Olya, H., Farmaki, A. and Ertaş, Ç. (2021) Sharing economy in hospitality and tourism: A review and the future pathways. *Journal of Hospitality Marketing & Management*, 30(5), pp.549-570.
- Lee, C.K.H., Tse, Y.K., Zhang, M. and Ma, J. (2020) Analysing online reviews to investigate customer behaviour in the sharing economy: the case of Airbnb. *Information Technology & People*, 33(3), pp.945-961.
- Lee, M. (2022) Evolution of hospitality and tourism technology research from Journal of Hospitality and Tourism Technology: A computer-assisted qualitative data analysis. *Journal of Hospitality and Tourism Technology*, 13(1), pp.62-84.
- Lima, V. (2019) Towards an understanding of the regional impact of Airbnb in Ireland. *Regional Studies, Regional Science*, 6(1), pp.78-91.
- Mallinson, D.J., Morçöl, G., Yoo, E., Azim, S.F., Levine, E. and Shafi, S. (2020) Sharing economy: A systematic thematic analysis of the literature. *Information Polity*, 25(2), pp.143-158.
- Mate-Sanchez-Val, M. (2021) The complementary and substitutive impact of Airbnb on the bankruptcy of traditional hotels in the city of Barcelona. *Journal of Hospitality & Tourism Research*, 45(4), pp.610-628.
- Medeiros, M., Xie, J. and Severt, D. (2022) Exploring relative resilience of Airbnb and hotel industry to risks and external shocks. *Scandinavian Journal of Hospitality and Tourism*, 22(3), pp.274-283.
- Mermert, A.C. (2021) Who is benefiting from Airbnb? Assessing the redistributive power of peer-to-peer short-term rentals. *The Professional Geographer*, 73(3), pp.553-566.
- Mohsin, A. and Lengler, J. (2021) Airbnb hospitality: Exploring users and non-users' perceptions and intentions. *Sustainability*, 13(19), p.10884.
- Mulla, T. (2022) Assessing the factors influencing the adoption of over-the-top streaming platforms: A literature review from 2007 to 2021. *Telematics and Informatics*, p.101797.
- Núñez-Tabales, J.M., Solano-Sánchez, M.Á. and Caridad-y-López-del-Río, L. (2020) Ten Years of Airbnb Phenomenon Research: A Bibliometric Approach (2010–2019). *Sustainability*, 12(15), p.6205.
- Ozdemir, G. and Turker, D. (2019) Institutionalization of the sharing in the context of Airbnb: a systematic literature review and content analysis. *Anatolia*, 30(4), pp.601-613.

- Presenza, A., Panniello, U. and Messeni Petruzzelli, A. (2021) Tourism multi-sided platforms and the social innovation trajectory: The case of Airbnb. *Creativity and Innovation Management*, 30(1), pp.47-62.
- Qu, Y., Chen, S., Zhang, B. and Liu, Y. (2022) The role of value co-creation service in the user satisfaction of Airbnb in China. *International Journal of Entertainment Technology and Management*, 1(3), pp.222-245.
- Räisänen, J., Ojala, A. and Tuovinen, T. (2021) Building trust in the sharing economy: Current approaches and future considerations. *Journal of cleaner production*, 279, p.123724.
- Törnberg, P. and Chiappini, L. (2020) Selling black places on Airbnb: Colonial discourse and the marketing of black communities in New York City. *Environment and Planning A: Economy and Space*, 52(3), pp.553-572.
- Trabucchi, D., Buganza, T., Muzellec, L. and Ronteau, S. (2021) Platform-driven innovation: Unveiling research and business opportunities. *Creativity and Innovation Management*, 30(1), pp.6-11.
- Trabucchi, D., Muzellec, L. and Ronteau, S. (2019) Sharing economy: seeing through the fog. *Internet Research*, 29(5), pp.996-1013.
- Uzunca, B. and Borlenghi, A. (2019) Regulation strictness and supply in the platform economy: the case of Airbnb and Couchsurfing. *Industry and Innovation*, 26(8), pp.920-942.
- Zhang, L., Wei, W., Line, N.D. and Cheng, Y. (2021) When positive reviews backfire: The effect of review dispersion and expectation disconfirmation on Airbnb guests' experiences. *International Journal of Hospitality Management*, 96, p.102979.
- Zhu, X. and Liu, K. (2021) A systematic review and future directions of the sharing economy: business models, operational insights and environment-based utilities. *Journal of Cleaner Production*, 290, p.125209.