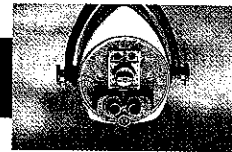


## CLOSING CASE



## 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 offer-

ing 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

when something goes wrong. By 2018, 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

Hambrug in 2011 by taking over local start-up Accoleo.

Soon offices in London, Paris, Milan, Barcelona, Copen-

hagen, Moscow and Sao Paulo followed. Worldwide,

Airbnb employed 3100 people in 19 offices in 2018.

Since 2013, European operations have been coordi-

nated 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 clean-

liness 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 com-

munications and misunderstandings. Thus, Airbnb

developed a customized translation management sys-

tem 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

