

ZÁPADOČESKÁ UNIVERZITA V PLZNI

Fakulta filozofická
Katedra anglického jazyka a literatury
Studijní obor cizí jazyky pro komerční praxi v kombinaci
angličtina-francouzština

BAKALÁŘSKÁ PRÁCE

The Analysis of Marketing Strategy of Airbnb and Their Current Business Model

Markéta Veverková

Vedoucí práce: Mgr. Renata Bočková
Katedra anglického jazyka a literatury
Fakulta filozofická Západočeské univerzity v Plzni

Plzeň 2021

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Poděkování

Ráda bych poděkovala vedoucí své bakalářské práce Mgr. Renatě Bočkové a dále také Bc. Janě Havlíčkové M.B.A., za cenné rady a trpělivost při zpracování mé bakalářské práce.

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Introduction

The objective of this bachelor thesis is to introduce a marketing strategy and business models in general, however, the main purpose is to present the company Airbnb, their marketing strategy as well as their business model. As a linguistic part of this thesis, the part will consist of a glossary. This thesis will be divided into two main parts – theoretical and practical.

The theoretical part will be classified into two main sections. The first one will be theoretical and general, concerned with marketing strategy, marketing strategy analysis tools, and business models without definite specialization. The second part will be focused especially on the company Airbnb. It will be composed of the story of Airbnb from their very beginning, their marketing strategy, and also analyses of their environment which are SWOT analysis, PEST analysis, and Porter's five forces analysis. The description of the business model of the company will be included as well. The last chapter of the thesis will be the glossary of vocabulary associated with the theme.

The practical part will be connected to the current global situation relating to the coronavirus pandemic. This part will consist of the approach of Airbnb company to the crisis as well as the way how they handled the obstacles and survived the pandemic.

1. Theoretical part

1.1. Definition of marketing

The term "marketing" originates from the latin word *mercatus* which means to merchandise or the place where the business is realized – the market. The term "marketing" was for the first time mentioned in dictionaries in the sixteenth century. (Dictionary.com, 2012) In these times, it was related to the process of purchasing and selling items or services at the market. Nowadays, the definition of marketing comprises promotion, distribution, sales, and the work of the marketer. (En.wiktionary.org, 2021) I decided to mention several different definitions of marketing below.

For instance, William J. Stanton, defined marketing as *“an entire system of economic activities regarding the programming, pricing, promotion and distribution of products and services meant to satisfy the needs of current and potential consumers”* (Stanton, 1975: 43)

The American professor and marketing expert, also known as the father of marketing, Philip Kotler, described marketing as *“the process through which individuals and groups obtain what they need and desire by the generation, offering and exchange of valuable products with their equals”* (Kotler, 2011: 35), in his book *Marketing Management*. However, Philip Kotler created many different definitions during his life and he also wrote several books about the theme of marketing.

According to the American Marketing Association (AMA) is marketing perceived as *“the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners, and society at large”* (AMA, 2017).

1.2. History of marketing

The marketing is fundamentally as old as the civilization itself. However, the marketing has not always been of the form as it is known nowadays. The first signs of marketing originate from simply attempts to sell goods and services. It is generally known, there has always been a trade. The markets and trade have a long history, the ancients were trading spices or materials and that is where the idea of marketing was born. (Historycooperative.org, 2016) However, the term *marketing* came into existence at the beginning of the 20th century. The first textbooks related to marketing were published in the period of 1900-1910. (Philip Kotler: Marketing, 2012)

Nevertheless, the idea of marketing, as we have known it in these days, started to develop especially during the Industrial Revolution. It means from the late 18th century to the 19th century approximately. This period of time represented a rapid and important change for the human race. The change was caused by

innovations in the scientific and technological industries. People started to purchase goods more than ever did because it was less complicated for them to buy things than making it themselves. During the early twentieth century, the competition was increasing and became very intense. Thus, the need of businessmen to use marketing techniques, in order to increase selling, became an essential part of their competitiveness. The need to increase production outputs and market shares covering all industries also came up with the increasing competition. The aim of businessmen soon became to persuade clients that the products and services provided by one company were better than the same ones offered by another company. (Historycooperative.org, 2016)

According to Philip Kotler's theory concerning the evolution of marketing, the marketing has undergone through five stages since the beginning of the Industrial Revolution. These stages are: the production era, the product era, the selling era, the marketing era and the holistic era. (smallbusiness.chron.com, 2020)

The production era is associated with the industrial revolution. During this period, when a large progress in technology was made, the machines replaced the human labor. As businessmen believed that the reduction of costs equals success. The hand-made products required higher costs and machines made those production costs lower. It means, the price of final products decreased and the result was that more people could afford to buy the goods. Therefore, they focused their attention to the production and distribution at the lowest possible cost. (Businessyield.com, 2020)

The product era was focused on the product to be the best version of itself. The companies endeavoured to add as many features to the product as possible to attract the consumers. (Yourbusiness.azcentral.com, 2019)

During the selling era, the main point catching the company's attention were mainly transactions. From the beginning of the twentieth century, the competition was increasing and the spotlight of the marketing moved to selling. Hence, the companies were doing everything to sell their product, it oftentimes even involved the price reduction. (Yourbusiness.azcentral.com, 2019)

The main point of the marketing era was to match the product with the needs of the consumer. They made an effort to understand the consumer's needs and consequently to satisfy these needs. Thus, the companies used surveys and analyses of their market to understand the consumers. The results of these researches were useful for their marketing strategy. (Businessyield.com, 2020)

The holistic era involves all aspects of the company, such as production, distribution, advertising. In this period, marketing is not focused solely outward, towards the customer, but also inward, to the company's organization. (Yourbusiness.azcentral.com, 2019)

The contemporary marketing era is known as the digital marketing era or the social marketing era. Recently, social media is crucial. Establishing personal connections and building relationships on a global scale is the main point of this marketing era. The customer is directly involved in the product development decisions, so that the marketing is based on the personal contact more than before. The company has a larger opportunity to create loyal relationships with customers. (smallbusiness.chron.com, 2020)

1.3. Marketing strategy and its function in the company

A marketing strategy helps the company set up their new product or service with the best chances for making a profit on the market. A marketing strategy of a company is related to a business plan for reaching potential consumers and afterward turning them into customers of the company's business. The company tries to encourage consumers to purchase their products or services. (Investopedia.com, 2021)

A thorough marketing strategy should cover all the four "Ps" of marketing, such as product, price, place, and promotion. The product represents the core of the product, the product itself – quality, guarantee, design, benefits, etc. The price refers to the price of the product. Furthermore, it contains the discounts or the conditions of payments. The place determines where the product is sold, including supply and transportation. The promotion indicates the way how the consumers get to know the product – commercials, public relations, etc. These four Ps are also called a marketing mix which helps the company to define its marketing options. (Investopedia.com, 2020) A marketing mix was introduced by an American marketing professor, Edmund Jerome McCarthy, in his book *Basic Marketing: A Managerial Approach* in 1960. (En.wikipedia.org, 2020)

1.4. Marketing strategy analysis tools

1.4.1. SWOT analysis

SWOT analysis is one of the most popular strategy analysis tools. This type of analysis gives the entrepreneur better insight into his internal and external business environment. The letters stand for the strengths, weaknesses, opportunities and threats. (Investopedia.com, 2021)

At the time when the entrepreneur identifies all of them, he can evaluate better how to capitalize on the strengths of his company, minimize the impacts of his weaknesses, take the advantage of most of his opportunities and curtail the impacts of threats. (Investopedia.com, 2021)

At the beginning, the entrepreneur defines the objective of his project or business activity. Thereafter, the entrepreneur should distinguish the internal and

external factors that are important for achieving that objective (Investopedia.com, 2021). Strengths and weaknesses are considered to be an internal factors, whereas the opportunities and threats are deemed the external. In general, the factor is relevant information. The internal factors are the ones that the company has control over. The external factors are the ones that the company has only little or no control over at all. Another division of factors is distinguished according to their impact on the company. These are helpful factors and harmful factors. Helpful factors assist a company's success which include strengths and opportunities. Harmful factors impede company's success. These factors comprise weaknesses and threats. (Sarsby, 2016: 8-10)

Strengths are interwoven with opportunities. Although the strengths are the internal factors and the opportunities belong to the external factors, both are helpful. Strengths are factors that support an opportunity. Strengths include financial power, technological and production advantages, customer service advantages in marketing, sales and reputation and also talented and well-trained staff. Opportunities arise for example from competitors who withdrew from the market or new social trends. Opportunities might be tangible, these are for example the products and features. On the other hand, there are also the intangible ones, such as extending a company's influence or enhancing the reputation. (Investopedia.com, 2021)

On the contrary, weaknesses are connected with threats. As I have already mentioned above, the weaknesses are deemed internal factors whereas the threats are considered to be the external factors. However, both are harmful. Weaknesses represent the fact that the company is not able to take advantage of an opportunity, or are vulnerable to threats. Weaknesses may include financial problems and difficulties such as debts, obsolete technology, customer service weaknesses such as long delivery period or poor customer communication, immoral behavior of employees, and skills shortages. (Investopedia.com, 2021)

SWOT analysis has several advantages. Firstly, I would like to mention its simplicity. The matrix is easy to understand because it is not complicated at all. This type of analysis is highly visual thus it is not intricate and it is easy to communicate to other stakeholders. SWOT analysis can be applied in different depths from brief used, for simpler circumstances, through to highly elaborated and detailed for larger issues. (Sarsby, 2016: 3)

On the other hand, SWOT analysis has a lot of disadvantages as well. It is generally known that there are two sides to every story. For making SWOT analysis are used data which are influenced by perceptions, beliefs, personality types and preferences. Sometimes, there are used poor quality data which includes anecdotes, hearsay, and factors expressed as generalisations. When creating a SWOT analysis matrix, factors might be assigned to the wrong area of analysis hence the strategy

becomes invalid. (Sarsby, 2016: 4)



Example of PEST analysis; source: pinterest.com

1.4.2. PEST analysis

The abbreviation PEST stands for the external factors which influence the business. These factors are political, economic, social and technological. PEST analysis is a method whereby a company might estimate the external factors which affect its operation in order to become more competitive in the market. In general, the PEST analysis is a strategic audit of the impact of macroenvironment.

PEST analysis has a variation which includes the additional aspects of legal and environmental. In this case, the acronym is PESTLE analysis. This variation on the PEST analysis format is popular mainly in the United Kingdom. (Investopedia.com, 2020)

The political aspect of the PEST analysis is focused on the areas of policy which affect the company, such as taxes, employment law, international relations, political climate of the nation, etc. In other words, this aspect is occupied with government policy and changes in legislation in order to the company's ability to succeed. (Investopedia.com, 2020)

The economic aspect of the PEST analysis is related to the external economic

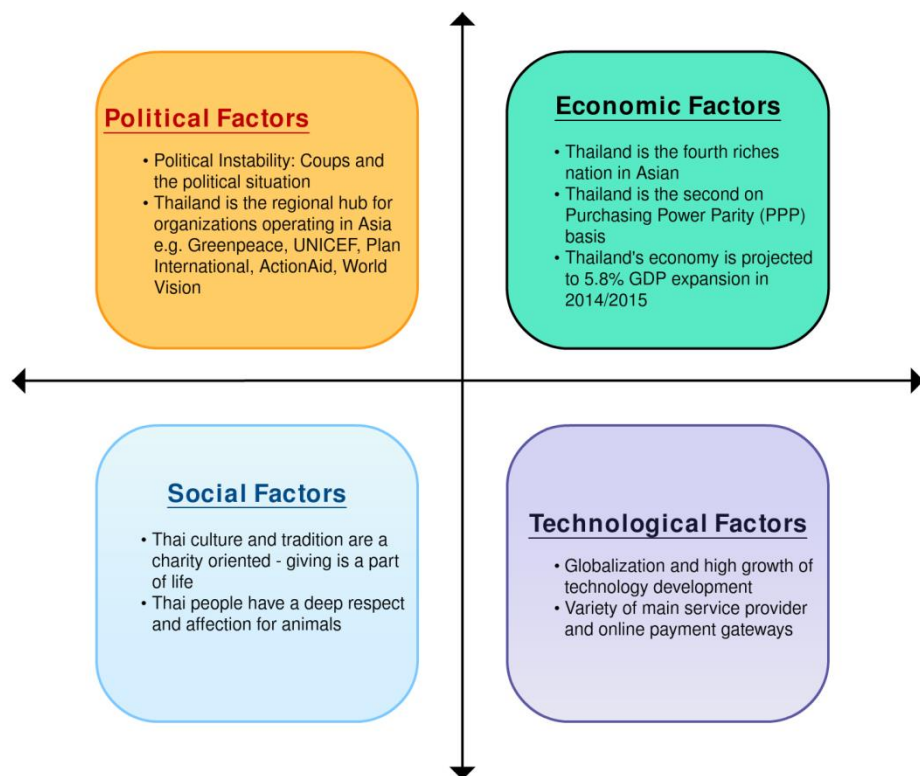
issues, such as the key factors of interest and exchange rates, economic growth, supply and demand, inflation and recession. (Investopedia.com, 2020)

The social aspect of the PEST analysis is concerned with demographic and cultural areas of a company's target groups, for example cultural attitudes, workplace and lifestyle trends, religious and ethical beliefs, age distribution, etc. (Investopedia.com, 2020)

The technological aspect of the PEST analysis refers to the technological issues that play an important role in the company, such as development of technologies, trends and changes in technology, government spending on technological research, etc. (Investopedia.com, 2020)

PEST Analysis can help the company to recognize and thereby make use of the opportunities offered by existing conditions in the business environment. Companies can apply this analysis for identifying current or possible future challenges, allowing for effective planning of how to best manage these challenges. PEST Analysis can be used in association with other types of strategic analysis tools, such as the SWOT analysis (strengths, weaknesses, opportunities, and threats), for acquisition of even more comprehensive results. (Investopedia.com, 2020)

It is assumed that PEST Analysis was firstly introduced under the acronym ETPS by Harvard professor Francis J. Aguilar in his book *Scanning the Business Environment* published in 1967. Francis J. Aguilar described the economic, technical, political, and social factors as the major influences on the business environment. A few years later, the letters from the acronym were reorganised to the convenient version which is used today. (Investopedia.com, 2020)



Example of PEST analysis; source: pinterest.com

1.4.3. Porter's five forces analysis

Porter's Five Forces is a method being applied in order to analyze the company's competitive environment so that the company could better understand the level of competition within the company's field and improve a company's long-term profitability. This type of method identifies and analyzes five competitive forces that form every company and helps assess weaknesses and strengths of the company. In most cases, Porter's Five Forces are used to measure competition intensity, attractiveness, and profitability of the market. The five forces are competition in the industry, power of customers, power of suppliers, threat of substitute products, and threat of new entrants. (Investopedia.com, 2020)

The competition in the industry is related to the number and strength of company's competitors and the measure of possibility to threaten the business of the company. The larger the number of competitors, including the number of identical or similar products and services they offer, the lesser the power of the company. Suppliers and consumers search for company's competition to find out if they are able to offer a better deal or lower prices. On the other hand, when the competition is low, the company has larger power to raise their prices and set the terms of deals to achieve higher sales and profits. (Investopedia.com, 2020)

Power of customers represents the ability of customers to put the company

under pressure which means that customers are able to influence the price and quantity of demanded products or services. In other words, the power of customers affects how many buyers or customers a company has, how important each customer is, and how much the company would spend on finding new customers. When the clientele is small and more powerful, the customer is most likely to succeed in negotiating about lower prices or better deals. (Investopedia.com, 2020)

Power of suppliers depends on the number of suppliers available on the market. The fewer suppliers occur in the industry, the more company would be dependent on a supplier. The company's suppliers can be a source of power over the company when there are only a few substitutes. The more suppliers or low costs spent on replacing the competitive suppliers, the lower the company's input costs are and it is easier to enhance the company's profits. (Investopedia.com, 2020)

Threat of substitutes is linked to substitute goods or services that can be used instead of a company's products or services. When the company offers special and unique products or services for which there are not any close substitutes, it will have more chances to increase prices. When there are close substitutes on the market, the customers will have more options and they might choose a product or service of another company thus the company can be weakened. (Investopedia.com, 2020)

The threat of new entrants refers to new competitors in the field. A company's power is impacted by the force of new entrants on its market. The less time and money the competitor spends to enter a company's market and be an effective competitor, the more already existing company could be weakened. (Investopedia.com, 2020)

The five-forces perspective was originally described in a Harvard Business Review article in 1979 and it is named after its author Michael E. Porter, a professor of Harvard University. In 1980, Michael E. Porter published the book *Competitive Strategy: Techniques for Analyzing Industries and Competitors* where he defined the model of Porter's five forces. (En.wikipedia.org, 2021)

1.5. Business models and their function

The term business model expresses the strategy for making a profit in a specific marketplace. Business model includes products and services, target market and all expected outlays. The main point of the business model is the value proposition. The value proposition describes why a company's service or product is of more value to the consumer than the similar one offered by the company's competition. In other words, it describes how the product or the service differs from the others. There exist as many types of business models as types of business. For instance, direct sales, franchising, advertising-based, and brick-and-mortar stores are examples of traditional business models. (Investopedia.com, 2020)

Business models can help new enterprises attract investor's interest. The investor should find out how the company earns its money, and the business model can help him go through the financial data. (smallbusiness.chron.com, 2016)

The core of the business model consists of four elements - product or service offered by the company, how the company plans to launch the product or service, how the business will make a profit, and all the expected expenses. Through the business plan, the investors evaluate companies that interest them as a possible investment. A business model of the new company should contain the startup expenses and financing sources, the target market base, marketing strategy, competition, and projections of revenues and expenses. Also, it can help the new company find a partner among the other established companies. On the other hand, the established companies should be regularly working on their business models. It is necessary to update their business plans to not fail in trends or upcoming challenges. From time to time, many companies revise their business models to reflect changing business environments and market demands. ([Investopedia.com](http://investopedia.com), 2020)

There are three main purposes of a business model. First, the company can briefly describe its business venture via the business model, and consequently, this description can be developed into a complete business plan. Secondly, it serves the potential investors and employees as the insight into the company's focus. Ultimately, it can be used even as a reminder for the founder, to follow the original direction of his company and stay on his track. ([Investopedia.com](http://investopedia.com), 2020)

1.6. The story of Airbnb

First, I would like to explain how the idea of Airbnb was born. It all started in California in 2007, however, the company was officially established in 2008. Two young men, Brian Chesky and Joe Gebbia, were struggling with paying their rent after they had graduated from Rhode Island School of Design and they were in need of income. In 2007, they were about to take part in the event of the international design conference in San Francisco and they expected a lack of accommodation during the event. Thus they decided to rent out a part of their apartment where the visitors could sleep on air mattresses. That is how they embarked on their little business. Chesky and Gebbia started to call the new venture AirBed&Breakfast since then and they promoted their idea on design blogs. After AirBed&Breakfast had attracted three customers and received positive feedback from them, Chesky and Gebbia started to think about becoming middlemen and making money through it. (Gallagher, 2018: 32-35)

At the beginning of 2008, Chesky and Gebbia entered into partnership with engineer Nathan Blecharczyk, Chesky's former roommate. He joined them as a Chief Technology Officer and the third co-founder as well. Nathan Blecharczyk coded the company's original website named [Airbedandbreakfast.com](http://airbedandbreakfast.com), thereafter they offered a short-term accommodation and breakfast on this web. A very first

official venue for this project was the Industrial Design Conference in the summer of 2008. (Gallagher, 2018: 36)

Initially, their marketing was "cereal-based". As they were offering bed and breakfast service, they came up with the idea of serving "Obama O's" and "Cap'n McCain's" cereals. They purchased a big amount of cheap breakfast cereals in two varieties and reboxed them in two different types of election-themed boxes. Both types of boxes featured an illustration, something like caricatures, of the presidents. AirBed&Breakfast earned around 30 000 USD as a profit by selling the cereals. Nevertheless, the cereal stunt was not as profitable as Chesky and Gebbia expected. (Gallagher, 2018: 57)

Their cereal-based business attracted Paul Graham's attention, American entrepreneur, venture capitalist, co-founder of Y Combinator, who was not impressed that much by the idea of Air bed and breakfast but more likely by the creativity of Chesky and Gebbia. Paul Graham provided a three months mentoring period to them. Ultimately, he decided to support the growing company and invest 20 000 USD in the company. In January 2009, Graham accepted Airbedandbreakfast.com into Y Combinator, the seed money startup accelerator. Thanks to the support of Y Combinator, Airbnb obtained the means to grow further. Thereafter, Greg McAdoo from investment company Sequoia Capital invested in Airbnb over 500 000 USD and therethrough its value increased up to 2,4 million USD. (Gallagher, 2018: 64)

In March 2009, Chesky and Gebbia dropped the air mattress and breakfast requirement and the title AirBed&Breakfast was shortened to Airbnb. In summer of the same year, Nick Grandy joined them as the first hired engineer, he was their first employee. (Gallagher, 2018: 66)

Many people wonder why Airbnb took off when there already existed websites of similar content, such as Couchsurfing.com, Home Away.com, or VRBO.com. The product itself has a large share in their growth. In this case, the actual website or application is the issue. It is about the visual aspect, its functions, the way it works, the engineering that powers it and also the user experience (the interaction). The founders started with a simple platform, a WordPress website, offering a housing supply for sold-out conferences. Over time, they created a website where people could book a room in a stranger's home as easily as they could book a hotel room. Their main trump was simplicity, Chesky and Gebbia were very emphatic about that. They both have been designers, that is what turned out to be one of their most significant assets. Their perception of design was highly extensive. It was not just about an object, or in their case a website, it included a scale from the product to the interface to the experience. The founders were focused on the visual part, simplicity, and overall experience of the website. Later, this approach would spread out into all aspects of their business, including the way they created the culture, conceived the offices, structured the company, and organized board meetings. (Gallagher, 2018: 121-123)

Since the user experience was crucial for Chesky and Gebbia, they wanted to make the Airbnb experience to be effortless, they wanted their website to be easy to use. Steve Jobs was a genuine design hero for Chesky and Gebbia, he was inspiring for them. They found inspiration in his three clicks principle. When Steve Jobs invented iPod, he intended users to never be more than three clicks away from playing a song. The point is, in the case of Airbnb, that the customers should be able to book their room through no more than three clicks. On their journey to simple reservation system, there were many elements that their website needed to solve. Such as payment, customer service, and reviews. The most intricate part of this process were payments. The main issue was the fact that they needed to remit 97 percent of the payment back to individual hosts. Their Chief Technology Officer, Nathan Blecharczyk, was trying his best to build such a mechanism. It lasted months to create the convenient and functional system but after all the complications and abortive attempts, he built an end-to-end payments system. This payment system was able to satisfy their requirements. The end-to-end system enables to solve the intricacies of global markets and currencies and can remit payments to individual hosts. (Gallagher, 2018: 184-185)

1.7. Marketing strategy of Airbnb

The marketing approach of Airbnb is focused on building and maintaining the strong community created among its guests and hosts and the company targets the long-term loyalty of both parts of customers. This attitude is connected to offline marketing techniques that are also utilized by Airbnb. The services of the company are dependent on users' positive physical experiences which reinforces the company's reputation. Airbnb's guests are motivated by the opportunity of enjoying exceptional holidays as well as securing competitive rates. Offline marketing of Airbnb includes guerrilla marketing. The company utilizes guerilla marketing either when it entrances the new geographical markets, or as a supplementary device to attract additional attention in already existing markets. One of their guerilla campaigns was, for instance, a floating house that was sailing for five days on the River Thames. This campaign was realized in 2015 in London. This unusual matter attracted many people, it resulted in approximately 200 million reactions on social media. The campaign roughly brought about 10,000 new users to the platform overall. (Startingbusiness.com, 2020)



Airbnb's floating house; source: pinterest.com (<https://cz.pinterest.com/pin/314759461433546574/>)

Offline marketing collaborates with the company's elaborated digital marketing strategy. Airbnb significantly invests in digital marketing. It focuses on effective sharing of content to the company's target group through diverse channels, especially through social media. Influencer marketing is an integral part of Airbnb's digital marketing strategy. The company collaborates with high profile celebrities to broaden their range of advertising to their target group, in other words, to their potential new customers. These partnerships typically involve posting images of luxury Airbnb stays, which are sponsored by Airbnb, on celebrity's Instagram. The company also keeps its own blog aimed especially at hosts. It is frequently updated with tips for home improvement, statements of Airbnb experts, and relevant platform updates designed to engage users. (Startingbusiness.com, 2020)

The company invests in market research to obtain data about its constantly developing user demographic, and note their rapidly changing requirements. These researches are effectuated through Airbnb's website and mobile application which collect information about customer behavior, preferences, age, gender, location, and more. Airbnb utilized gathered data to identify niche markets, create new features, and adjust its marketing delivery with great success. (Startingbusiness.com, 2020)

As I have already mentioned above, the user experience was crucial for the company. Hence Airbnb created a referral program that rewards community members for inviting new users to the platform, and therethrough the company established one of their marketing tactics. The referral program helps the company to expand into the awareness of the new potential users through existing users. For

each successful referral, Airbnb provides to their customers travel credit which is designated to be spent on Airbnb stays or experiences. Likewise, the new users are rewarded in order to motivate them to use the services of Airbnb. They receive credit for their first trip. (Startingbusiness.com, 2020)

The most effective marketing campaign of Airbnb so far was embarked in 2017 entitled We Accept. The purpose of this campaign was to promote the values of Airbnb to the public comprising the company's commitment to appreciate human diversity and fighting prejudice. Equality and compassion were the main ideas of the campaign We accept. It was particularly an online campaign circulating social media through the hashtag #WeAccept. However, it also included television commercials that were first broadcasted in the USA during the 2017 Super Bowl. Its videos and banners were made of simple, nevertheless powerful, photographs of individuals of diverse skin colors, ethnicities and religious beliefs, overlaid by simple white texts. Founders intended to encourage the users, and the general public, to be respectful to each human being no matter his or her race, religion, national origin, ethnicity, disability, sex, gender identity, sexual orientation, or age. The campaign was meant to initiate people to treat every single person on the Earth the same way, which means with respect and kindness and primarily without judgements. We accept was a kind of reaction to the incident from 2016 when Airbnb was accused of discrimination. The campaign was likewise launched in reference to the migrant crisis. Airbnb donated 4 million USD to the International Rescue Committee and made a commitment to provide housing to 100,000 displaced people over a five years period. Furthermore, the company appealed to the general public for donating to relevant charitable organizations or sharing their homes with someone in need through Airbnb. The campaign encouraged 15,400 individuals to share their homes with displaced people. Concerning social media, the campaign gained in excess of 87 million impressions. (Startingbusiness.com, 2020) Herein follows the extract from the statement of founders of the company Airbnb from February 5 of 2017, Brian Chesky, Nathan Blecharczyk and Joe Gebbia, concerning the campaign We accept. *“Today we're setting a goal to provide short-term housing over the next five years for 100,000 people in need. We'll start with refugees, disaster survivors, and relief workers, though we want to accommodate many more types of displaced people over time. To help people around the world facing displacement, we'll work with our community of hosts to find not just a place to stay, but also a place to feel connected, respected, and a part of a community again. In addition, Airbnb will contribute \$4 million over the course of four years to the International Rescue Committee to support the most critical needs of displaced populations globally. We couldn't talk about the lack of acceptance in the world without pointing out the challenges in our own community at Airbnb. The painful truth is that guests on Airbnb have experienced discrimination, something that is the very opposite of our values. We know we have work to do and are dedicated to achieving greater acceptance in our community.”* (Founders of Airbnb, 2017, airbnb.com).



Illustration of the campaign We accept; source: airbnb.com

1.7.1. Swot analysis of Airbnb

In this type of analysis, we will focus on the strengths, weaknesses, opportunities, and threats of Airbnb.

Strengths of Airbnb include for instance their good customer service and it is also one of their main strengths. Airbnb provides users a customer service of twenty-four hours a day, seven days a week. Furthermore, Airbnb is present on many social media platforms, it helps the company to be more in touch with their customers and also to be more visible to them. (Marketing91.com, 2019) For example, they dispose approximately of 4,7 million followers on Instagram (31 March 2021). It is related to the fact that Airbnb is a well-established brand, the company is known worldwide. It is active in approximately 220 countries. (Stratosjets.com, 2021) Airbnb offers quite extraordinary experiences when compared to hotels. Guests are accommodated in unique rooms and houses. Airbnb offers a diverse range of accommodation, guests can spend a night in the city center apartment or in the country cottage. (Marketing91.com, 2019) They can choose from cabins, farms, tiny homes, boats, castles, yurts, treehouses, or even igloos, etc. They can stay in a private room or even a private house, or they can sleep in a shared room with the option of meeting new people. Airbnb made an expansion that allows guests to book activities with guides, which are for example guided tours, cooking classes, and meetups. (Airbnb.com, 2021) Thanks to this expansion, the guests have more options to meet new interesting people and also new interesting places. Another strength of Airbnb is the fact that it is a cheaper alternative to other resorts and hotels. The prices are naturally very varied depending on the location. However, every single person can find what he or she is looking for because there are so many options, as I have already mentioned before. Everyone can find accommodation which fits their budget. Before the guest commits to making a decision, he or she can check the reviews provided by previous guests. This is the way how to build and maintain trust in the Airbnb community. During the year 2018, Airbnb extended its offer with Airbnb Plus and Airbnb Collections. The Airbnb Plus program recognizes the additional amenities, such as well-designed,

fully equipped, and perfectly maintained spaces. The feature Airbnb Collections is a collection of homes that are highlighted for a specific type of trip or occasion. For instance, Airbnb for work, for families, for honeymoons, for parties, etc. These features are also considered to be the strengths of Airbnb, it facilitates the process of choice for the guests. (Marketing91.com, 2019)

The major weakness that Airbnb has to face is the violation of housing laws and regulations. The issue is that hosts are paid for offering their rooms or apartments for short-term accommodation, which as per many housing laws is against the law. For instance, the housing law in New York allows owners to rent out their property for a short-term stay (less than 30 days) provided that they do not live in it. Another problem of Airbnb could be poor hosts. Airbnb relies on the quality of services provided by the hosts, and the company does not have any direct control over them. When the host does not follow the Airbnb guidelines, it can damage the reputation of the company or even threaten their profit. The business model of Airbnb is dependent on hosts to a certain extent which makes the company vulnerable in its success. Furthermore, their business model is easy to replicate because it is a very simple concept. On the other hand, Airbnb is spread all around the world thus it would be hard for the new brand to turn competitive. (Marketing91.com, 2019)

The opportunities of Airbnb include expansion of its product. The company is constantly evolving and introduces new features to customers, such as the possibility of travel guides, experiences, and activities, such as surfing, hiking with rescued dogs, crafting, kayaking, soccer events with fans, etc. Or, for instance, the company could expand its product by providing car rentals which is related to expansion into other markets. All of these services are, besides the website, available in the well-arranged mobile application that enables the hosts and guests easy and simple connection. Another possible opportunity of Airbnb is support provided by celebrities, either from the position of the host or the guest. (Marketing91.com, 2019) Celebrities who rent a property on Airbnb are, for example, Elizabeth Taylor and Kevin Jonas. Or there are former properties of celebrities rented on Airbnb, such as Tyler Perry's manor in Georgia, former home in Montgomery of F. Scott Fitzgerald and his wife, Zelda, a tiny studio in Maui where Jimi Hendrix stayed when filming Rainbow Bridge, etc. (Travelandleisure.com, 2019) Celebrities who used the services of Airbnb are, for instance, Rihanna who spent a vacation in the Paul Mitchell Estate in Hawaii, Emma Stone who went for a trip to Oahu, or Beyoncé who rented Airbnb during Super Bowl. (Cntraveler.com, 2016)

The last element of SWOT analysis is threats. It is beyond doubt that threats include competition. One of the main competitors is HomeAway, furthermore for example Tripping.com, HomeToGo, FlipKey, VRBO, etc. Also, local laws and regulations may threaten the Airbnb business. Plenty of cities all around the world have some short-term rental restrictions. Likewise, many cities adapted their law so

that Airbnb usage is not such a problem. (Marketing91.com, 2019) Every city has a different attitude to Airbnb, for example especially Santa Monica is strict whereas Amsterdam is rather permissive. Santa Monica instituted the toughest regulations on short-term rentals in the U.S. thereby this city has deleted 80% of its Airbnb listings. On the contrary, Amsterdam is more tolerant but this city also has its restrictions which is, for instance, the limitation of short-term rentals to 30 days a year. (Investopedia.com, 2020) Because of these legal issues concerning housing and tourism laws and regulations, Airbnb is facing some lawsuits and fines. For example, the Barcelona Authorities has fined the Airbnb company with approximately 30,000 Euros for violating the tourism laws. (Theguardian.com, 2014)

1.7.2. Pest analysis of Airbnb

Pest analysis explains political, economic, social, and technological factors that influence the business.

Political factors of Airbnb arise from housing laws and regulations, political stability, taxation system, and so on. Due to the company's unique business model, it is facing many political and legal issues. Some hosts rent their properties in contradiction to the housing laws of their country. For instance, in many countries, the host has to live on the property that he or she rents out. The issue is that there are individuals who purchase immovable properties solely for the sake of offering Airbnb rental services which is obviously a law violation. The laws often differentiate in different cities in one country. In some cities, hosts are restricted in hosting guests for short-term stays. There are many cities that require registration, permission, or a license, before the host registers his or her property or accepts the guests. Another political factor that affects Airbnb is a taxation system that is various in different countries. (Marketingtutor.net, 2018) Some hosts are required by their local regulations to charge a tax. In the majority of cases, the tax is included in the price of the reservation, however, some taxes have to be paid directly upon the guest's arrival. Airbnb requests the hosts to notify the guests of any taxes that may be required to collect, prior to booking. In some locations, Airbnb has made agreements with governments to collect and remit certain local taxes on behalf of hosts. The taxes differ, for example, on the basis of the number of guests, the number of nights, or property type booked. When the guest books a listing in one of the certain locations, the collected local taxes will be automatically displayed upon the payment. (Airbnb.com, 2021)

Airbnb has a leadership position in the field called sharing economy. The sharing economy is a system based on the sharing of resources. In contrast to the traditional business model, which is built on employees producing products to sell to consumers, the sharing economy involves the shared creation, production, distribution, trade, and consumption of goods and services by different people and organizations. (Wikipedia, 2021) The Oxford English Dictionary describes the sharing economy as “*an economic system in which assets or services are shared*

between private individuals, either free or for a fee, typically by means of the internet.” (Lexico.com) For instance, someone who needs to drill a hole in the wall to hang a shelf, and does not possess his or her own drill, rents the drill from an individual or business. The possessor of the drill earned money by renting it and the renter does not have to buy his or her own solely for this occasion and thus he or she saved up money at the moment. In the case of Airbnb, the owner rents out his or her part of the property for a short-term period to the visitor. The visitor saved up money because it is usually cheaper than a hotel room, and the owner got paid. (Onespace.com, 2017) Furthermore, Airbnb is generally cheaper in comparison to hotels thus it became a major competitor to them. The higher the number of Airbnb guests, the higher the losses of the hotel industry. On the other hand, the company's economic effects have been positive for the hosts. Airbnb is a sort of source of income for them. It means that Airbnb ultimately improves the economic conditions of those people. (Pestleanalysis.com, 2017) The company provides job opportunities to hosts, according to the statistics, there are 2.9 million hosts on Airbnb. Likewise, Airbnb employs people as full-time employees all around the world because the company needs data scientists, software engineers, developers, managers, and so on. In 2020, Airbnb had a total of 14,384 employees. (Stratosjets.com, 2021)

From the point of view of the social aspect, Airbnb is a platform where a lot of different cultures and societies from all over the world encounter. On the one side are hosts and on the other side are guests. Both guest and host descend from diverse cultures, accept various norms, and are concerned with different issues. (Marketingtutor.net, 2018) According to the 2021 statistics, the company operates in 220 countries and 100,000 cities. That means that Airbnb is miscellaneous indeed. If we take all the facts above into consideration, tolerance and respect are crucial for customers of Airbnb. The customers should be full of sympathy and respect. (Stratosjets.com, 2021)

Essentially, the whole business of Airbnb is altogether based on technology. Technology represents a cornerstone of the company. Airbnb exercises technology to connect its users. The company maintains a smart messaging system for communication between guests and hosts and verifies personal profiles. Airbnb can be found on social media, also the company has its website and mobile application, or keeps its own blog. The users can browse the company's website to find suitable accommodation, likewise, they can download the mobile application and make the booking in this manner. Social media allows Airbnb to get closer to users, engage them, build its reputation and rise faster. Without technology, Airbnb is not able to perform its fundamental operations, such as for instance booking, cancellation, and payments. Technology enables Airbnb to collect data and perform environment analysis in order to identify opportunities and threats. (Marketingtutor.net, 2018)

1.7.3. Porter's five forces of Airbnb

Porter's five forces analysis identifies and analyzes five competitive forces

that are competition in the industry, power of customers, power of suppliers, threat of substitute products, and threat of new entrants.

Competition in the industry is related to rivalry among existing companies, in the case of Airbnb it is a peer-to-peer lodging industry. The rivalry among companies in the field is affected by the rate of growth of the industry, diversity of competitors, and the role of brand equity. Concerning the rate of growth, the popularity of sharing economy is on the rise on the global scale. This fascinating rate of growth is generally interesting and attractive for new entrants in the market, which intensifies the rivalry among existing businesses. (Research-methodology.net, 2019) As for Airbnb, in 2018, its growth rate was 40%, from 2009 to 2019, Airbnb's global compound growth rate was 153%. In April 2019, Airbnb had a company value of 38 billion U.S. dollars (Stratosjets.com, 2021), whereas as of March 4, 2021, the Airbnb value is estimated to be approximately 110 billion U.S. dollars. (Finaria.com, 2021) Further, this tendency is forecasted to continue. Although Airbnb positions itself as a global leader in the peer-to-peer lodging industry the company, the company is facing many high-quality competitors that use similar websites and networks as Airbnb. These are, for instance, Tripping.com, OneFineStay.com, or HomeAway.com. Also, there are competitors that are considered to be niche service providers in the industry, such as Vrbo.com, Flipkey.com, or TurnKey.com. For instance, Flipkey.com is specialized in group bookings, whereas TurnKey.com is extraordinary because it offers travellers a door code instead of a key, which renders the travellers a sort of freedom. Further, for example, HomeAway.com is focused especially on a slightly older target group whereas Vrbo.com targets more on families, their stays are predominantly kid-friendly because it provides only entire properties, it is not possible to advertise shared spaces of any kind. In general, properties listed on Vrbo.com are bigger and have backyards. These niche competitors I have mentioned above represent a threat for Airbnb. However, the company has been valued approximately at 110 billion U.S. dollars, and such a high level of equity indicates the brand as the leading lodging giant on the global scale. (Research-methodology.net, 2019)

The power of customers denotes the rate of purchaser influence and his or her possibility to bargain. Peer-to-peer lodging services do not have a direct substitution. In comparison to traditional hotels or hostels, a peer-to-peer type of lodging has the advantage of having kitchens and amenities, locations in neighborhoods, and more space for a lower price. Traditional hotels, motels, or hostels represent an indirect substitution because they are not able to replace the advantages mentioned above to those travelers for whom these advantages are important. Therefore, it follows that the propensity of customers to choose substitute services may be limited. There exist millions of travelers in the world, however, there are only a few global hospitality service brokerage companies that gained credibility with customers. It means that the size of consumers is significantly larger than the size of suppliers and such circumstances impose certain limits on customer bargaining power. Nevertheless, the customers still have an

option to choose from the broad range of services, for instance, location, price, and host ratings. (Research-methodology.net, 2019)

The power of suppliers is connected to the Airbnb hosts who rent out their property to travelers. The hosts basically make the business happen. Airbnb cooperates with hosts on the basis of very close relations, they work together in tandem. It helps the company to avoid problems with the customers. Airbnb provides the hosts sort of liberty to make a decision about conditions of renting. The hosts are allowed to establish conditions for their customers provided that following specified regulations and brand principles. These conditions also include the price of accommodation. The suppliers can modify the price of rental places depending on particular circumstances. However, the power of suppliers to bargain, in the case of Airbnb, is negligible. (Expertwritinghelp.com, 2018)

The threat of substitute products, in the case of Airbnb, is regarding the threat of substitute services. When identifying alternative services, it is necessary to seek after the services offering identical or at least comparable functions. In relation to Airbnb, the alternative services are, for instance, traditional hotels, bed and breakfast accommodation, hostel, and Couchsurfing. The threat of substitute service might be measured by the market share, captured by the specific service, by the company's improvement of the capacity as well as market entry. The threat increases with the attractive price and higher quality services offered in comparison to already established ones. In general, the threat is higher when the customer's costs are lower when switching to alternative services. Competitors of Airbnb can be classified as follows. The first group is represented by hotels. Hotels are considered to be the most competitive alternative in the market, likewise, they are the most available and popular way for travelers to stay. Since the establishment of Airbnb, the hotels have noticed certain changes in customer preferences, especially the millennial customers, in the field of new social-oriented products and services, more comfortable and cozy settings, and more functional applications. Thus, the hotels have created and refined their portfolios for the purpose of attracting millennials' attention. These portfolios are made to be more attractive to millennials and those who require fewer services and more connectivity, both technologically and shared space. Another group is occupied by hostels. This type of accommodation is usually sought after by backpackers traveling alone, and intending to meet like-minded travelers. Hostels provide an abundance of opportunities for social interactions in communal settings, are not expensive, and oftentimes have a more youthful and personal atmosphere than a traditional hotel. Hostels, in most cases, offer, for example, communal breakfasts, weekend party occasions, or rooftop cinemas. The last group is Couchsurfing. Couchsurfing proffers to travelers to get free of charge accommodation all around the world. The hosts provide their place to stay for free. The visitors have the possibility to choose hosts based on his or her location which enables them to stay wherever they need, for example, directly at the city center. The main advantage of using Couchsurfing is that it is free of charge and also the traveler has the opportunity to meet

interesting people who can become new friends to him or her.
(Expertwritinghelp.com, 2018)

In the field of the peer-to-peer lodging industry, the threat of new entrants is considered low and weak. It may give the impression that it is easy to enter the industry. Nevertheless, it is not as simple as it appears at the first sight. Maybe it is not difficult to create a website, however, it is tremendously difficult to secure the interest of investors to fund the company. There is a probability of them being skeptical because the niche is already taken by Airbnb. As Airbnb has the leading position and it simply became a kind of synonym for peer-to-peer lodging, the company has left only a small space on the market for potential new entrants. This fact is affected by the time the company entered the market, it is called the first-mover advantage. Since Airbnb has been on the market for so long, the company has gained experiences and resources in order to handle a wide range of legal barriers that the company faces because of the disruptive nature of its business. In the case of new entrants, they might not have an awareness of the various legal and regulatory restrictions in international business, and it could also represent the advantage of Airbnb. (Research-methodology.net, 2019)

1.8. Business model of Airbnb

The business model indicates how the company makes money, in other words, in which way the company became profitable. As time went on, the business model of Airbnb has undergone certain changes. In the beginning, it was based on hosts renting their properties to travelers. Then, Airbnb moved into the hotel market. Hotels and owners and commercial groups can rent out their space through Airbnb. Furthermore, Airbnb noticed the interest of people to take part in activities creating shared memories. As a result, in 2016, the company launched experiences. (Garyfox.co, 2020) Since then, Airbnb has enabled people to offer absolutely exclusive and special experiences to travelers, such as jungle retreat camping in Bali, tracking elephants with Maasai warriors, Grand Canyon camping adventure, hot air balloon trip in Teotihuacan, or private pottery class. Activities available on Airbnb are of a wide range, from cooking classes to hiking to wine degustations and much more. (Airbnb.com, 2021)

Airbnb makes money by charging guests and hosts commissions or fees. The majority of hosts pay a service fee of 3% which is charged to guests and subsequently it is automatically deducted from the host payout. This structure is called a split-fee. This fee is calculated from the booking subtotal which is a charge per night plus cleaning fee and potential additional guest fee, excluding Airbnb fees and taxes. However, hosts of Airbnb Plus, hosts who use Super Strict cancellation policies, and hosts with rental properties in Italy might pay more. In reference to guests, the majority of them pay a service fee that is under 14.2% of the booking subtotal. The fee varies depending on the different booking factors. The second structure of fee is called a host-only fee. It means that the entire service fee is deducted from the host's payout and the guest does not pay any additional service

fees to Airbnb. This type of fee is obligatory for hotels and some other hosts, it ranges from 14% to 16%. Hosts of Airbnb Plus and hosts who use Super Strict cancellation policies might pay more. Another revenue of Airbnb comes from Airbnb Experiences. The hosts who offer experiences through Airbnb are charged a 20% service fee. This type of fee is calculated from the price of the experience and is also automatically deducted from the host's payout. During the pandemic, Airbnb launched online experiences which are realized on Zoom. Currently, Airbnb does not charge a guest service fee for online experiences. (Airbnb.com, 2021)

As I have already mentioned before, Airbnb is part of the sharing economy, especially in the field of peer-to-peer economy. It follows that Airbnb uses a peer-to-peer business model, also termed as P2P. The company enables travelers to connect with hosts renting their properties, generally for short-term stays. In other words, Airbnb itself does not provide services directly to users, but the company makes money by connecting hosts, who offer their properties, and travelers, who seek for accommodation. Service fees from bookings, charged to both guests and hosts, are the primary source of Airbnb's revenue. (Investopedia.com, 2020)

1.9. Glossary

Niche market - specializovaný segment trhu

Lotus make luxury cars for a small but significant niche market. (Cambridge Dictionary)

Venture - riskantní podnik, nejistý počín

She advised us to look abroad for more lucrative business ventures. (Cambridge Dictionary)

Competition – konkurence

There's a lot of competition between computer companies. (Cambridge Dictionary)

Credibility - důvěryhodnost

He complained that we had tried to undermine his credibility within the company. (Cambridge Dictionary)

Revenue - příjem, výnos

The company has an estimated annual revenue of \$50 million. (Cambridge Dictionary)

Fine – pokuta

The maximum penalty for the offence is a \$1,000 fine. (Cambridge Dictionary)

Cornerstone - základní kámen (*přeneseně*)

Funds for the school system were the cornerstone of his budget proposal. (Cambridge Dictionary)

Lawsuit - soudní spor, žaloba

Two of the directors filed a lawsuit against their former employer. (Cambridge Dictionary)

Company - společnost, firma

The company is concentrating on developing new products. (Cambridge Dictionary)

Customer - zákazník, zákaznice

The company's simple strategy is to focus on the customer. (Cambridge Dictionary)

Promotion – propagace

Obviously as sales manager he'll be very involved in the promotion and marketing of the product. (Cambridge Dictionary)

Host – hostitel

We thanked our hosts for a very enjoyable evening. (Cambridge Dictionary)

Market – trh

The domestic market is still depressed, but demand abroad is picking up. (Cambridge Dictionary)

Profitable - ziskový, výdělečný

The company had to eliminate 200 jobs to stay profitable. (Cambridge Dictionary)

Charge - účtovat si, naúčtovat si

The bank charged a commission to change my traveller's cheques. (Cambridge Dictionary)

Fee – poplatek

Some banks charge a fee for using other banks' cash machines. (Cambridge Dictionary)

2. Practical part

2.1. The impacts of the coronavirus pandemic on Airbnb

As a practical part of my bachelor thesis, I have decided to do a research in the field of adaptation of Airbnb to the coronavirus pandemic, and the impacts on their business.

The first human cases of COVID-19 were first reported from China, in December 2019. (WHO, 2020) The epidemic has spread out through the world approximately in March 2020. Airbnb has been hit hard by the coronavirus pandemic, however, as of 2021, brighter days have been ahead and things are getting better.

At the beginning of 2020, when the coronavirus situation hit the world, for many people daily life became a sort of nightmare. People from all around the world have started to face not only health problems but financial issues as well. Airbnb became one of the opportunities for people who have a hard time paying bills, mainly because Airbnb enables them to start earning immediately. The first steps to list your property take only approximately 10 or 15 minutes and it can be completely done from the host's mobile phone. According to the company, half of the new hosts get their first booking within four days. New Airbnb hosts who have joined the platform over a period of the pandemic, with only a single listing, have earned more than 1 billion dollars altogether. In the USA, a typical new host earned 3,900 dollars on average. As stated by the report of Airbnb, half of all hosts worldwide say that they have used Airbnb incomes to stay in their homes. In the USA, approximately 3 in 10 hosts (29%) have used their Airbnb income to pay their rent or mortgage, 49% of them are millennial hosts aged 25-34. Further, 26% of hosts have used the new income to pay down debts, and 10% have used it to pay for healthcare. The majority (55%) of new Airbnb hosts are women, it may be affected by the job losses due to the crisis because many women lost their employment for the sake of unpaid childcare typically carried by women. I would like to mention the observation of one of the founders, Nathan Blecharczyk, because I like the thought. *“That was the whole context in which Airbnb was founded, Airbnb was founded by Joe (Gebbia), Brian (Chesky) and myself in order to help us to pay the rent, right? So this really goes back to the founding of the company. And, you know, I feel proud that we can play a real role in helping people get back on their feet.”* (Forbes.com, 2021)

However, according to the paragraph hereinabove, it might seem that the coronavirus crisis was nothing to Airbnb, which is definitely not true. Coronavirus pandemic caused that Airbnb bookings decreased in 70%, and the valuation of the company was reduced by half. Actually, from March to April, there were more cancellations than bookings. Thereafter, the management team pursued a major

restructuring of the company that resulted in business improvement - by June 2020, there was a 1% increase in gross bookings. Within the restructuring, management initiated a layoff of the workforce. Despite the fact that in April 2020, the company Silver Lake provided Airbnb a financial injection in the amount of 1 billion dollars, in May 2020, the company was forced to dismiss 25% of its employees, which means almost 1,900 individuals of 7,500. Furthermore, Airbnb decreased the salary of executive employees by half. However, I liked the approach of Brian Chesky who still tried to be kind and humble to his former employees. They were allowed to keep the notebooks provided by the company, and US employees received a year of health insurance. Also, Airbnb published a talent directory of laid-off employees for other potential employers to hire them. Lately, the company renewed its employee bonus program and has started to engage laid-off employees back. All these facts seem nice to me indeed and I think it is a respectful gesture full of empathy and compassion.

In regards to hosts, they have not been forgotten, they are considered as much a part of the team as employees are. That is why Airbnb made a commitment to provide 250 million dollars as compensation for hosts for canceled stays, and launched a 10 million dollar fund to help hosts pay their mortgages.

Airbnb makes efforts to grasp customers' feelings and they tried to address their emotions. The company is aware of guests' fears about their health and safety and therefore they launched the idea of "Enhanced Cleaning" guidelines. They recommended hosts extend the period of time between guest stays, usually it means a 72-hour vacancy window before check in. The changes were not obligatory, nevertheless, hosts who apply them were given a symbol. This symbol displays on their listings, which convey transparency and soothe concerned customers. Another issue, the company was facing, was the fear of guests making new reservations due to the uncertainty of travel restrictions and potential obstacles caused by the pandemic. The company decided to establish a blanket refund policy that enables guests to accomplish last-minute cancellations and obtain full refunds.

As I have already mentioned in the theoretical part of my thesis, since 2016 Airbnb has offered, except for accommodation, the Experiences as well. As the Experiences segment is suspended to protect the safety and well-being of their partners, the company has adapted their Experiences to the situation and has established Online experiences which can be realized from the comfort of home. It also enables their hosts to continue to earn and provide unique experiences for their guests. Online experiences take place on Zoom, when the customer makes a reservation, the host will send him or her a Zoom link for their virtual meeting. Thanks to this option, the customers can continue to enjoy the magic of exploration and discovery.

Conclusion

The aim of this bachelor thesis was to introduce the company Airbnb, and their marketing strategy as well as their business model.

The theoretical part was composed of two sections. The first half was more theoretical and general whereas the second one was solely focused on Airbnb. The beginning of the theoretical part was an effort to define the concept of marketing. Few definitions of marketing were provided followed by the history of marketing. Further, there were explained the marketing strategy analysis tools, such as SWOT analysis, PEST analysis, and Porter's five forces analysis. The first sphere of the theoretical part was concluded by a description of business models.

The second section of this thesis was aimed at the company Airbnb commencing with their fascinating and inspiring story. Thereafter, the marketing strategy of Airbnb followed and also the analyses mentioned in the foregoing paragraph. All of them were described in detail. There followed the analysis of their business model. The whole theoretical part terminated by the glossary.

The practical part was concerned with the impacts of the coronavirus pandemic on Airbnb. There were described the changes the company was forced to make. It dealt with their adaptation to the current global situation. I was surprised by the approach of the management of the company to the former employees who were laid off due to the crisis, and to the hosts as well. The company tried to be empathetic and forthcoming as much as possible.

Abstract

This bachelor thesis entitled "*The Analysis of Marketing Strategy of Airbnb and Their Current Business Model*" deals with the marketing strategies and business models in general, and subsequently in relation to the company Airbnb. The thesis is divided into two main parts which are the theoretical part and the practical part.

The theoretical part is also divided into two parts, the first one is supposed to be general and the second one is specifically focused on Airbnb. At the beginning of the theoretical part, there is included a definition of marketing and its history as well. It follows an explanation of marketing strategy and its function. Further, the theoretical part consists of a detailed description of examples of marketing analyses, such as SWOT analysis, PEST analysis, and Porter's five forces analysis. At the end of the general part, there is defined a business model and its function within the company. Then begins the Airbnb story and marketing strategy of the company comes after, supplemented with marketing analyses of Airbnb. Last but not least, there is a business model of Airbnb. The whole theoretical part is concluded by a glossary.

The practical part deals with the impacts of the coronavirus pandemic on Airbnb.

Abstrakt

Moje bakalářská práce s názvem „*The Analysis of Marketing Strategy of Airbnb and Their Current Business Model*” se zabývá marketingovými strategiemi a obchodními modely obecně a následně také ve vztahu ke společnosti Airbnb. Bakalářská práce je rozdělena na dvě hlavní části - na teoretickou a praktickou část.

Teoretická část se dále dělí na dvě oblasti, první oblast je všeobecná a druhá oblast je již zaměřena přímo na společnost Airbnb. Teoretická část začíná definicí marketingu a jeho historií. Následuje marketingová strategie a její funkce, na kterou dále navazuje podrobný popis marketingových analýz, konkrétně tedy SWOT analýzy, PEST analýzy a Porterovy analýzy pěti sil. Na konci všeobecné části přibližují obchodní model a jeho funkci ve společnosti. Nyní již následuje příběh Airbnb a jeho marketingová strategie doplněná o marketingové analýzy společnosti. V neposlední řadě také představují obchodní model Airbnb. Celá teoretická část je uzavřena glosářem.

Praktická část se zaměřuje na dopady koronavirové krize na společnost Airbnb.

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