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Airbnb Extended Final Project Report

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Part 1: Executive Summary

Strategic Challenge

Airbnb is at a strategic inflection point as market demand increasingly shifts toward medium-term stays, defined as durations of one to six months. This growth is fueled by evolving preferences among remote workers, healthcare professionals, and corporate travelers.

Medium-term bookings now comprise 21% of Airbnb's total reservations, and the broader extended stay market—valued at \$40.2 billion—is expanding at an annual rate of 12.4%.

Despite Airbnb's global brand recognition, technological infrastructure, and extensive host network, the platform continues to face challenges related to consistency and consumer trust, particularly when compared to traditional hotels.

Corporate Strategy Proposal

To remain competitive and address the evolving needs of modern travelers, we propose the launch of Airbnb Branded Extended Stays Hotels—a line of professionally managed, standardized accommodations that combine the flexibility and local character of Airbnb with the reliability and consistency of traditional boutique hotels. This hybrid-model expands Airbnb's service portfolio while leveraging its established brand equity, technological infrastructure, and global user base. These properties will be strategically located in high-demand urban markets such as Seattle and San Francisco, and tailored to meet the needs of remote workers, traveling professionals, and value-conscious premium guests. Rather than acquiring new real estate, the model will rely on franchise-style partnerships with existing boutique hotels, maintaining Airbnb's core competency of an asset-light operational framework. We propose a phased investment of \$252 million over three years to fund pilot locations, partner onboarding, staffing, and seamless technology integration. This capital allocation represents approximately 3% of Airbnb's 2023 revenue. By Year 3, we project operations in at least five major cities, generating \$22.95 million in annual revenue and achieving an average occupancy rate of 65%. Break-even is expected by Year 7, with an anticipated return on investment between 15% and 18%.

Part 2: Introduction

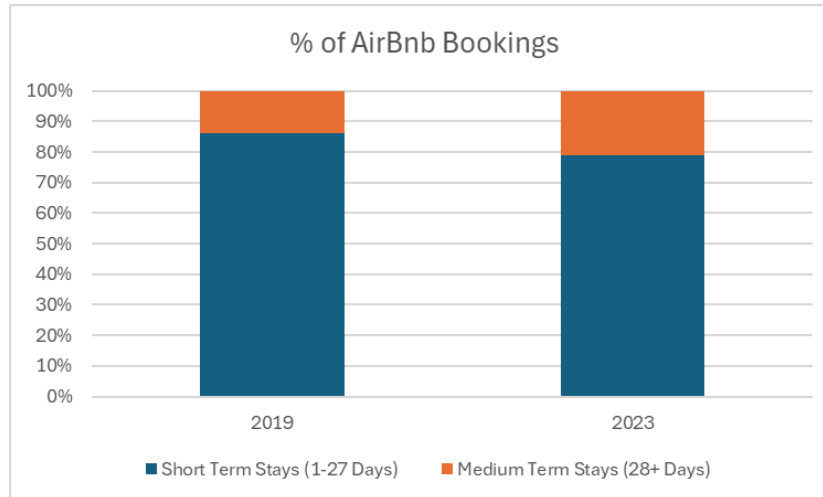
Founded in 2008, Airbnb revolutionized the travel industry by creating a global marketplace for unique, locally driven stays, enabling everyday individuals to monetize their homes, and travelers to experience destinations more authentically. Over the past decade, the company has expanded to over 150 million users and millions of listings worldwide. However, as the travel landscape evolves, Airbnb now faces a new set of strategic challenges, including slowing growth in the short-term rental market, intensifying competition from traditional hotel chains and online travel agencies, and shifting consumer preferences toward more flexible, longer-term accommodations. These dynamics underscore the need for Airbnb to adapt its offerings to sustain growth and remain a leader in the global hospitality sector.

Part 3: Market Opportunity & Strategic Rationale

Market Trends and Size

The medium-term housing market, catering to stays between one and six months, has become a pivotal segment in global hospitality. Recent data from Airbnb's 2023 Annual Report reveals that stays exceeding 28 nights now account for 21% of total bookings, a notable increase from 14% in 2019. This growth trajectory is corroborated by JLL's 2023 Global Living Report, which estimates the worldwide extended stay market at \$40.2 billion, expanding at an annual rate of 12.4%. Several key factors are propelling this expansion. The remote work revolution has fundamentally altered housing needs, with MBO Partners' 2023 State of Independence study identifying 16.9 million American workers as digital nomads, representing a 131% surge since 2019. Simultaneously, healthcare staffing agencies such as AMN Healthcare report placing over 100,000 travel nurses each year, all requiring accommodations for three-to-six-month assignments. CBRE's 2023 Flexible Living Report further highlights that 68% of corporate travelers now prefer medium-term rentals over traditional hotels for extended assignments,

signaling a paradigm shift in accommodation preferences.



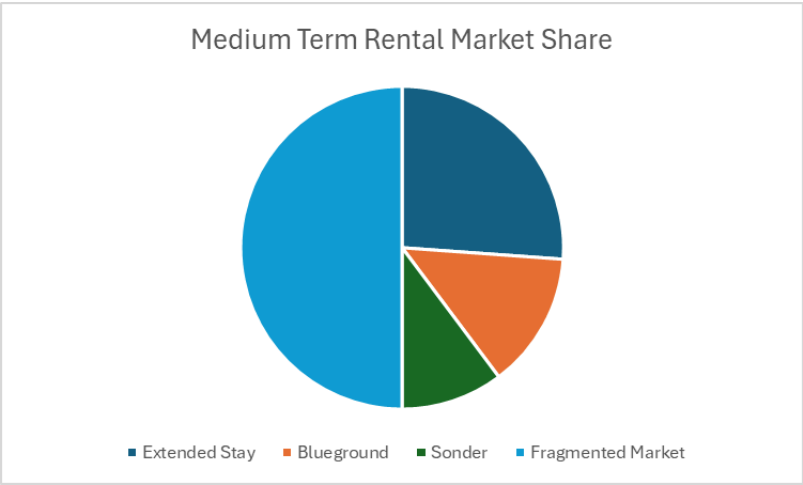
Customer Preferences and Needs

Contemporary research provides valuable insights into the priorities of medium-term renters. A comprehensive 2023 Skift survey of 2,500 travelers uncovered several critical trends, including the fact that 72% of respondents prioritize fully furnished units with kitchen facilities, while 89% consider reliable high-speed internet essential for remote work. Furthermore, 67% expressed a strong preference for flexible lease terms without long-term commitments. These findings are reinforced by Blueground's 2023 Consumer Insights Report, which found that 81% of corporate renters highly value the ability to adjust their stay duration with minimal notice. Location emerges as another crucial factor, with CBRE's data indicating that 75% of medium-term renters select properties within one mile of either their workplaces or major transit hubs. McKinsey's 2023 "The Future of Living" report aptly summarizes this trend, noting that the convergence of work and travel has generated demand for accommodations that seamlessly blend residential comfort with hotel-like services and conveniences.

Competitive Landscape

The extended stay market maintains a fragmented competitive landscape, as detailed in STR's 2023 Global Hotel Pipeline Report. While traditional operators like Extended Stay America command a 23% market share, they often lack the localized experiences that modern travelers

seek. New market entrants such as Blueground and Sonder have achieved 12% and 9% market shares respectively, yet face operational challenges.



Sonder's 2023 earnings report, for instance, disclosed occupancy rates below 60% in several key markets. Airbnb occupies a distinctive position in this competitive environment, boasting three significant advantages. The platform's brand recognition is unparalleled, with 150 million active users according to its Q4 2023 Earnings report. Its technological infrastructure supports a fully digital booking experience, handling 90% of reservations through its platform as noted in the 2023 Annual Report. Perhaps most importantly, Airbnb's network of 4.8 million hosts worldwide provides unmatched local expertise and neighborhood knowledge, creating a competitive moat that specialized operators cannot easily replicate.

Strategic Rationale

Airbnb's hospitality strategy has reached an inflection point. While its acquisition of HotelTonight in 2019 successfully added traditional hotel inventory, the company now faces slowing user growth and persistent consumer trust gaps, with a significant portion of travelers still preferring conventional hotels for their consistency and reliability. The natural evolution lies in developing Airbnb Branded Extended Stay Hotels (Airbnb Extended) as a formalized, professionally managed offering that bridges the gap between the company's signature home-sharing model and the structured hospitality of traditional hotels. This approach aligns with clear market trends,

including the growing demand for flexible, medium-term accommodations among remote workers, healthcare professionals, and corporate travelers.

The success of established players like Marriott's Residence Inn and hybrid operators like Sonder demonstrates the viability of extended stay models, which command higher revenue per room and more stable occupancy rates compared to traditional hotels. For Airbnb, this represents an opportunity to leverage its existing strengths, its vast user base, dynamic pricing technology, and neighborhood expertise while addressing one of its most pressing challenges: consumer trust. By standardizing design, streamlining operations, and integrating loyalty incentives, Airbnb can convert skeptics into long-term users, offering them a seamless transition from branded extended stays to its broader marketplace of unique homes and experiences. As the lines between living, working, and traveling continue to blur, the launch of Airbnb Extended is not just a logical next step, it's a strategic necessity.

Part 4: Business Unit Concept & Value Proposition

Airbnb Extended

Airbnb Extended is a strategic move that expands Airbnb's core offering into the medium-term lodging market, focusing on stays between one and six months. This new category blends the authenticity and design sensibility of Airbnb with the consistency and comfort travelers typically associate with boutique hotels. Airbnb Extended properties will be located in high-demand urban markets such as Seattle, and San Francisco, where long-stay travelers are actively seeking alternatives to both impersonal hotels and unpredictable rentals.

Each property will be locally inspired, designed to reflect the unique character of the surrounding neighborhood, while still adhering to Airbnb's global standards for safety, cleanliness, and experience quality by offering standardized amenities across units. The entire guest journey will be integrated into the Airbnb app, giving travelers access to seamless mobile booking, smart check-in, on-demand support, and curated local experiences. This concept is not


intended to replace Airbnb’s core host community, but to complement it by giving travelers a more consistent and amenity-rich option when staying for extended periods.

Target Guests and Strategic Partnerships

Airbnb Extended is built to serve three key guest segments. The primary audience includes traveling professionals, such as healthcare workers like travel nurses and technicians, who

frequently relocate for short-term assignments. These guests need reliable, fully furnished accommodations that include kitchens, laundry, and fast Wi-Fi, ideally located near hospitals or job sites. They value privacy, safety, and flexibility, especially the ability to

SUPPLIER PERSONA



About the Supplier

They are now transitioning operations and are eager to modernize the property.

Problems

- Modernizing their property
 - Need capital to modernize
 - Need Guidance on how to modernize
 - Want to diversify their offerings

Name	Gilbert Patel
Age	33
Occupation	Owns Boutique Hotel with Family
Location	San Diego, California
Ownership Structure	Family-owned for 22 years

Prioritize

- Value independence
- Community connection

Challenges

- They need to digitalize
- Stronger marketing
- Entering new markets
- Consistent bookings


Needs

- Need financial support to renovate
- Access to a global audience
- Consistent bookings
- Tech enabled infrastructure

check in at any time using the Airbnb app.

Another important group includes value-conscious premium travelers. These are individuals who care deeply about design, ambiance, and comfort but are not willing to pay luxury hotel rates. They typically spend around \$150 to \$250 per night and are looking for beautifully designed, seamless experiences that feel both personal and polished. Airbnb Extended is positioned to win this group by delivering upscale touches at a more accessible price point through operational efficiency and digital-first convenience.

USER PERSONA



About the User

Leslie is a highly skilled ICU nurse who has been traveling full-time for the past three years

Problems

- Finding short-term assignments across major U.S. cities
 - Fit her Budget
 - Furnished properly
 - Entire place is private

Name	Leslie Lesison
Age	28 years old
Occupation	Traveling ICU Nurse
Location	Charlotte, North Carolina
Duration of Stay	10 weeks

Working Style

Chooses contracts for:

- Pay
- Opportunity to explore new places,
- Meet new people
- Flexible

Challenges

- Moves every few months
- Can never commit fully to 12 month lease apartments
- Doesn't want to purchase furniture every move

Needs

- 3 month lease
- Kitchen
- Furniture
- Guaranteed housing

Remote workers and digital nomads make up the third major segment. These guests prioritize flexibility and look for places where they can stay for a few weeks or months while maintaining their

work routines. They need strong internet, dedicated workspaces, and lifestyle amenities like wellness rooms and community events. Many are natural brand evangelists who share their experiences online, amplifying Airbnb's presence in this space. Airbnb reported that more than 20 percent of its nights booked in 2022 were for long-term stays, showing clear momentum behind this behavioral shift.

To support this expansion, Airbnb will form strategic alliances with independent boutique hotel operators. Many of these properties already have strong design identities and loyal local followings, but they lack the digital infrastructure and marketing reach to scale. Through Airbnb Extended, these owners gain access to the Airbnb platform, global guest demand, and advanced pricing tools, all while maintaining their ownership and creative control. Properties can either license the Airbnb brand or enter into a managed agreement where Airbnb oversees guest experience and digital operations. This partnership model allows Airbnb to scale quickly without owning physical assets, while giving boutique hotels the support they need to thrive in a changing market.

Key Differentiators and Competitive Positioning

Airbnb Extended stands apart by combining thoughtful design, a digital-first experience, and a deep sense of place. Properties are more than just places to sleep. They are creative, community-oriented spaces where guests can work, relax, and connect. Every hotel will feature flexible shared areas that serve as co-working lounges during the day and social hubs in the evening, hosting events like live music, workshops, or local pop-ups. On-site cafés, rooftop bars, and retail collaborations with local artisans will further connect each property to its surrounding neighborhood.

Compared to competitors, Airbnb Extended is uniquely positioned. Marriott's Moxy offers playful branding but lacks authenticity. Hilton's Canopy brand leans upscale but often feels impersonal. Sonder and CitizenM offer smart tech but struggle to deliver on local warmth and human connection. Selina targets nomads but faces inconsistency and outdated infrastructure. Airbnb

Extended wins through brand trust, scale, and emotional resonance. With over 150 million users and a deeply embedded global brand, Airbnb has the reach and credibility to make extended-stay hotels feel personal, purposeful, and scalable all at once.

Part 5: Corporate-Level Strategy Integration

How This Unit Fits with Airbnb's Core Mission and Business Model

Airbnb's mission, "to create a world where anyone can belong anywhere," is rooted in expanding access to local short-term rentals for both travelers and working professionals. The introduction of AirBnb Extended supports this mission by offering a more standardized lodging option for guests seeking medium-term stays of one to six months. These accommodations would feature predictable amenities while preserving the local character of Airbnb's community-driven model. Rather than replacing Airbnb's core peer-to-peer rental base, this initiative would serve as a complementary offering for individuals who prefer longer stays without residing in someone's home or incurring standard daily rental rates.

Strategic Alliances with boutique hotels, allow Airbnb to preserve its asset-light business model while expanding its brand presence across new lodging categories. This also creates opportunities for enterprise partnerships by offering reliable, home-like accommodations for travel professionals who prioritize comfort and consistency. Strategically, this venture aligns with Airbnb's current business model by creating two revenue streams: guest bookings, and platform fees from boutique hotels that leverage Airbnb's global visibility. It allows Airbnb to continue operating as a multi-sided platform, now connecting travelers not only with individual hosts but also with AirBnb Extended properties.

Synergies: Brand, Technology, and Customer Base

The integration of AirBnb Extended into Airbnb's corporate structure presents multiple synergies across brand, technology, and customer base. First, there is strong alignment with brand trust and loyalty. Guests already associate Airbnb with innovation and personalized travel

experiences. Introducing Airbnb Extended would appeal to brand-loyal customers who value Airbnb's ethos but prefer a more structured and predictable environment. This development would also enable Airbnb to meet a wider range of traveler needs, from short getaways to extended stays.

Airbnb's existing technology stack offers another area of synergy. Its robust property management tools, guest verification systems, and intuitive mobile application can be repurposed to support Airbnb Extended operations. Boutique hosts would gain access to a reservation system and guest experience platform, helping to ensure consistency and operational efficiency across all locations. Additionally, Airbnb's extensive customer base and rich data insights provide a powerful advantage. With millions of user reviews, behavioral patterns, and travel preferences already collected, Airbnb can effectively tailor offerings to travel professionals. These insights can also guide strategic expansion by identifying high-demand areas for medium-term rentals where current supply is limited, allowing Airbnb to pilot in locations most likely to succeed.

Corporate Control vs Autonomy

Airbnb will operate as a separate unit within the Airbnb corporate structure. Airbnb will maintain strong brand and operational oversight to ensure consistency in guest experience, safety standards, and pricing logic. However, franchisees will have operational autonomy in local hiring, day-to-day logistics, and community-specific customizations. To balance consistency with flexibility, Airbnb can implement a tiered certification and audit process (similar to Airbnb Plus), where hotels are evaluated periodically on brand standards, cleanliness, service quality, and technological integration.

Key Performance Indicators (KPIs)

To evaluate the performance and strategic impact of the hotel initiative, Airbnb should track several key metrics. Occupancy rates should reach 70 to 80 percent in launch markets within 18 months, indicating market demand and validating the offering. Revenue per available room,

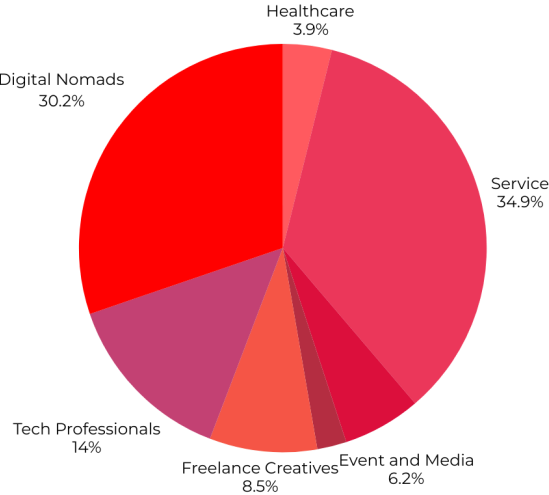
benchmarked against local boutique hotels, will provide insight into financial viability. A minimum customer satisfaction score will help ensure the guest experience aligns with Airbnb’s standards. Repeat bookings at these locations will signal brand loyalty and product fit. Finally, tracking franchisee satisfaction and retention will be essential to refining the partnership model.

Part 6: Implementation Plan for Airbnb Extended: A Galbraith Star Model Approach

Using the Galbraith Star Model, this essay outlines the Strategy, Structure, and Processes to ensure successful implementation, drawing lessons from Away’s scaling journey as a DTC travel brand and aligning with Airbnb’s mission of connecting people to meaningful experiences.

Strategy: Targeting B2B Segments with Tailored Experiences

Target Segment Breakdown



Our strategy targets a range of B2B segments

The strategy centers on capturing the B2B travel market by addressing the specific needs of healthcare travel nurses, construction/service workers, event planners, and retail buyers, while delivering unique, longer-term experiences that differentiate Airbnb Extended from traditional competitors like Hilton and Marriott. Airbnb Extended will offer stays of 2 weeks to 6 months, featuring locally inspired designs, cultural immersion activities using Airbnb Experiences, as well as flexible, convenient

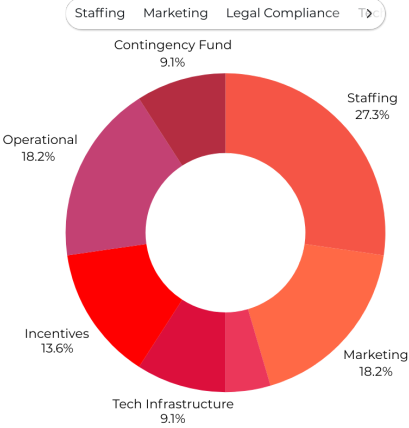
amenities like wellness rooms for nurses, early check-in for workers, and co-working spaces for planners and buyers. Execution will be tailored to the natural flow of hotels and marketing to those as such because of Airbnb’s dominance in the industry so these efforts are tailored to both sides of the market.

Structure: A Portfolio Spin-Off

Airbnb Extended will operate as a portfolio spin-off, Airbnb Extended, Inc., with its own P&L, led by a General Manager reporting directly to Airbnb CEO Brian Chesky. This structure ensures autonomy while aligning with Airbnb’s broader mission. Regional Directors will manage key markets, overseeing sales, operations, and customer service. Sales Representatives will onboard boutique hotels to list on Airbnb’s platform under the “Airbnb Extended” brand, earning a commission per booking above industry standard. Tech Engineers will integrate listings via API. As well as regional Operations Managers maintain quality and ratings ensuring standards are being met in markets. Customer Service Representatives will provide 24/7 support, resolving 90% of issues within 24 hours, and Account Managers will ensure hotel retention and offer direct support similar to Extended models. To target the expanded supply and demand segments, a new Marketing Team will be added, reporting to the GM. Led by Marketing Director, the team includes marketing specialists who face different sides of the business, the B2B and B2C markets, a Partnership Coordinator, and a Digital Marketing Analyst digital ROI. This structure supports financial self-sustainability by 2032, reinvesting profits, while leveraging Airbnb’s platform for scalability.

Processes: Aligning Operations with Airbnb’s Core Business

Implementation Budget Breakdown



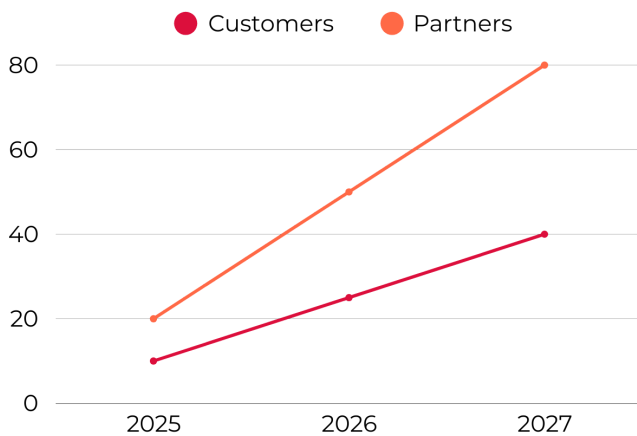
We're working with a \$10M Year 1 budget—covering staffing, marketing, legal, tech, and incentives

Processes will standardize operations and align Airbnb Extended with the core platform, ensuring seamless integration for boutique hotels and B2B clients. We’re working with a \$10M Year 1 budget—covering staffing, marketing, legal, tech, and incentives—and a lean team of 39 staff, with API accuracy capped at 95% due to resource limits. By doing this we will be able to align our

processes to benefit the Airbnb Experiences portfolio and HotelTonight.com market segment (Airbnb, 2023). Boutique hotels will be onboarded via a standardized process: Sales Reps pitch using Airbnb’s 100M+ user base, tech Engineers integrate listings with a high uptime target, and ops Managers verify quality using a checklist. Bookings will occur via Airbnb’s platform, with a 15% commission deducted and 85% paid to hotels within 5 business days, tracked via a dashboard. A CRM system will manage client and account interactions, ensuring a high satisfaction rate. These processes support Airbnb’s goal of driving an uptick of total bookings through hotels and achieving a higher satisfaction rate than the industry average by 2028(STR, 2023).

Rewards: Incentive Structures and Performance Metrics

Loyalty Program Adoption: Driving Retention (2025-2027)



This chart supports the Rewards and External Alignment sections by forecasting the adoption of Airbnb’s loyalty program (e.g., points, credits, booking upgrades) among customers and suppliers hotels, demonstrating how it drives retention and counters competitive responses.

The Rewards system will align employees and boutique hotel partners with Airbnb Extended objectives. Sales Reps will earn a commission on bookings from hotels they onboard at various thresholds, targeting 100 hotels (Phocuswright, 2023). The B2B Marketing Team will receive yearly bonuses for achieving high bookings per segment, with

internal recognition at summits. Customer Service Reps will get a monthly bonus for a 90% issue resolution rate, and Ops Managers will earn a bonus for maintaining high guest ratings. Boutique hotels will receive a percentage payout bonus for a high response rate and high rating, with top performers gaining “Preferred Partner” status for priority listings (Phocuswright, 2024). Performance metrics will be monitored internally and externally as well as points, credits and

booking upgrades towards those who gain status through Airbnb rewards program for customers. Customers will be attracted to try new experiences that wouldn't have through the parent Airbnb company and increase revenue of both companies. These rewards and metrics ensure accountability of short-term performance and long-term brand equity, while driving Airbnb's growth and satisfaction goals.

People: Talent Needs and Cultural Alignment

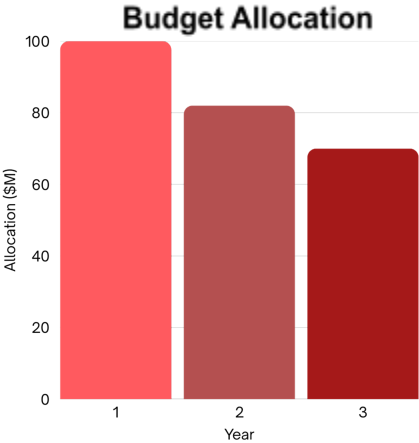
The People strategy focuses on recruiting and developing talent aligned with Airbnb's mission and the user's vision of community impact. Sales Reps require hospitality sales experience, targeting boutique hotel partnerships. The B2B Marketing Team needs digital marketing expertise and industry knowledge. Tech Engineers must have API integration experience, CSRs need hospitality support skills, and Ops Managers experience in hotel operations (Rubio & Korey, 2020). Cultural alignment will prioritize candidates who share Airbnb's values of belonging and the user's focus on connecting people to resources. A 2-week onboarding program will instill Airbnb's mission, emphasizing home-like experiences for B2B travelers, with training on cultural sensitivity and sustainability. This approach ensures a culture that supports Airbnb's community focus and the user's vision.

External Alignment: Regulatory Challenges and Competitive Response

External Alignment addresses regulatory challenges and competitive responses. Boutique hotels must comply with local licensing and zoning laws, such as registration requirements and fire safety codes (NYC.gov, 2025; French Government, 2025). Airbnb Extended will seek to hire legal consultants, ensuring compliance. Competitors like Marriott and Hilton may launch boutique brands or offer B2B discounts, but Airbnb Extended will differentiate with its unique layouts, amenities and flexible short term leases base and unique experiences, and maintaining competitive pricing. Platforms like Booking.com may lower fees, but Airbnb's "Preferred Partner" program and brand equity will ensure 80% hotel retention and loyalty program for customers to incentivize them to book with traditional Airbnb rooms (Phocuswright, 2024). We hope that

incentives and platform volume will encourage adoption. This approach positions Airbnb Extended to achieve its market share and booking goals.

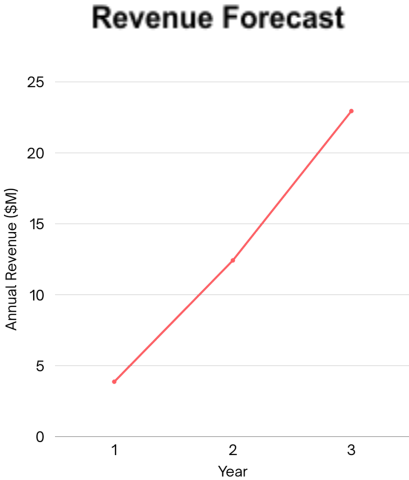
Part 7: Financial Planning & Initial Budget



To support the successful launch and scaling of Airbnb Extended, we propose a funding request of \$252 million over a three-year period. This amount represents 3% of Airbnb’s 2023 annual revenue of \$8.4 billion and falls within the company’s self-imposed funding cap for new business unit development. The capital will be used to support key elements of the venture including pilot site development, technology integration, hiring, marketing,

and early operational infrastructure.

In Year 1, \$100 million will be allocated to launch pilots in three urban markets. The specific locations will be determined based on data-driven criteria such as high demand for medium-term rentals, favorable regulatory environments, and availability of quality boutique hotel partners. This phase will include renovations, digital integrations, and readiness efforts required to meet Airbnb’s brand and service standards. In Year 2, \$82 million will be deployed to scale operations across the pilot markets, support new hires, onboard franchise partners, and launch targeted B2B marketing campaigns, particularly for the healthcare, construction, and remote work segments. The final \$70 million in Year 3 will support expansion into additional cities, reinforce customer experience tools, and refine operational processes based on insights from the pilot phase. This staggered investment strategy ensures strategic discipline, mitigates upfront risk, and allows time to refine

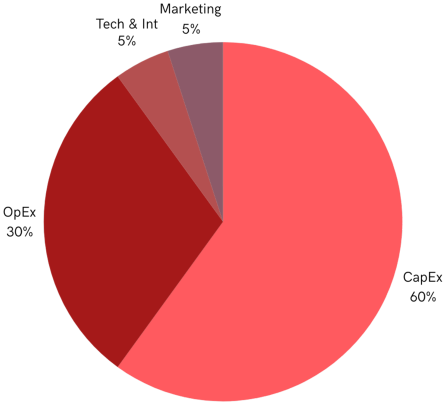


the model before broader rollout.

Airbnb Extended will generate revenue primarily through medium-term guest stays, which are priced based on monthly rentals. Rather than charging nightly rates, the business will offer fully furnished rooms at an average monthly rate of \$3,900. This pricing approach reflects the expectations of B2B travelers and aligns with the economic realities of stays lasting between two weeks and three months. Based on a 65% occupancy rate equivalent to roughly 98 occupied rooms per hotel per month and five hotels in operation by Year 3, we forecast \$382,200 in monthly revenue per hotel. On an annualized basis, this equates to \$4.59 million per hotel, or approximately \$22.95 million in total annual revenue from the initial portfolio. These projections do not include additional upside from upsold services such as wellness perks, early check-in packages, or Airbnb Experiences, nor do they capture revenue generated from future franchise licensing and technology fees as additional properties come online. Over the long term, we anticipate cumulative revenues exceeding \$150 million as the business unit scales and leverages the existing Airbnb platform for broader distribution.

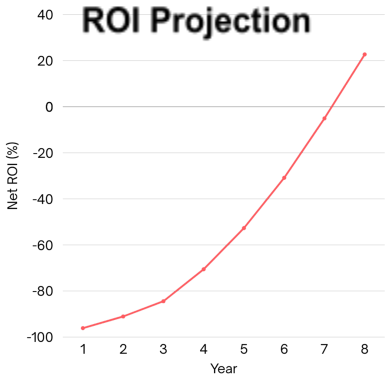
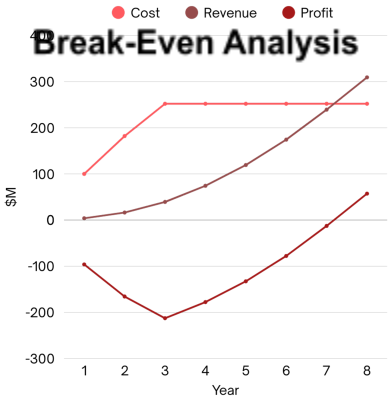
The cost structure for this venture reflects Airbnb’s broader asset-light strategy. Capital expenditures will account for 60% of the three-year budget and will be used for renovations, technological integrations, and design upgrades needed to meet brand standards. Operating expenses, including staffing, utilities, insurance, and partner support infrastructure, will comprise approximately 30% of the total funding. The remaining 10% will be split even consistency while reducing the capital burden associated with direct hotel ownership.

Cost Structure



We project that the business will break even by the beginning of Year 7. This projection is based on expected improvements in hotel occupancy, optimization of marketing spend, and operational efficiencies gained through standardization and

automation. Once mature, individual hotel properties are expected to reach operating margins of 20%. The anticipated return on investment by Year 7 is estimated between 15 and 18 percent, depending on uptake in key customer segments and success in franchising additional partner hotels. Importantly, longer-term bookings reduce turnover and cleaning costs, while B2B contracts such as those with healthcare staffing platforms and project-based firms offer predictable demand, high retention rates, and improved cost recovery over time.



Part 8: Risks and Mitigation Strategies

This proposal presents both opportunity and complexity. To ensure the success of the one-city pilot and eventual scale, we have identified the most critical risks and corresponding mitigation strategies. They are as follows:

A. Market Risk

There is a risk of experiencing a shortfall in demand due to macroeconomic factors like recession, inflation or even another pandemic. Big brands like Marriott and Hilton may aggressively respond to this new business unit because it poses a threat to their existing model. Lastly, B2B partnerships may be slower to secure than we anticipate.

Mitigation

Airbnb will launch the pilot in a city with a high concentration of healthcare, consulting, and tech firms, ensuring demand from professionals needing temporary housing. It will pursue B2B

negotiations early to lock in recurring contracts and volume bookings. Also, competitors' activities will be monitored regularly.

B. Financial Risk

Launching a hotel business unit introduces substantial upfront costs covering staffing, infrastructure, branding, tech integration, and marketing. These costs can quickly escalate if demand projections are not met, putting pressure on Airbnb's profitability and straining its asset-light operating philosophy. There is also the risk of cannibalizing our current offerings.

Mitigation

Airbnb will pursue a capital-light "franchise-plus" model, licensing its brand, systems, and guest experience framework to local hotel partners rather than owning properties outright. This minimizes upfront capital exposure and operational overhead. A phased rollout starting with a single-city pilot will allow Airbnb to validate ROI before scaling. We will differentiate our offerings to reduce internal competition.

C. Operational Risk

Entering unfamiliar territory, this pilot unit may face significant operational challenges including failure to meet guest expectations, talent shortages, high labor costs post-COVID, cultural misalignment with traditional hotel operators, and overreliance on local suppliers. These issues can disrupt service delivery and erode guest satisfaction early on.

Mitigation

Airbnb will partner with experienced local hospitality operators to leverage their talent pipeline and operational infrastructure. A hybrid model will allow operators to handle day-to-day execution while Airbnb maintains control over branding, guest experience, and platform integration. Technology-driven solutions such as mobile check-in, automated requests, and real-time guest feedback will optimize efficiency and reduce labor dependency. We will also conduct regular audits to ensure compliance.

D. Strategic & Brand Alignment Risk

There is a risk of diluting our brand, especially when targeting professional travelers, which may be perceived as a departure from its original mission of authentic, local experiences. It could also create friction with existing hosts who may feel excluded from or threatened by this new business line.

Mitigation

There will be a clear differentiation between this new segment and Airbnb's core brand to ensure there is no confusion. This distinction will be communicated clearly to both users and hosts. Additionally, Airbnb will offer opportunities for Super hosts to design or consult on guest experiences in branded hotels, ensuring continuity with its core values of community and personalization.

E. Regulatory and Zoning Risk

Entering a new market will require acquiring licenses and permits and there may be delays due to red tape involved. There will also be stringent zoning laws and building codes compared to home-sharing. Non-compliance or community resistance could delay or delay the launch.

Mitigation

Airbnb will engage local legal experts and hospitality consultants during the planning phase to ensure all local regulations and licensing requirements are met. The pilot city will be chosen for its favorable regulatory environment. Airbnb will also conduct community outreach and stakeholder engagement to build goodwill and reduce opposition.

Part 9: Appendix - References & Exhibits

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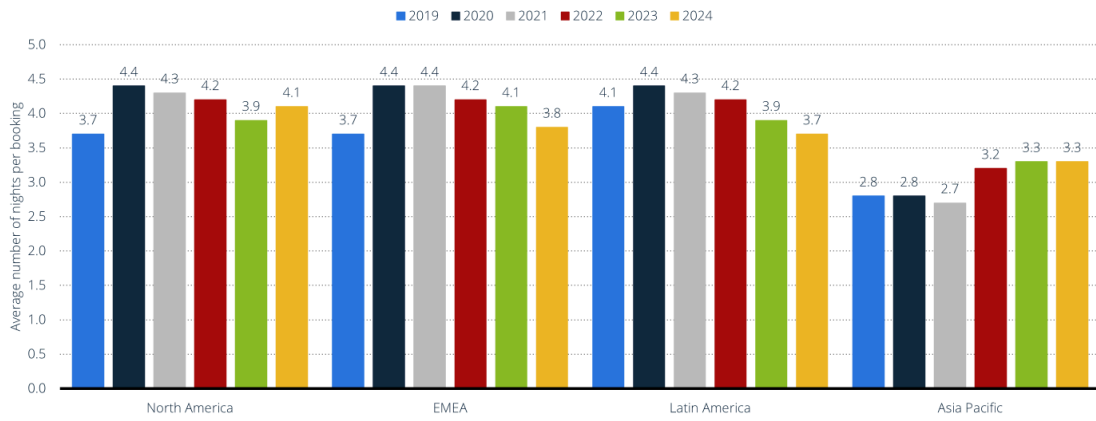
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RISK MATRIX

S/N	Risk Category	Specific Risk	Likelihood	Impact	Risk Level	Mitigation Strategy
1.	Market	Demand from target professionals falls short, Slow B2B conversion.	Medium	High	High	Pilot in high-demand city, Lock in early B2B contracts, Track competitors' activities.
2.	Financial	High startup costs, Delayed ROI, Cannibalization.	High	High	Very High	Franchise-plus model, Phased rollout, Differentiation in offerings.
3.	Operational	Service gaps, Talent shortages, High labor costs, Misalignment from core strategy.	Medium	High	High	Partner with local operators, Regular Audits, Leverage AI & automation to reduce labor costs.
4.	Brand	Brand dilution, Hosts alienation, Negative media backlash.	Medium	High	High	Make a clear segmentation, Host co-creation, Proactive PR and social media messaging.
5.	Regulatory	Permit & license delays Community pushback.	Medium	High	High	Legal counsel, Community engagement.

Average number of nights per Airbnb booking from 2019 to 2024, by region

Average nights per Airbnb booking 2019-2024, by region



Note(s): Worldwide; 2019 to 2024

Further information regarding this statistic can be found on [page 8](#).

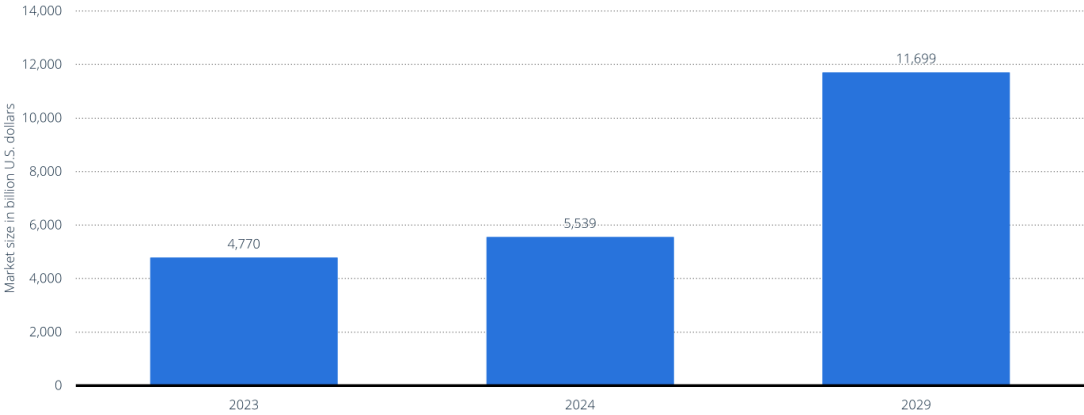
Source(s): Airbnb; U.S. Securities and Exchange Commission; [ID_1193597](#)

2

statista

Market size of the hospitality industry worldwide in 2023, with forecasts for 2024 and 2029 (in billion U.S. dollars)

Global market size of the hospitality industry 2023-2029



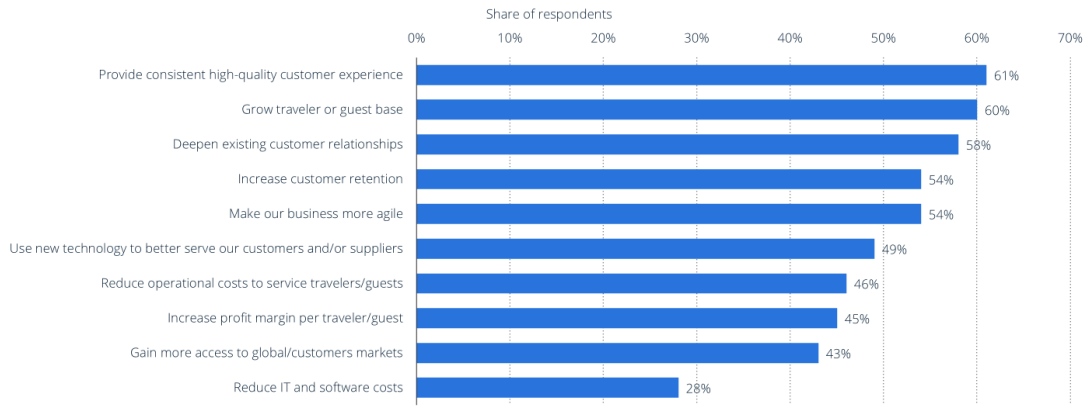
Note(s): Worldwide; 2023
Further information regarding this statistic can be found on [page 8](#).
Source(s): Market Data Forecast; ID 1247012

2



Main business priorities of travel and hospitality companies worldwide in 2020

Key business priorities of travel and hospitality companies worldwide 2020



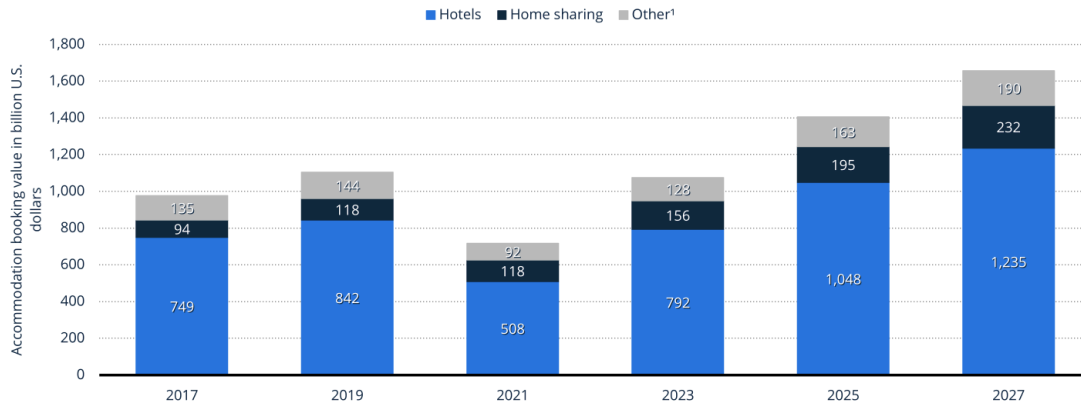
Notes(s): Worldwide; mid-2020; almost 1,000; most respondents were in executive level positions as either managers, directors, or vice presidents, a significant minority held C-level positions at their organizations
Further information regarding this statistic can be found on [page 8](#).
Source(s): Skift; Amazon Web Services; ID 1249370

2

statista

Accommodation booking value worldwide from 2017 to 2023, with a forecast for 2025 and 2027, by type of stay (in billion U.S. dollars)

Accommodation booking value worldwide 2017-2027, by type of stay



Description: The accommodation booking value worldwide amounted to nearly 1.1 trillion U.S. dollars in 2023. That year, hotels accounted for the highest figure, generating 792 billion U.S. dollars. As predicted, the global accommodation booking value was forecast to reach an estimated 1.66 trillion U.S. dollars in 2027. [Read more](#)

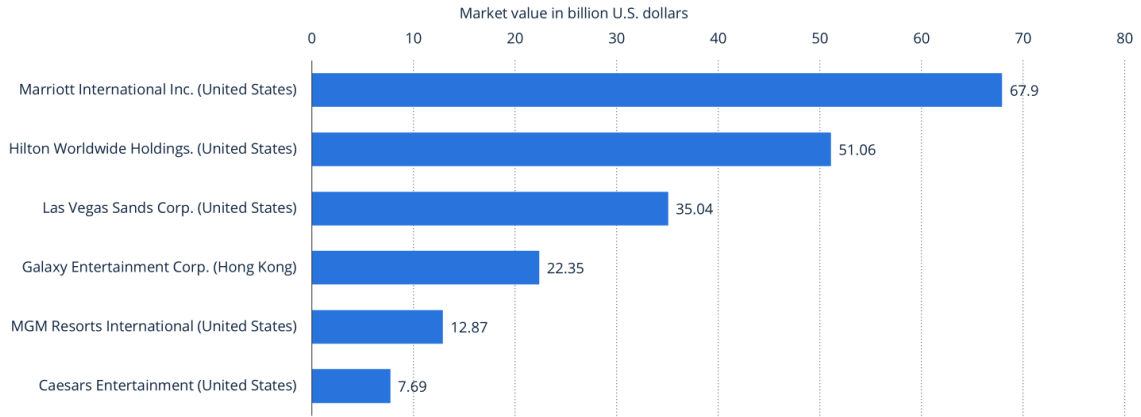
Note(s): Worldwide; 2017 to 2023

Source(s): McKinsey & Company; Oxford Economics



Leading hotel and resort companies worldwide in 2024, by market value (in billion U.S. dollars)

Market value of biggest global hotel and resort companies 2024

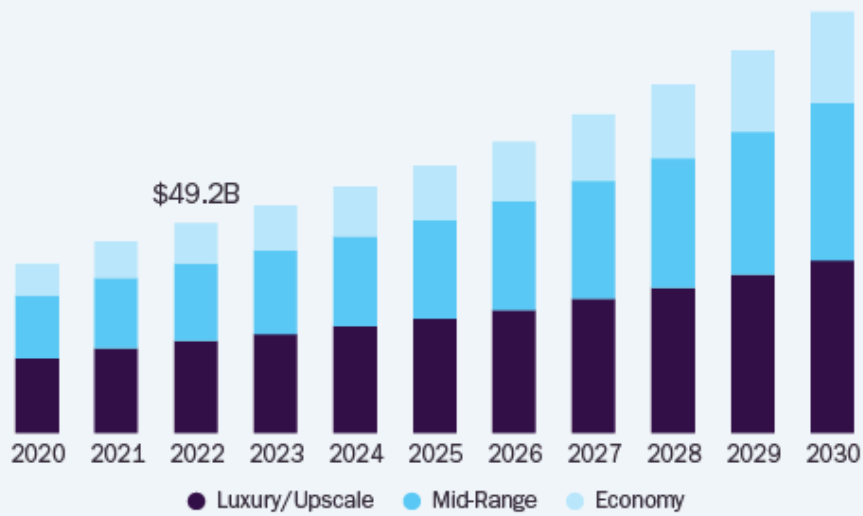


10 **Description:** When looking at the leading hotel and resort chains by market value, as ranked by Forbes in its 2024 "Global 2000" list of the largest companies worldwide, Marriott International Inc. came out on top. The hotel chain accounted for a market value of approximately 67.9 billion U.S. dollars that year. Meanwhile, second in the ranking was competitor Hilton Worldwide Holdings, at 51.06 billion U.S. dollars. Read more.
Notes: Worldwide, as of May 17, 2024; includes companies ranked in Forbes' "Global 2000".
Sources: Forbes



Extended Stay Hotel Market Size

by Type, 2020 - 2030 (USD Billion)

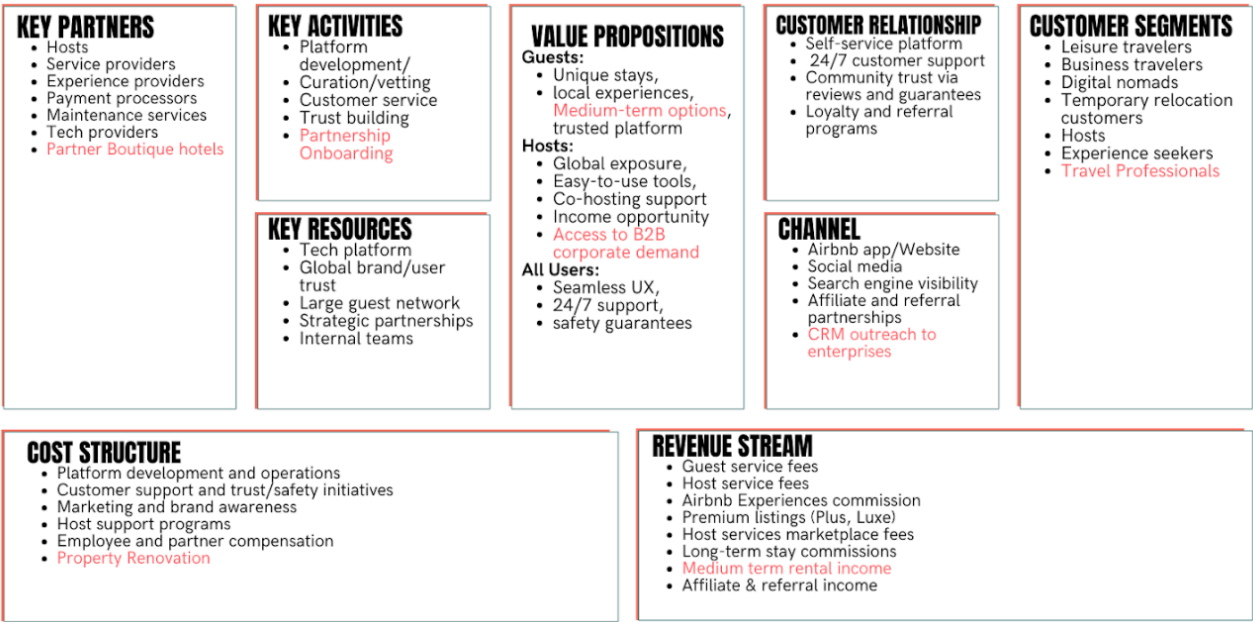


GRAND VIEW RESEARCH

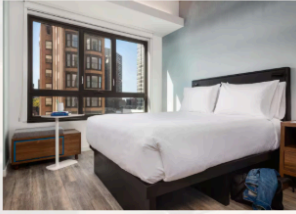
9.4%

Global Market CAGR,
2024 - 2030

Source:
www.grandviewresearch.com

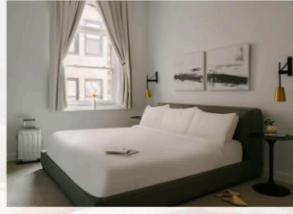


Current options



Hilton - 1BR
\$167/night
\$5010 total

- Too expensive
- Feels Impersonal
- No kitchen/laundry



Sonder - 1BR
\$135/night
\$4041 total

- Hotel prices for mid-tier experience
- No on-site staff



Airbnb - 1BR
\$94/night
\$2815 total

- Inconsistent quality
- Lack of amenities



Rotating Room - 1BR
\$46/night
\$1400 total

- Low quality
- Shared housing