

CLOSING CASE



Airbnb Global business in the digital age:

Global digital networks such as Facebook and Twitter enable instant communication around the world. Companies such as Apple, Uber and Spotify use digital platforms to interact with customers around the world. So, how swiftly can such digital businesses sweep around the globe? One company that has succeeded in spreading around the globe in less than ten years is Airbnb, which has been described as 'Silicon Valley's most global unicorn' (a unicorn is a start-up that attracts an investor valuation in excess of US\$1 billion). Airbnb was started in San Francisco, California, in 2008 by two students. Their idea was to let private individuals share their home with travellers, thus offering hosts a small income while travellers could stay in a more personal place at a lower cost than in a hotel. Airbnb thus acts as the middleman or broker between hosts and guests and collects a service fee for each booking. A key challenge for their business model is to create trust between hosts and guests. Thus, Airbnb has created various processes for hosts and guests to get to know one other and to verify their identity, along with safety features that either can call upon Airbnb's data-base contained 4.5 million listings in 81 000 cities in 191 countries. Two-thirds of its booking were across national borders, with Europe as the largest market. Airbnb established its first overseas subsidiary in Hamburg in 2011 by taking over local start-up Accoleo. Soon offices in London, Paris, Milan, Barcelona, Copenhagen, Moscow and Sao Paulo followed. Worldwide, Airbnb employed 3100 people in 19 offices in 2018.

Since 2013, European operations have been coordinated from a regional headquarters in Dublin, Ireland. Why does a digital economy business need local offices? Can't they just do business over the internet? No. Some things may be global, such as the cleanliness standards expected of hosts, or the software used to bring hosts and guests together. However, even in the digital age, local touch is important. As Airbnb operates a two-sided platform, it needs both hosts and guests to sign up to build a critical mass in any particular market. Developing the supply side of hosts is often the more challenging part. For hosts to sign up to Airbnb and thus to let strangers stay in their home, trust in Airbnb's processes is essential. In new markets, thus, the recruitment of hosts is driven by local or regional initiatives. For example, Airbnb may send a team of two or three people to the area to arrange info sessions, set up info booths and throw parties – and thereby sign up hosts and develop a better understanding of the local tourism market. Airbnb found that in-person recruitment was, for initial entries, more effective than Facebook ads and other digital marketing approaches in generating new users. Moreover, translation is a big issue: hosts in Italy are likely to describe their offerings in Italian, but how will potential hosts from, say, Sweden be able to read that information? Using machine translation to translate everything into English would lead to inefficient communications and misunderstandings. Thus, Airbnb developed a customized translation management system which prioritizes translations based on the views a page receives. When the system recognizes a new phrase, it will take a screenshot and send it to human translators, including both in-house professionals and

