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Report - AirBnB

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Introduction

AirBnB Inc is a global online travel and hospitality platform that operates a marketplace for short-term stays, long-term stays, experiences, and services. It has grown, since foundation, according to Statista Research Department (2026), to more than five million hosts, and over 2.5 billion guests. Having such a success, the company may now be exploring different opportunities, not being limited to only hospitality sector within the global travel and tourism sectors. The US Securities and Exchange Commission (2025) has also underlined that the number of employees within AirBnB Inc has been on continuous growth, since 2010 when they had 5,597 employees, to 8,200 employees in 2025, showing an increase of 12.33% in comparison to the year 2024 when they had 7,300 employees.

According to MarketLine (2026), AirBnB Inc, having its headquarters in the United States of America, it has generated \$12,241 million for the fiscal year ended in 2025, which underlines an increase of 10.3% over previous fiscal year closure in 2024, whilst its operating margin was 20.8% in 2025, in comparison to 23% operating margin in 2024, and having a net margin of 20.5% which was less by 3.4% to the net margin in the fiscal year 2024.

Management accounting is important in modern businesses due to the support it offers to internal decision-making through budgeting, forecasting, cost controlling, performance measurement, and strategic planning. As noted by CIMA (2023), management accountants combine the financial and non-financial data to help leaders and shareholders take decisions, manage the resources of the organisation, forecast trends, and improve overall operational performance. For an organisation such as AirBnB Inc, this is especially relevant due to managers having to balance growth, customer experience, regulation, platform quality, and profitability in a fast-changing market.

Cost Analysis and Business Model

AirBnB Inc's revenue model is based on earning fees from transactions completed on its platform. The company has reported that the gross booking value represents the total value of bookings, including host earnings, service fees, cleaning fees, and taxes, while AirBnB Inc's revenue is only recognised when guest check-in occurs. In 2025, according to the US Securities and Exchange Commission (2026), AirBnB Inc has generated £12.241 billion in revenue, higher from their previous year, which was \$11.102 billion, mainly because of a higher rate of check-ins and growth in the nights and seats booked. This demonstrates a scalable platform model in which management accounting information is essential for linking booking activity to recognised revenue, margin control, and cash flow planning.

The business model is light in assets due to AirBnB Inc not owning the accommodations rented, in comparison to traditional hotel companies. Instead, their business model is to connect guests with hosts and earning commissions and service fees through their online platform, which also lowers the need for heavy capital expenditures on property assets, but it does increase the importance of technological investment, trust systems, support operations, marketing, and payment infrastructure. Airbnb (2025a) stated that the vast majority of bookings have historically come from nights booked and accommodations, however, they have expanded into experiences and services, which broadens the revenue base and gives management more opportunities for product diversification.

AirBnB Inc also has substantial operating costs that are more fixed in nature. As underlined by the US Securities and Exchange Commission (2025), the operations and support rose to £1.327 billion, product development to \$2.354 billion, sales and marketing to \$2.588 billion, and the general and administrative expenses to \$1.342 billion in 2025. With the product development and administrative costs being relatively fixed in the short term due to being driven by salaries, systems, and organisational capacity, in contrast, parts of sales and marketing, and customer support can vary more with growth campaigns, regulatory activity and service demand. In management accounting terms, AirBnB Inc manages a mixed cost base comprised of a scalable digital platform with relatively low physical asset costs, but significant spending on people, software, trust, and brand.

The following table sets forth our results of operations (in millions, except percentages):

	2024		2025		% Change
	Amount	% of Revenue	Amount	% of Revenue	
Revenue	\$ 11,102	100 %	\$ 12,241	100 %	10 %
Costs and expenses:					
Cost of revenue	1,878	16	2,086	17	11
Operations and support ⁽¹⁾	1,282	12	1,327	11	4
Product development ⁽¹⁾	2,056	19	2,354	19	14
Sales and marketing ⁽¹⁾	2,148	19	2,588	21	20
General and administrative ⁽¹⁾	1,185	11	1,342	11	13
Total costs and expenses	8,549	77	9,697	79	13
Income from operations	2,553	23	2,544	21	—
Interest income	816	7	795	6	(14)
Other expense, net	(40)	—	(112)	(1)	180
Income before income taxes	3,331	30	3,127	26	(6)
Provision for income taxes	683	6	626	5	(8)
Net income	\$ 2,648	24 %	\$ 2,511	21 %	(5)%

Fig 1: US Securities and Exchange Commission (2025): <https://www.sec.gov/Archives/edgar/data/1559720/000155972026000004/airbnb-20251231.htm>

Airbnb Inc's cost structure is strategic, focusing more on product development, support, and marketing rather than owning physical assets. As a result, management prioritises customer acquisition, platform efficiency, and cost control, making revenue highly dependent on booking volumes, average transaction values, and efficient service management.

Budgeting and Financial Planning

Budgeting plays a central role in AirBnB Inc's operations because the company must allocate resources across technology, trust and safety, customer support, policy work, and marketing while also managing seasonality. The organisation has declared that their gross booking value, revenue, and free cash flow are seasonal, with revenue and adjusted earnings before interest, taxes, depreciation, and amortization (EBTIDA), historically highest

in the third quarter and lowest in the first quarter. This emphasizes the importance of budgeting for workforce planning, campaign timing, liquidity management, and investment decisions across the year. AirBnB Inc (2020) has declared that their organisational role of finance is clear, pointing that the CFO is responsible for financial planning and analysis, accounting, tax, treasury, and investor relations.

Airbnb's budgeting focuses on strategic priorities rather than just cost control. It uses key metrics like bookings, gross booking value, and free cash flow to guide decisions, aligning budgets with demand trends, regional growth, platform investment, and regulatory needs. This helps management plan spending on development, marketing, and support before revenue is fully realised.

By considering the operating expenses, according to Google Finance (2026), AirBnB Inc's 4th quarter of 2025 had an operating expense of £2.02 billion, up by 24.58% year on year, and the revenue of £2.78 billion, higher with 12.02% than previous year, however, the indication is that expenses grew faster than revenue during that period of the year. This might be an indication of active management choosing to invest despite pressure on short-term margins.

The main internal management decisions behind this increase are visible in AirBnB Inc's 2025 annual financial report. According to AirBnB Inc (2026), the company has recorded a revenue growth of 12%, surpassing expectations, and their gross booking value increased by 16%. Achieving this feat, the company also incurred sales and marketing expense increase, driven by higher marketing activity, more payroll costs, and greater third-party service provider spending. The general and administrative costs rose as well, partly because of higher non-income taxes, fees, penalties, payroll, and professional services.

Khaira (2026) has underlined that the external or macroenvironment factors also affected the companies financial planning. AirBnB Inc's recent performance highlights significant growth in mobile usage and expansion into emerging markets. The increase in app-based bookings indicates a shift in customer behaviour towards mobile platforms, making digital optimisation essential for hosts and property managers. For instance, nights booked through the mobile app increased by 20% year on year in Q4, with app bookings accounting for 64% of total nights compared to 60% the previous year. This emphasises the importance of mobile-friendly listings, including high-quality images, clear descriptions, competitive pricing, and accurate availability, suggesting that hosts who fail to optimise their listings for mobile users may lose the potential bookings. Therefore, adapting to a mobile-first consumer behaviour is crucial for sustaining growth and competitiveness on the platform.

Performance Measurement and Decision-Making

AirBnB Inc uses both financial and non-financial key performance indicators to monitor their activity and the businesses' overall performance. Five useful key performance indicators in 2025 are revenue generated, net income, nights and seats booked, gross booking value, and free cash flow. These indicators are important as overall they demonstrate how the business scales, its demand on the market, the monetisation, profitability, and liquidity rather than relying on profit alone.

By analysing the values of the key performance indicators, from a management accounting perspective, they link the operational activity with the businesses' financial outcomes. For example, the nights and seats booked indicate transaction volume, the gross booking value indicates the total economic value moving through the platform, the revenue reflects the organisation's recognised share of that activity, its net income measures the bottom-line profitability, and the free cash flow indicates the amount of cash the business is generating after capital spending. All of these metrics combined help the managers judge whether growth is efficient and sustainable.

AirBnB Inc's strategic decisions in 2025 reflects the use of both financial and non-financial data in their decision-making. According to Mehta (2026), the company has launched a redesigned app with unified search and booking, AI-powered personalisation, and integrated social features. This decision has been linked to customer experience, and platform engagement data rather than profit figures alone. With the effective use of non-financial data indicators, such as search quality, user experience, trust, and conversion potential, management could justify the product investment.

Proactive (2026) has underlined that AirBnB Inc has made increased investment in trust, safety, and customer support, including the newly integrated option of "Reserve Now, Pay Later" scheme, showing a growth in bookings to a level that exceeded the previous two years, having only a 1% increase in cancellation rates. According to Davies (2024), when the company has rebuilt their platform, the organisation invested heavily in new technology which improved the overall user experience, by taking in consideration more than 535 features and updates, all which were based off of feedback from guests and hosts.

As underlined by Umoh (2026), AirBnB Inc's decision-making demonstrates financial discipline. For example, during the pandemic period, the business had to decide whether they should hold on to their cash to survive or re-invest it in supporting their clients and users which, in the long run, they are the ones that make the business possible. The choice made by the business was to sustain their clients and users by offering them with options of

cancelations free of charge considering the pandemic's influence and restrictions on travel, including cancellations on non-refundable stays, ending up in reimbursing hosts a total of \$250 million towards the losses from pandemic caused cancellations.

Sustainability and Ethical Considerations

AirBnB Inc has included sustainability within their financial decision-making by connecting the climate goals with their operational planning and investment choices. The company has a goal to operate as a net zero company for its global operations by the end of 2030, implementing the use of renewable energy within their operations, waste and water reduction measures, involve in helping their corporate vendors reducing their carbon footprint, aid their own employees to reduce the carbon footprint associated with commuting to work, and offer aid and support in adopting renewable energy solutions for their homes through partnerships. The business has also stated that they are planning in investing in new nature-based offsets that protect the nature and the communities that rely on it, such as the LEAF Coalition. (Airbnb, 2021)

Underlined by Airbnb (2025b), cost management and pricing strategy are important issues for the business because trust and transparency directly affect platform legitimacy. The decision made by the organisation to transcend to a more clearer pricing display for guests has shown a positive increase with nearly 17 million guests appreciating it by utilising the option of displaying price with fees included. Its fee transparency policy also requires mandatory fees to be disclosed within the pricing, so that the total price is not inaccurate. These actions improve fairness and reduce the risk of misleading pricing, even if it does add pressure to hosts or reduce the booking conversion for listings that appear more expensive once all charges are shown upfront.

There are also ethical considerations in how AirBnB Inc business model affects communities. According to Durnan (2024), in certain parts of the world, mainly in tourist hotspots, short term rental accommodations started increasing, including AirBnB Inc, especially non-hosted accommodations, causing a surge in rising rents for locals, increased prices at hotels and hostels, and causing a chronic housing shortage.

Conclusion and Recommendations

In conclusion, the business model within AirBnB Inc demonstrates how important is management accounting for decision-making. The organisation operates on a fee-based, asset-light model with a combined cost structure dominated by technology, marketing, and administrative spending rather than physical owned assets.

The importance of budgeting within this type of business model is very important due to season fluxes, growth investments, and regulations imposed. With its performance measured with financial and non-financial key performance indicators, the sustainability and ethical considerations, shape the organisation's financial decisions.

Following the analysis of AirBnB Inc, there are three recommendations for the business's overall performance. First, the company should focus their budgeting on activity, making their products, support, and policy spending more narrow towards booking growth, regional demand, and regulatory intensity. Second, it should implement combined profit metrics with trust, service quality, platform safety, and sustainability indicators for their KPI reporting. Thirdly, the business should continue expanding their transparent pricing model, as the platform will gain trust long-term, suggesting a more sustainable value.

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