# Airbnb aims to transform travel with expanded services beyond rentals



Airbnb is evolving beyond its core business of short-term rentals, boldly positioning itself as a comprehensive service platform for travellers. The company recently unveiled a significant redesign aimed at facilitating the booking of not just accommodation, but also a range of services including chef-cooked meals, spa treatments, hair appointments, and personal training sessions.

This strategic realignment mirrors the burgeoning desire for unique experiences in travel, as seen in its newly launched offerings that aim to tempt adventurers with activities from wrestling with a luchador in Mexico City to securing local massages in London. The ambition behind this initiative is clear; Airbnb hopes that these additional services could generate billion-dollar revenue streams within three to five years, adding an estimated 1.5% to its revenue growth, which stood at $11.1 billion last year.

However, the risks associated with this expansion are significant. The success of these additional services hinges on Airbnb's ability to recruit a reliable network of suppliers across its ten targeted categories. The company also faces the daunting task of marketing these new ventures while ensuring quality through adequate vetting processes. Convincing existing Airbnb hosts to welcome third-party service providers into their properties presents another formidable challenge.

Historically, Airbnb has attempted similar expansions. Just before the global pandemic, the company sought to establish its Experiences feature, allowing users to book activities like guided tours or cooking classes. However, the pandemic necessitated a retreat to core services, culminating in layoffs and a necessary focus on survival, which ultimately enabled Airbnb to report its first-ever annual profit in 2022.

This shift towards a broader business model comes at a precarious time. Following a surging demand for travel—often referred to as “revenge travel”—Airbnb now confronts a potential slowdown in consumer spending. The company has cautioned investors regarding a decrease in booking growth and a stagnant average daily rate for the current quarter. Additionally, increasing regulatory pressures on short-term rentals in prominent markets such as New York City and Barcelona may have propelled Airbnb to diversify its income sources.

While this approach has merit, skepticism persists regarding its viability. Why, for instance, would a traveller opt for an Airbnb-hosted hair appointment when a local salon is readily accessible? Similarly, attempting to replicate hotels’ gyms and spas in private properties might not resonate with holidaymakers seeking a distinct experience. High fees—including cleaning charges—could further deter cost-conscious customers.

Airbnb's efforts to innovate have also been communicated through its recent initiative, 'Icons.' This marketing strategy is aimed at creating more engaging experiences, such as exclusive nights in unique venues like the Ferrari Museum or a house designed after Pixar’s 'Up.' Launched in May, 'Icons' has already garnered impressive media attention with over 10,500 stories and 15 million page views, demonstrating how targeted experiences can attract new customer segments beyond traditional accommodations.

In terms of financial performance, Airbnb has reported robust earnings, including a noteworthy surge in third-quarter revenue, reaching $4.37 billion. This figure was buoyed by a notable tax benefit and a rebound in leisure travel. However, projections for the fourth quarter suggest a near flat growth trajectory, with some estimates falling short of analyst expectations. Despite the challenges, Airbnb is optimistic about its future, with major events—like the upcoming Paris Olympics—anticipated to stimulate demand.

The company continues refining its booking platform, incorporating features to enhance price transparency for consumers and offering hosts better pricing insights. With Airbnb’s economic impact in the U.S. surpassing $85 billion in 2023, the scale of its influence is undeniable. Nevertheless, as regulatory scrutiny intensifies, particularly in tourist-heavy locales, the sustainability of its aggressive growth strategy remains a point of contention.

In this evolving landscape, Airbnb faces a pivotal moment. As it broadens its scope to capture new revenue streams, balancing innovation with its foundational rental service will be crucial. The company’s next steps will be closely watched, as both its successes and failures could shape the future of travel and hospitality.

**Reference Map**

* Paragraph 1: [[1]](https://www.ft.com/content/6eb221a6-fb1e-491e-bdcc-6bf939f87e61)
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* Paragraph 6: [[1]](https://www.ft.com/content/6eb221a6-fb1e-491e-bdcc-6bf939f87e61), [[3]](https://www.axios.com/2024/06/06/airbnb-icons-experiences-customers-communications)
* Paragraph 7: [[5]](https://apnews.com/article/66a51678235cbf6dfa429dec96b70868)
* Paragraph 8: [[4]](https://time.com/6979938/airbnb/), [[6]](https://www.ft.com/content/43dc1c3a-128a-4b79-8ae4-28c7cd787824)
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* Paragraph 10: [[1]](https://www.ft.com/content/6eb221a6-fb1e-491e-bdcc-6bf939f87e61), [[4]](https://time.com/6979938/airbnb/), [[5]](https://apnews.com/article/66a51678235cbf6dfa429dec96b70868), [[6]](https://www.ft.com/content/43dc1c3a-128a-4b79-8ae4-28c7cd787824)

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## Bibliography

1. <https://www.ft.com/content/6eb221a6-fb1e-491e-bdcc-6bf939f87e61> - Please view link - unable to able to access data
2. <https://www.reuters.com/business/airbnb-launches-new-global-marketing-strategy-ad-engagement-falls-flat-2024-05-01/> - Airbnb has introduced a new global marketing strategy focused on offering unique experiences to expand its appeal beyond vacation rentals. The 'Icons' category features 11 global experiences, such as concerts and celebrity meet-and-greets, available for free or under $100. This strategy aims to rebrand Airbnb as more than just a lodging platform and to offer new products and services. CEO Brian Chesky noted the reallocation of the marketing budget to this campaign. The company's shares fell by 1.5%, ending at $156. Airbnb's TV ad engagement, which was more effective before the pandemic, is slowly recovering. In 2023, nights and experiences booked increased by 14%, and full-year revenue rose by 18%. The company plans to offer over 4,000 tickets for Icons in 2024 and to expand this category in the coming years.
3. <https://www.axios.com/2024/06/06/airbnb-icons-experiences-customers-communications> - Airbnb's latest product, 'Icons,' represents an innovative step in communication strategy, designed to leverage unique cultural moments and attract new customers. This initiative, managed by Airbnb's communications team, offers users exclusive experiences, such as spending a night in the Ferrari Museum or in a house modeled after Pixar's 'Up.' Since its launch in May, Icons has achieved significant media traction with over 10,500 stories and 15 million page views. By targeting specific fan bases according to age and location, Airbnb aims to broaden its market beyond traditional accommodations. This move demonstrates the potential for communication teams to drive revenue and brand campaigns, showcasing the value and impact of their efforts on the company's bottom line.
4. <https://time.com/6979938/airbnb/> - In nearly two decades since its inception, Airbnb has established itself as a major player in the hospitality industry, significantly influencing real estate markets worldwide. In 2023, the company's economic impact in the U.S. exceeded $85 billion, even as it faced regulatory challenges in major markets like New York City. During this period, Airbnb expanded its presence to over 4,000 new cities and towns globally. The company has also enhanced its platform with a price-transparency feature, allowing users to see the total cost of listings, including all taxes and fees. This move has prompted Airbnb to support similar legislation for other platforms. At the same time, places affected by Airbnb's impact on real estate, such as Maui, Hawaii, are considering following New York City's example with their own regulatory measures.
5. <https://apnews.com/article/66a51678235cbf6dfa429dec96b70868> - Airbnb reported a significant boost in its third-quarter earnings, amounting to $4.37 billion, attributed to a large tax benefit and higher-than-expected revenues during the summer travel season. Excluding the tax benefit, net income would have been $1.6 billion, an increase from the previous year. Revenue rose 18% to $3.4 billion, surpassing analysts' expectations. Despite this strong performance, the company’s forecast for fourth-quarter revenue, between $2.13 billion and $2.17 billion, fell slightly short of Wall Street’s prediction of $2.18 billion, causing shares to drop over 2% in after-hours trading. Airbnb experienced a 14% increase in bookings and a modest rise in average rental prices. The company booked 113.2 million nights and experiences in the third quarter but anticipates a moderation in growth for the fourth quarter. Changes to enhance price transparency for consumers and provide hosts with better pricing information are expected to help maintain competitive prices and sustain demand.
6. <https://www.ft.com/content/43dc1c3a-128a-4b79-8ae4-28c7cd787824> - Airbnb reported a significant increase in first-quarter profits, driven by an early Easter holiday, with net income reaching $264 million compared to $117 million the previous year. Revenue surpassed analyst forecasts at $2.14 billion. Despite this, Airbnb anticipates a slowdown in revenue growth for the second quarter due to timing discrepancies such as the early Easter and currency issues. The company projects quarterly revenue between $2.68 billion and $2.74 billion, slightly below analyst expectations. Future growth is expected to resume mid-year, boosted by events like the Paris Olympics. Airbnb has been active in improving its core rentals business and expanding into new segments, notably launching the 'icons' category of experiences. While growth in gross bookings was recorded at 12%, it marked a deceleration from previous periods. The company repurchased $750 million of stock and holds $6 billion for further buybacks.
7. <https://skift.com/2023/04/13/airbnb-pauses-new-experiences/> - Airbnb has paused all new submissions for its Experiences program, focusing on perfecting its core service. This decision does not affect existing Experiences. The company plans to provide more information in the coming months regarding the future of Airbnb Experiences. This move reflects Airbnb's strategic shift to concentrate on its primary offerings while reassessing the expansion of its Experiences segment.