

ANALYSIS

Five lessons from Airbnb

Whether it's holidaymakers looking for cheap apartments or professionals on the hunt for a short-term home after relocating, Airbnb has capitalised on the growth of peer-to-peer marketplaces to allow people to rent out their homes using its safe and secure platform.

The website may only be eight years old, but it now boasts more than 2 million listings in over 34,000 cities and 191 countries.

We take a look at five lessons retailers can learn from Airbnb.

1 Define your business by its culture

Airbnb co-founder Brian Chesky has focused on defining the company culture since day one and places great importance on hiring the right staff.

He interviewed hundreds of people when hiring his first employee – a process that took six months due to his determination to find someone who would set the tone on what an Airbnb employee should be. He likened the process to bringing new DNA into Airbnb and wanted every employee to carry the same values.

The John Lewis Partnership is one of very few retailers who has got this process down to a fine art, reaping the rewards with its loyal, hard-working employees, with a culture that promises never to be beaten on service, price or quality, and a huge customer base.

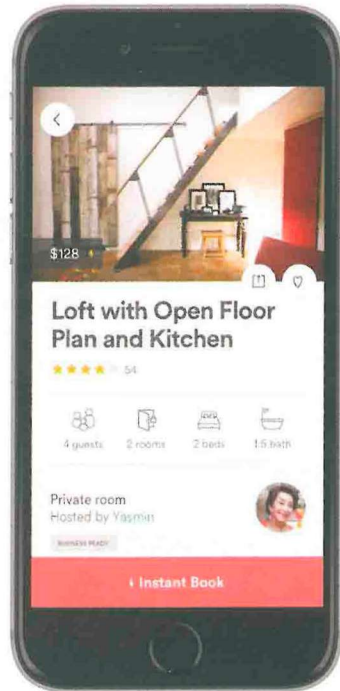
2 Be your own customer

It sounds almost too easy, but simply by using the service he created on a regular basis, Chesky found gaps in its functionality and figured out ways to polish it.

Back in 2011, when Airbnb was on a drive to bolster its proposition, Chesky lived in 30 different homes that he found via the business.

Being customers in their own right and seeing first-hand what needed to change helped

Home rental firm Airbnb is now worth more than the world's largest hotel chain, Hilton Worldwide. What can retailers learn from the phenomenal success of the home rentals website, asks **Luke Tugby**



the senior management to drive fresh initiatives, such as introducing customer reviews – a feature that has since been adopted successfully by a host of retail giants.

As Airbnb users, management have prioritised protecting customers, allowing them to cancel their booking within 24 hours of checking in if they don't think the accommodation meets the description.

Retailers could benefit by encouraging staff to shop with them and view their shopping experience through the eyes of the customer.

3 Drive the mobile experience

Ecommerce and m-commerce have driven digital growth across numerous sectors, and Airbnb has set an impressive benchmark when it comes to mobile.

The firm's smartphone app is widely regarded as being one of the quickest and easiest to use.

It is simple yet informative, allowing users to go from searching for a city and reading reviews to booking their accommodation and paying within a matter of minutes.

Promiscuous shoppers will often download retailers' apps, but getting them to keep and reuse them on a regular basis is a separate challenge.

Argos is one retailer that has achieved this by creating an app high in functionality and choice. Last year, it became the first retailer to hit £1bn in m-commerce sales in a single year, but others could soon follow suit by heeding Airbnb's mobile-first approach.

4 Turn weaknesses into positives

Airbnb's path to success has been far from straightforward. It encountered opposition from those who questioned why anyone would choose to stay in a strangers' home.

In its first global campaign, 'Never a Stranger', the firm tackled this issue head on and challenged what Airbnb chief marketing officer Jonathan Mildenhall has called the "uncomfortable truth of our business".

This year, Airbnb built on that campaign in its latest TV ads. Its 'Don't go there. Live there' campaign highlights the benefits of having your own personal space to "do the stuff you normally do" during vacations.

Retailers should take note of how Airbnb has used powerful messaging to transform a potential weakness of the business model into an overriding positive.

5 Hit the acquisition trail to expand abroad

Since mid-2011, Airbnb has acquired several of its competitors to get a bigger foothold in overseas markets.

It snapped up Hamburg-based Accoleo in 2011 – a deal that established Airbnb's first international office – before buying London-headquartered rival Crashpadder prior to the 2012 Olympics. This deal added 6,000 new London listings to its inventory and created the largest peer-to-peer accommodation website in the UK.

Further deals have followed, including moves to purchase city guide NabeWise and Localmind, which provides users with recommendations nearby.

JD Sports is one retailer that, just like Airbnb, has hit the acquisition trail to expand its global reach. The sports retailer has snapped up existing businesses in the Netherlands and Australia over the past year to help propel sales.

Airbnb northern Europe boss James McClure speaks at Retail Week Live in March. Visit Live.retail-week.com

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