

Airbnb: What should come after the stay?

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On May 8, 2024, Airbnb reported first-quarter revenue of \$2.1 billion, up 18% from a year earlier. Its combined measure of Nights and Experiences Booked had increased 9.5%. The letter credited booking growth, a modest increase in average daily rates, and the timing of Easter among the factors behind revenue growth. It also repeated a larger ambition: over several years, Airbnb intended to expand beyond accommodations. (1)

That ambition raised a resource question. Airbnb had recently introduced tools intended to make stays easier to evaluate and manage. It had also announced Icons, a set of 11 unusual stays and experiences, including a chance to spend time at the house from *Up*. The launch generated attention, but the company had not disclosed bookings, repeat behavior, or unit economics for Icons. (2)

For this classroom decision, assume Airbnb's product, engineering, trust-and-safety, and marketing capacity cannot cover every opportunity at full scale. Suppose you are advising its leadership team as it plans through 2026. How should the company divide attention between improving the core stay and extending the trip? The case gives you public information available by May 8, 2024. It does not disclose initiative budgets or comparative returns.

A marketplace with room to grow-and a service to improve

Airbnb connects guests seeking accommodation with hosts offering homes and rooms. Its network depends on both sides: guests need relevant, bookable options, and hosts need guests and a workable operating experience. Hosts can also list on competing platforms, while travelers can compare hotels, online travel agencies, and other lodging services. Airbnb describes competition across supply, booking volume, price, service fees, trust, ease of use, and support. (3)

At year-end 2023, Airbnb reported more than 7.7 million active listings and more than five million hosts. Hosts earned more than \$57 billion through the platform that year. The company reported 448.2 million Nights and Experiences Booked, \$73.3 billion in Gross Booking Value (GBV), and \$9.9 billion in revenue. Airbnb defines the combined booking measure to include nights and experience seats; it says substantially all bookings to date came from nights. GBV is not revenue. (3)

The figures describe a large business, but not the economics of its next choice. Public reports do not separate stay nights from experience seats in the combined booking figure, nor do they disclose product-level revenue, contribution, acquisition cost, or cross-sell. Active listings are not the same as available or booked nights.

Airbnb's recent product work addressed parts of the stay experience. In November 2023, it launched Guest Favorites, a collection of highly rated homes, and added listing-detail tools. The

company said guests' biggest booking obstacle was uncertainty about what a stay would be like. It also said listings with more information could receive up to 20% more bookings. The release did not provide a sample, comparison group, or causal study for either claim. (4)

In its year-end letter, Airbnb reported that host cancellations in the fourth quarter had fallen 36% year over year. It also described discounts for longer stays and improvements to the core service. Those results may reflect more than any one product change; the letter did not isolate the contribution of a specific intervention. (5)

Beyond accommodations

In February 2024, Airbnb described expansion beyond its core as a gradual, multi-year journey after several years focused on the core service. In May, the company presented Icons as one expression of Airbnb offering more than accommodations. The initial collection contained 11 offerings. Airbnb also reported that themed stays launched in 2023 had received more than 4.7 million views. Views measure attention, not paid bookings or profit. (1, 2)

Airbnb said more than 80% of its bookings involved group trips (1, 2). That could make distinctive group activities or stays relevant to the platform's existing audience. But the public figures do not reveal whether an Icon attracted a new customer, changed the destination or length of a trip, displaced another Airbnb booking, or generated an incremental return after host payments, safety, support, and marketing costs.

The company's 2023 filing also described risks around Experiences: it might not independently verify locations, suitability, or host qualifications, and greater involvement in host conduct could increase regulatory or liability exposure. New offerings could reuse Airbnb's brand, discovery, identity, and payments, while also adding operating requirements. The size of either effect was unknown. (3)

The alternatives were not simply "stays" or "everything else." Airbnb could improve the reliability and value of the stay, expand the new Icons concept, or test a limited number of beyond-stay ideas while reserving capacity for core work. "Adjacent travel offerings" beyond announced Icons are possibilities for this discussion, not launches Airbnb had announced by the decision date.

Competition and outside evidence

Travelers could also book hotels or use online travel agencies. Expedia reported more than three million lodging properties across its offerings; Booking Holdings reported approximately 3.4 million Booking.com properties. Each company uses its own definitions, and the counts are not comparable measures of available inventory or market share. (6)

Research on home-sharing provides context, not an Airbnb investment forecast. A Texas hotel study estimated that each 10% increase in cumulative Airbnb supply was associated with a 0.39% decline in monthly hotel-room revenue under its preferred specification. Its larger Austin estimates reflected historical, high-exposure settings, not an average effect for all hotels. A separate structural study modeled Airbnb's 2014 effects in ten selected U.S. cities and found that modeled gains were concentrated in places and times when hotel capacity was constrained. Neither study estimates Airbnb's 2024 return on core product work or Icons. (7)

Local growth also has potential costs. A U.S. study using ZIP-code data found small average increases in rents and home prices associated with Airbnb listing growth, with larger estimates in lower owner-occupancy areas. It found patterns consistent with some housing moving from long-term to short-term use. These historical national estimates are not a forecast for a specific

city; they raise a reason to include local housing and compliance effects in expansion decisions. (8)

The choice

The May 8 letter gave Airbnb's leaders a strong operating snapshot and a broad direction, but not a comparative investment case. Core improvements could make stays easier to choose, more reliable, and more valuable. Icons could differentiate Airbnb and give groups another reason to use the platform. A staged portfolio could preserve both options while evidence accumulated. Each path would consume some of the same people and attention.

The leadership team had to decide how to sequence investment through 2026. Which customer problem should receive priority? What should be measured before a pilot expands? What evidence would justify moving people and spending from one path to another? The available public record did not settle those questions.

Discussion questions

1. What is Airbnb's core customer proposition, and where could it be most vulnerable: discovery, value, reliability, trust, or something else?
2. Compare a core-led strategy, an expansion-led strategy, and a gated portfolio. What must be true for each to create value?
3. How would you test whether Icons create incremental bookings or repeat use rather than attention alone? What costs and spillovers belong in the test?
4. What should Airbnb measure in core-stay pilots? How would you distinguish an effect of a feature from changes in seasonality, prices, or customer mix?
5. What capacity-allocation decision would you make through 2026, and what evidence would change your mind?

Exhibits

Exhibit 1. Airbnb operating snapshot

Measure	Reported value	Definition or limitation
2023 revenue	\$9.9bn; +18% year over year	Company revenue; product-level economics not disclosed
2023 Nights and Experiences Booked	448.2m; +14%	Combines nights and experience seats; substantially all bookings to date were nights
2023 GBV	\$73.3bn; +16%	Company-defined Gross Booking Value; not revenue
Active listings at year-end 2023	7.7m+; +18%	Active listings do not equal available nights or bookings
Hosts at year-end 2023	5m+	Company-reported
Q1 2024 revenue	\$2.1bn; +18%	Management cited bookings, modest ADR growth, and Easter timing
Q1 2024 Nights and Experiences Booked	+9.5% year over year	Combined company measure

Sources: Airbnb 2023 Form 10-K, Item 7, pp. 53, 55-57; Q4 2023 shareholder letter, p. 4; Q1 2024 shareholder letter, pp. 2-3.

Exhibit 2. Recent product signals

Signal	What Airbnb reported	What it does not establish
Guest Favorites	2 million homes; average rating of 4.9+	Causal booking lift or current quality economics
Listing-detail tools	Listings with more details can receive “up to 20%” more bookings, according to Airbnb	Study design, sample, or causal effect
Host cancellations	Fourth-quarter 2023 cancellations fell 36% year over year	The effect of a specific feature or policy
Icons	11 initial offerings; 2023 themed stays received 4.7m+ views	Bookings, incremental customers, repeat use, or contribution
Group trips	More than 80% of Airbnb bookings involved groups, according to Airbnb	Whether a new offering changes group booking behavior

Sources: Airbnb Guest Favorites release, Nov. 8, 2023; Q4 2023 shareholder letter, p. 2; May 1, 2024 Summer Release; Q1 2024 shareholder letter, pp. 4-5. Management-reported claims are not independently verified here.

Exhibit 3. External research: context, not an Airbnb forecast

Study	Finding	Interpretation limit
Zervas, Proserpio & Byers (2017), Texas hotel panel	Preferred estimate: 10% more cumulative Airbnb supply associated with 0.39% lower monthly hotel-room revenue	Historic market estimate; Austin/high-exposure estimates are not a current average for all hotels
Farronato & Fradkin (2022), structural model of ten U.S. cities in 2014	Modeled gains concentrated where and when hotel capacity was constrained	Model-based, selected cities and historical period
Barron, Kung & Proserpio (2021), U.S. ZIP-code data	Small average rent and home-price increases associated with listing growth; estimates varied with owner occupancy	Historical national estimates, not a city forecast

Sources: Zervas et al., pp. 693-700; Farronato & Fradkin, pp. 1783-85 and 1814-15; Barron et al., pp. 25-26 and 47-52.

Exhibit 4. Selected competitor scale figures

Company filing	Reported inventory figure	Comparability caution
Expedia Group, 2023 Form 10-K, Item 1 p. 1, lines 145-155; Item 7 p. 31, lines 1051-1059	3m+ lodging properties; 2m+ Vrbo alternative accommodations; 940,000+ other hotel/alternative accommodations	Multiple Expedia brands and categories; not normalized against Airbnb active listings
Booking Holdings, 2023 Form 10-K, Item 1 p. 3, lines 195-199; Item 7 p. 35, lines 992-994	Approximately 3.4m Booking.com properties; 2.9m+ alternative accommodations	Company-specific property definitions; not a market-share comparison

Sources: Expedia Group 2023 Form 10-K, Item 1 and Item 7; Booking Holdings 2023 Form 10-K, Item 1 and Item 7.

Exhibit 5. Decision inputs that are not public

Before comparing returns, management would need initiative-level costs and outcomes: staffing and marketing; eligible customer cohorts; incremental conversion and repeat behavior; product-specific revenue and host payouts; refunds, trust-and-safety, insurance, support, and compliance costs; effects on core search and service; and local housing or supply effects. Any numerical inputs supplied in class should be identified as teaching assumptions, not Airbnb forecasts.

Source notes

All sources below were available by the case cutoff, May 8, 2024. Page numbers refer to the filed report or shareholder letter; claim limits are stated in the case exhibits.

1. Airbnb, Q1 2024 shareholder letter, May 8, 2024, pp. 2-5; SEC [Exhibit 99.1](#).
2. Airbnb, “2024 Summer Release highlights,” May 1, 2024; [Newsroom release](#).

3. Airbnb, 2023 Form 10-K, Item 7 pp. 53, 55-57; Item 1 “Competition” pp. 7-8; Item 1A, Experiences and regulatory risks; [SEC filing](#). Also Airbnb, Q4/FY2023 shareholder letter, Feb. 13, 2024, p. 4; [letter](#).
4. Airbnb, “Airbnb 2023 Winter Release,” Nov. 8, 2023; [Guest Favorites release](#).
5. Airbnb, Q4/FY2023 shareholder letter, Feb. 13, 2024, p. 2; [letter](#).
6. Expedia Group, 2023 Form 10-K, Item 1 p. 1, lines 145-155, and Item 7 p. 31, lines 1051-1059; [SEC filing](#). Booking Holdings, 2023 Form 10-K, Item 1 p. 3, lines 195-199, and Item 7 p. 35, lines 992-994; [SEC filing](#).
7. Zervas, Georgios, Davide Proserpio, and John W. Byers (2017), “The Rise of the Sharing Economy: Estimating the Impact of Airbnb on the Hotel Industry,” *Journal of Marketing Research* 54(5):687-705, especially pp. 693-700; [article](#). Farronato, Chiara, and Andrey Fradkin (2022), “The Welfare Effects of Peer Entry: The Case of Airbnb and the Accommodation Industry,” *American Economic Review* 112(6):1782-1817, especially pp. 1783-85, 1798-1800, and 1814-15; [article](#).
8. Barron, Kyle, Edward Kung, and Davide Proserpio (2021), “The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb,” *Marketing Science* 40(1):23-47, especially pp. 25-26 and 47-52; [article](#).

Teaching case. The decision prompt is educational. It does not describe a private Airbnb meeting, actual staffing plan, or undisclosed management instruction.