



## Feasibility Analysis

# Strengthening Airbnb's Trust Infrastructure for Sustainable Growth

University of Waterloo - Master of Digital Experience Innovation  
Course DEI 627 – Business Planning & Feasibility Analysis  
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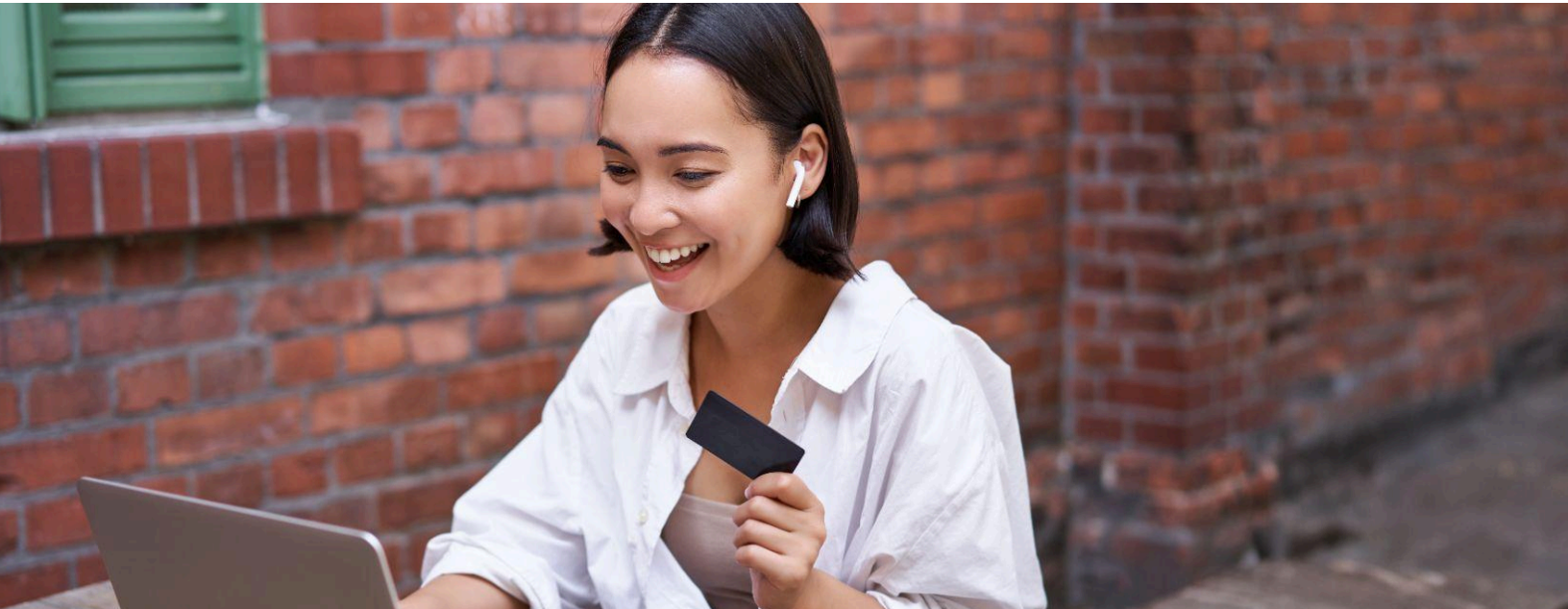
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# Executive Summary



Airbnb is a global and online marketplace brokering platform offering customers short and long term accommodations as well as experiences. It is one of the most well known brands in the sharing economy and operates on a peer to peer (P2P) economic model. The company has made a major impact on the rental and travel markets by developing a new platform and economic model which connects people with underutilized lodgings with travellers from around the world. Opening up second homes and spare rooms to tourists has changed the travel industry, and Airbnb has been at the forefront of this new type of short-term lodging (Curry, 2025). The platform provides travellers with unique and localized experiences which help to differentiate itself from the more traditional travel accommodation providers.

This report evaluates the feasibility of a Airbnb Trust Enhancement Plan, designed to enhance trust of Airbnb by improving user safety, identity verification and communication between hosts and guests with the goal of increasing booking activity. After analyzing technological, market, financial, and organizational feasibilities, this project was deemed feasible in all areas with a strong potential for a positive ROI. The project is estimated to be implemented within ten months and begin profiting shortly post-launch with risk mitigation plans in place. It is recommended to move forward with the project.

# Project Features

The Airbnb Trust Enhancement Plan is designed to make the Airbnb platform safer, more transparent and easier to trust. Its proposed phased upgrades focus on identity verification, real-time safety support, reputation matching algorithms and enhanced communication. The goal is to reduce risk for both guests and host and build better, more informed connections between the two parties.

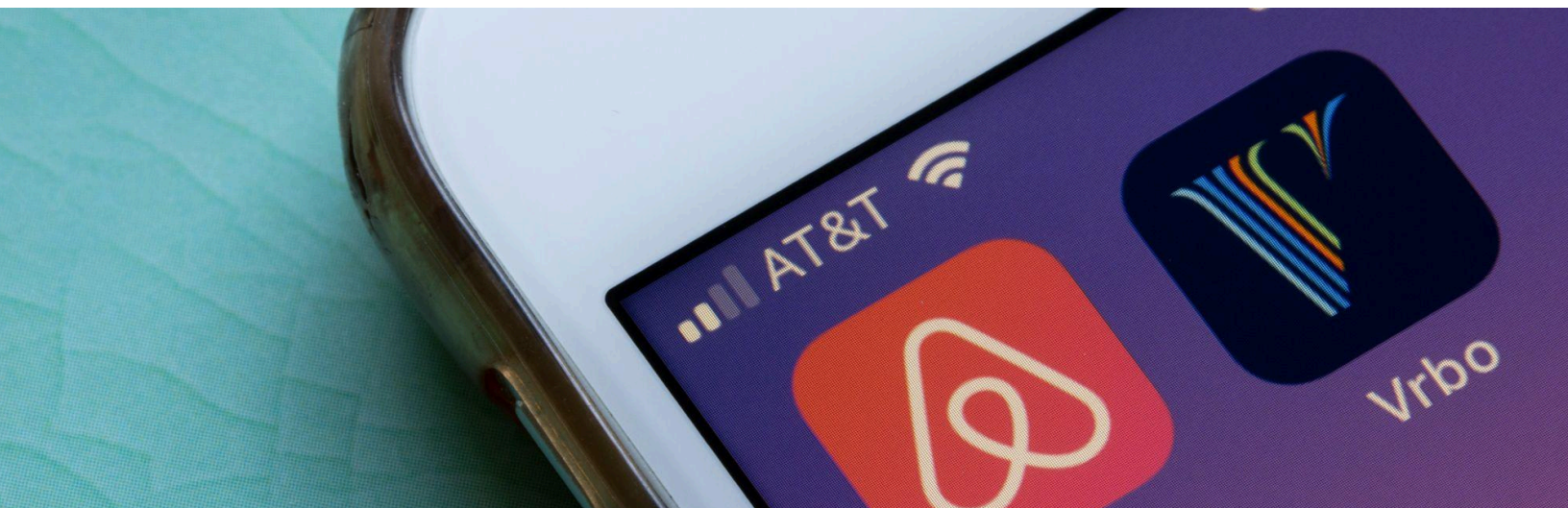
At the core of Airbnb's business model is trust, but it's always been a challenge for the company. If users don't feel protected—they won't book (or return). Perceived trust directly impacts usage, growth, brand reputation, so rolling out these trust-focused features will help Airbnb build user loyalty and community engagement.



This plan includes:

- Enhanced identity verification
  - Stronger, AI-backed identity checks (video verification, optional social media)
  - Ongoing re-verification
- Community and reputation features
  - Community forums for users to connect, ask questions, share advice
  - Reputation-based matching that pairs guests and hosts based on trust signals
- Safety and security features
  - Safety alerts given in real time for localized warnings
  - Emergency tools built into the app (live location sharing, check-ins)
- Clearer communication and listing disclosure
  - Accessible policy guidelines and detailed listing information for house rules, fire exits, quiet hours

# Market Feasibility



In 2024, the short term rental market was valued at US\$134.51 billion with an expected compound annual growth rate of ~11.4% until 2030 (Grand View Research, Inc., n.d.). This means that over the next 5 years, there is a projected additional \$102 billion USD growth in the market.

Factors that have encouraged growth in the market include the increase of remote work and flexible living arrangements, post-pandemic travel rebound and a growing preference for personalized experiences. However, government regulations of short-term rentals are tightening due to a perceived increase in cost of rent for locals, in major cities like Barcelona, Amsterdam, Paris, Venice and San Francisco (Curry, 2025). For continued growth, it will be a challenge for the platform to maintain a high level of quality in customer experience and support while continuing to scale globally.

## MARKET TRENDS AND DEMAND

About 54% of users on the Airbnb platform are women; the largest cohort of users is adults aged 25 to 44 who make up nearly 60% of users (Woodward, 2025). The average salaries in this group vary between US\$59K to US\$70K (Josephson, 2025). People chose to book their travel accommodations with Airbnb for its cost-effectiveness, authentic local experiences, flexibility home-like comforts, accommodation for groups, personalized host interactions,



among others. Group and family bookings represented nearly a quarter of total stays in 2023. (Grand View Research, Inc., n.d.).

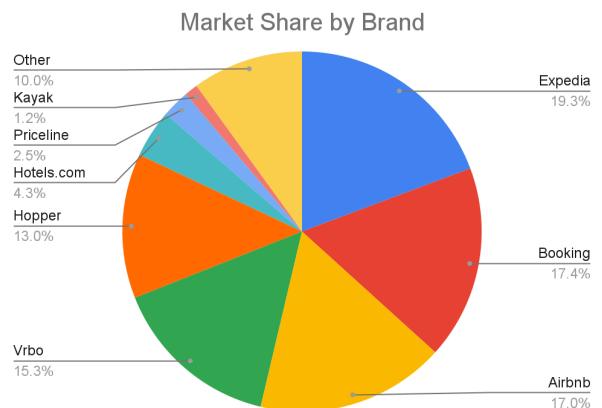
Demand for resort/condominiums is projected to grow at a CAGR (Compound Annual Growth Rate) of 12.3% from 2025 to 2030 (Grand View Research, Inc., n.d.). There has been a general and consistent increase amongst all traveller audiences for more high-end, amenity-rich stays that combine luxury with convenience. In 2025, it is expected that there will be an increase in non-traditional travel experiences (Hall, 2025). Many peer to peer online platforms will require constant improvements in order to strengthen Airbnb's trust infrastructure. The gross booking value for Airbnb reporters is around the value of 81.8 billion U.S. dollars (Statista, 2024).

Key user segments include:

- Leisure Travelers who need safe, trustworthy, affordable accommodations.
- Business Travelers who travel regularly and need flexible, cost-effective options.
- Hosts interested in monetization of unused spaces on a reputable platform like Airbnb.

## COMPETITIVE LANDSCAPE

Airbnb holds a 17% market share and faces stiff competition from Expedia Group, Booking Holdings, and Hopper. With Airbnb, these four companies and their subsidiaries dominate 90% of the short term rental market (Curry, 2025). The largest competitor in the short term rental industry is the Expedia Group, encompassing 38.9%, which consists of the following related subsidiaries: Expedia Inc., VRBO, and Hotels.com, L.P. (Curry, 2025). The second largest competitor for Airbnb is Booking Holdings and its subsequent subsidiaries making up 21.1% of the market share: Booking.com, Priceline.com, Kayak (Curry, 2025).



The most direct competitor to Airbnb is considered to be VRBO (Vacation Rentals by Owner) as its business model is most similar to Airbnb. VRBO listings offer homes with no shared spaces, which positioned it as a “family” vacation brand (Kemmis, 2024). As of 2024, VRBO has a 15.3% market share and has been able to leverage its parent company's marketing strengths to close the gap in market share with Airbnb over the past three years (Curry, 2025).

## AIRBNB'S POSITION

A detailed SWOT analysis (see *Appendix 1*) revealed that Airbnb had a first-mover advantage in the sharing economy which gave it a strong brand equity in this niche market (Pereira, 2024). As of 2025, there are more than 5 million hosts on Airbnb with over 8.1 million active listings (Curry, 2025), in over 100,000 cities. The platform has more than 150 million users which have booked over 1.5 billion stays (Woodward, 2025). Airbnb's review system acts as a trust engine and helps guests and hosts make informed decisions; by 2023, users left 371 million reviews on the app (Airbnb, 2023).

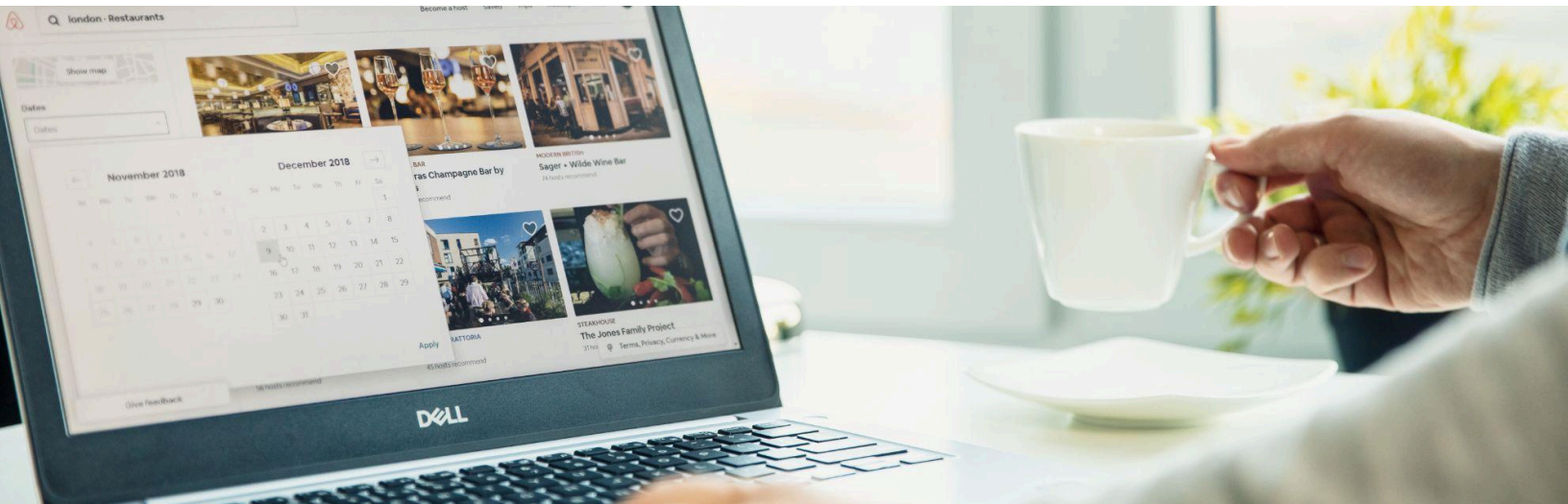
Online/platform-based bookings accounted for a market share of 72.67% in 2024 (Grand View Research, Inc., n.d.). Technology-driven innovations such as mobile applications, dynamic pricing algorithms, and artificial intelligence have fueled the growth of online bookings (Grand View Research, Inc., n.d.). Offline booking channels provide a perceived higher level of trust, security, and personal connection, often allowing clarification of booking details, and negotiating special requests. Airbnb sees different safety challenges than staying in traditional accommodations; for example, traditional hotels can swap rooms quickly whereas Airbnb stays are less replaceable. In essence, bad experiences are hard to "undo" which shows the need for robust trust signals. Airbnb has quality and safety measures for its listings such as host and guest reviews, guest-to-host chat, background checks (Kemmis, 2024), and AirCover insurance. For guests, AirCover protection includes refunds for last-minute cancellations by the host, and protections for check-in failures, inaccurate listings or damage (McDarris, 2024). For hosts, AirCover includes guest identity verification, \$3M in damage protection, \$1M in liability insurance, income loss protections and more (McDarris, 2024). Both parties have access to a 24-hour hotline within the Airbnb app for support in 62+ languages.

Airbnb markets through social media, influencer partnerships, content marketing, and performance-based advertising (Brand Vision Insights, 2024). It also partners with local tourism boards and governments to promote regional attractions (Grand View Research, Inc., n.d.). For example, collaboration with the Italian government to promote under-touristed towns resulted in a 25% rise in bookings for rural properties in 2023 (Grand View Research, Inc., n.d.). Initiatives like these show that Airbnb has potential to scale trust-based travel in niche markets.

## CONCLUSION

Airbnb's success hinges on trust, and strengthening that factor is a feasible growth strategy. Third party sources project Airbnbs retail media business to generate US\$317 Million which will directly improve the market feasibility. Airbnb is well-positioned to capture a significant share of this growing market and has already proven that it can scale trust-based systems. Improving transparency and communication aligns with expectations of travelers and can support Airbnb in leading this space.

# Technological Feasibility



To assess whether this trust-enhancing project is technically feasible, this report evaluated Airbnb's current infrastructure and what new systems are needed, potential challenges and risk mitigations.

## INFRASTRUCTURE AND TECH CAPABILITIES

Airbnb's current infrastructure is already designed to support large-scale AI development and real-time data processing so there's no starting from scratch. The company has made investments in machine learning, like building its internal platform Bighead to streamline model deployment (Airbnb Engineering, 2018). In 2024, the company open-sourced Chronon, a feature platform that can process real-time user behaviour and generate ML-ready features at low latency (InfoQ, 2024). These tools support fraud detection, personalized searching and pricing models. Airbnb also uses Apache Spark and Presto for data processing and Amazon Web Services cloud infrastructure for scalable development of new features while maintaining reliability and uptime (Design Gurus, 2024; Brast, 2023). Managing massive data sets and user behavior tracking are possible with this tech stack.

The app's backend is built on a combination of Ruby on Rails and Node.js (Wallis, 2023). In terms of mobile capacity, Airbnb's apps were developed using Swift for iOS and Kotlin for Android, both of which can support embedded safety features like biometric verifications and in-app safety alerts (Design Gurus, 2024).



Of the systems needed to implement the proposed features, Airbnb has these capabilities: AI-powered onboarding checks, risk scoring models, fraud detection, geolocation services, two-sided reviews and behavioural data, NLP systems for personalized search, CMS for image uploads and custom fields.

The Trust Enhancement Plan features will need some net-new development and testing. The following is a list of needed innovations:

- System for continuous re-verification (user prompts, backend scheduling)
- ID scan and potential social media linking
- Integration with public safety data providers, for example, E911
- UI for live location sharing and alerts
- Advanced NLP for review summaries, similar to Amazon's AI reviews (Amazon, 2023)
- Scoring systems for reputation-based matching
- New fields for safety disclosures
- QA tools for tracking adoption and accuracy

## TECHNICAL RISKS AND MITIGATIONS

This initiative carries some risks, the biggest being user friction during onboarding (ei. more verification steps could make the platform feel more invasive). To mitigate this risk, the project needs good UX design, gradual steps and small incentives (like profile badges).

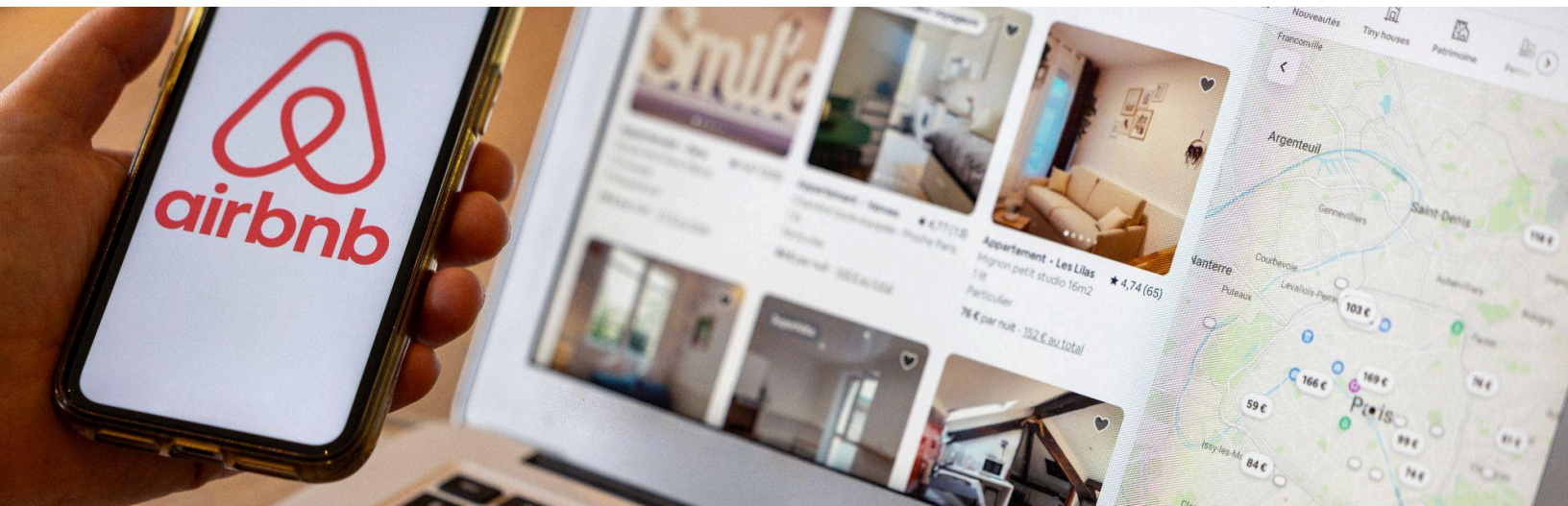
A second major risk is that there could be data sensitivity issues with systems like biometric verification and real-time reputation scoring. Airbnb will need legal oversight, an updated privacy policy, and a clear opt-in explanation (BioConnect, 2024). It will need to ensure compliance with GDPR (2016), CCPA, the EU Digital Services Act Compliance and other international data protection laws.

There is also the risk of integrating new systems into the current platform with millions of daily being too complex. Airbnb can mitigate this with internal beta testing, phased rollouts and feedback loops (Ferri, 2024).

## CONCLUSION

This project is technologically feasible. Thanks to Airbnb's impressive tech stack, tools that are needed to execute this project either already exist or can be achieved with custom development. The biggest challenges in this project are regarding ethics and integration, not necessarily capability gaps. The proposed phased development (see *Project Timeline*, p. 16) should allow Airbnb to deliver these upgrades without overextending resources.

# Financial Feasibility



Airbnb is a brokering platform that earns commissions from each night or experience booked. At the center of every booking is trust, so the hypothesis is that enhancing trust will increase both booking frequency and overall revenue. The Trust Enhancement Plan is projected to result in an annual revenue increase of US\$471 million.

To estimate the feasibility of the project, this section covers revenue projections, key cost assumptions (see *Appendix 2 for details*) and an ROI analysis, with KPIs including revenue, nights booked, occupancy rate, guest satisfaction, host satisfaction, and Net Promoter Score (NPS).

## REVENUE PROJECTIONS

In the 2024 fiscal year, Airbnb earned revenue from 491.5 million nights and experiences booked. (Airbnb, 2024). If the trust enhancement initiative is implemented, this report projects a 3% increase in bookings based on research linking trust to higher conversion rates in digital marketplaces (Corbitt et al., n.d.).

For context, the average Airbnb booking value is US\$213 based on a 7-night median (NerdWallet, 2025), and the platform charges a 15% commission rate (Airbnb, 2025).

## CALCULATION

The following is a simplified calculation report (see *Appendix 3 for details*):

New bookings:  $491.5\text{M} \times 1.03 = 506.2\text{M}$

Added bookings:  $\sim 14.7\text{M}$

Booking value:  $14.7\text{M} \times \$213 = \$3.14\text{B}$

Airbnb's revenue from that:  $\$3.14\text{B} \times 15\% = \mathbf{\$471\text{M}}$

## OPERATING COSTS

### SALARIES

To calculate salary costs of the project, this analysis assumed a cross-functional team structure that aligns with agile team norms at tech companies, with a 5:1 developer-to-designer ratio (Kaplan, 2020). This report's calculations blended the average salary of US\$155,000 for San Francisco tech roles, which range from \$130K–\$205K for senior-level software engineers and an approximate \$140,000 average for staff including designers, legal and similar (BuiltIn, 2025). Salary costs were then prorated based on the project timeline (*page 16*).

Role	Headcount	Duration	Calculation	Estimated cost
Project lead	1	10 months	$\$155,000 \times (10/12)$	\$129,167
Developers	10	3 months	$10 \times \$155,000 \times (3/12)$	\$387,500
UX designers	2	6 months	$2 \times \$155,000 \times (6/12)$	\$155,000
Legal/Compliance	1	3 months	$\$155,000 \times (3/12)$	\$38,750
Marketing/Admin	3	6 months	$3 \times \$155,000 \times (6/12)$	\$232,500
<b>Total salary cost</b>				<b>\$942,917</b>

### MARKETING

Based on industry benchmarks, tech companies typically allocate 2-5% of their revenue to marketing initiatives (HubSpot, 2025). Given the projected US\$471 million revenue increase attributed to this project, 5% of that amount totals to **US\$23.5 million** allocated for marketing and advertising expenses. This budget will support user education campaigns, PR, paid ads and influencer partnerships.

## TECH

This project will require some net-new development, though most of the technical build (including AI enhancements, safety alert systems and APIs) can be handled internally. Based on industry benchmarking, software companies typically allocate 18% of their revenue to IT costs (VC3, 2025), which amounts to a technical cost allocation of **US\$85 million** for the Airbnb trust initiative.

## OTHER COSTS

In addition to the major expense categories, the Trust Enhancement Plan will likely incur other operational costs. Rent and utilities are estimated based on industry benchmarks for office space costs, a potential monthly cost of US\$1,000 per office seat (POC Systems, 2025). For a team of 17 people working on a staggered timeline, this analysis estimates peak team size of 12 FTEs. The estimated cost is US\$120,000. Assuming a mid-range laptop cost of \$1,500 per unit, the estimated hardware cost is US\$18,000. Travel expenses are estimated to be \$2600 per person based on typical budgets for tech companies (TravelPerk, 2024), totalling to US\$31,200 for the project. Total operational costs amount to an estimated **US\$169,200**.

## FINANCIAL SUMMARY

Item	Amount (\$)
Project revenue	471,102,750
Salaries	942,917
Marketing	23,555,137
Technical development	84,798,495
Rent, hardware, travel	169,200
<b>Total costs</b>	<b>109,465,749</b>
Pre-tax income	361,637,001
<b>After-tax income*</b>	<b>285,692,231</b>

*\*assuming flat rate tax of 21% (PricewaterhouseCoopers International Limited, 2025)*

## ROI ANALYSIS

The financial viability of the project relied on a Return on Investment (ROI) analysis. The ROI was determined using the formula:  $(\text{net profit} / \text{total investment}) \times 100\%$ . Based on our projections, the net profit is estimated at \$285,692,231, with a total investment of \$109,465,749. This results in an ROI of approximately **261%**, indicating that for every dollar invested, Airbnb stands to gain \$2.61 in profit.

A break-even analysis identified the point at which the project covers its costs. With total expenses of \$109,465,749 and a revenue per booking of \$31.95, the break-even point is approximately 3.42 million additional bookings. Given our projection of 14.7 million added bookings from this project, the project is anticipated to reach its break-even point quickly.

## FINANCIAL RISK ASSESSMENT

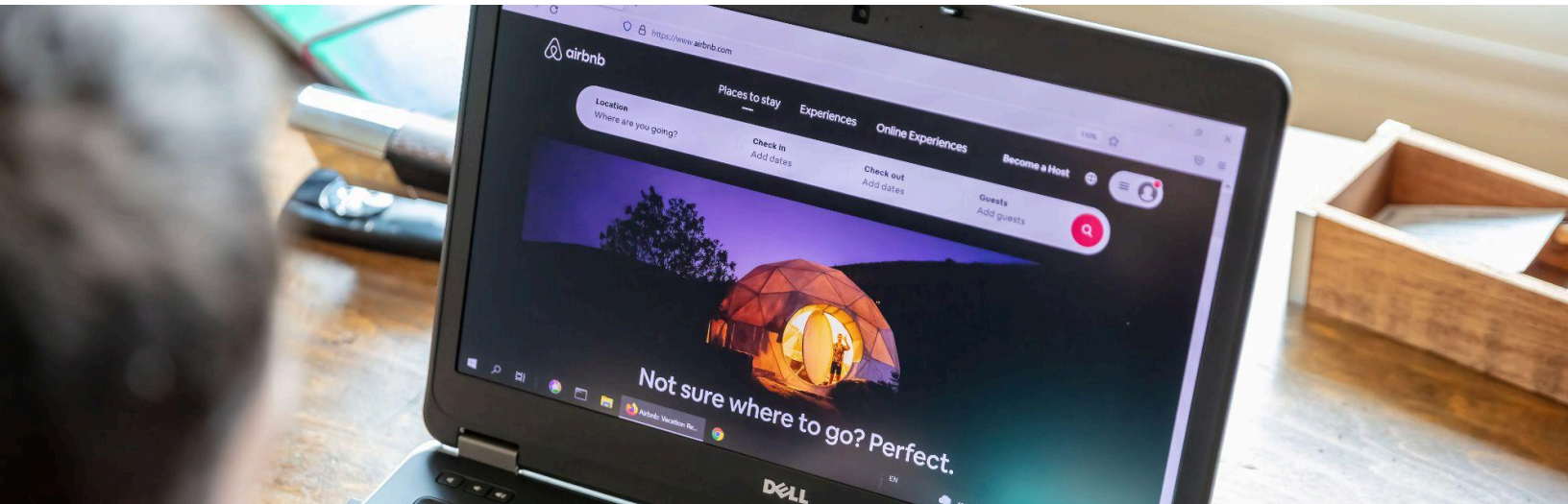
One key risk is lower-than-expected user adoption of the new trust features, which could impact the projected increase in bookings. To mitigate, Airbnb must conduct UX research, have clear onboarding prompts and incentives for users. Targeted marketing and user education campaigns can also be utilized. Regulatory changes, particularly in data privacy and background check regulations, could result in costly adjustments. This requires global legal oversight and warrants regional rollouts of new features. Similarly, the risk of security breaches will be addressed with robust cybersecurity measures and incident response plans. An economic downturn could impact travel spending; flexible pricing strategies and service diversification will help mitigate this.

## CONCLUSION

The Trust Enhancement Plan is financially feasible. With a projected 261% ROI and a strong profit margin, it has the potential to enhance user trust, strengthen Airbnb's brand, and provide a competitive advantage in the market. A comprehensive evaluation of this investment requires knowledge of other projects in Airbnb's roadmap to assess the potential ROI of the trust enhancing initiative alongside other opportunities. This report is aligned with realistic market expectations. Airbnb's 2024 income statement and balance sheet (see *Appendix 4 & 5*) support that it can invest in the Trust Enhancement Plan without compromising financial health.



# Organizational Feasibility



This business plan outlines a strategic effort to enhance user trust in Airbnb's platforms by investing in verification measures, improved communication, and community-building initiatives. The Airbnb Trust Enhancement Plan is expected to support higher booking rates, and stronger brand loyalty.

## STRUCTURE & CULTURE

Airbnb uses a matrix organizational structure which allows employees to report to multiple leads in cross-functional efforts (Sekar, 2024). This is a combination of a vertical/functional organization and a horizontal/divisional organization (Stuckenbruck, 1979). Horizontal organizations feature less central management and more authority for employees, whereas vertical organizations centralize decisions and feature less decision power at subordinate levels (Stuckenbruck, 1979). For example, an Airbnb designer could report to the head of UX and a product manager for a specific feature upgrade at the same time.

Airbnb operates based on principles of their Live and Work Anywhere Policy introduced in 2022. Based on that, the team(s) dedicated to the proposed Airbnb Trust Enhancement Plan will conform to the existing flat, less centralized structure that gives more flexibility and authority to employees. Work arrangements may be hybrid, completely remote, or in-person (Careers Airbnb, 2025). Overall, this set-up is ideal for multidisciplinary projects as it allows for agile and fast-moving collaboration (Sekar, 2024). It also means teams can collaborate asynchronously and use eg. shared documents to reduce any blockers.

The company also has a strong culture of experimentation and data-driven decision-making (Zhang, 2022), which means there's a readiness to pilot features like the trust-focused upgrade and iterate before a full-scale launch.

## STAFFING STRUCTURE

- **Project Management:** a person or team overseeing the project, identifying goals, and assigning tasks; ensuring the deliverables are completed on time; managing resources; managing stakeholder relations; and more (PMI, 2025).
- **Design:** graphic designers, UX & UI designers to create interfaces for new verification features.
- **Engineering:** software and UX engineers to develop and integrate new security features into the existing Airbnb interface (Airbnb, 2025).
- **Research & Analytics:** analysts, UX researchers, and data scientists to conduct safety-related research, app and user research to help with the development and improvement of the new trust-enhancing features.
- **Safety & Security:** a team of cyber security experts to assess risks and monitor security-related features in the platform.
- **Marketing & Communication:** a team developing marketing strategies to better communicate trust and security-related information to Airbnb users.
- **Legal:** a team of legal experts specialized in technology and international data privacy laws to ensure that the new features are compliant with regulations where Airbnb operates.
- **Customer Success & Support:** a team handling customer issues related to trust and security concerns about the new features.

## INTERNAL TEAM READINESS

A multidisciplinary team will be required to execute this project and deliver the proposed Airbnb Trust Enhancement Plan. With regards to staffing, the following roles are required, but not limited to: engineers and developers, UX designers, a project lead, legal and compliance support, and marketing and operations staff. These roles already exist in-house and most are scoped to specific phases. For example, developers will be engaged in months where development work is focused, and legal support will be involved at the start of each new feature sprint to support research and oversight.

## CONSIDERATIONS

Because teams are distributed, there may be time zone differences or competing priorities during the Trust Enhancement project execution. However, these constraints may be mitigated with regular checkpoints and agile practices like spring reviews and transparent updates.

## LEGAL STRUCTURE

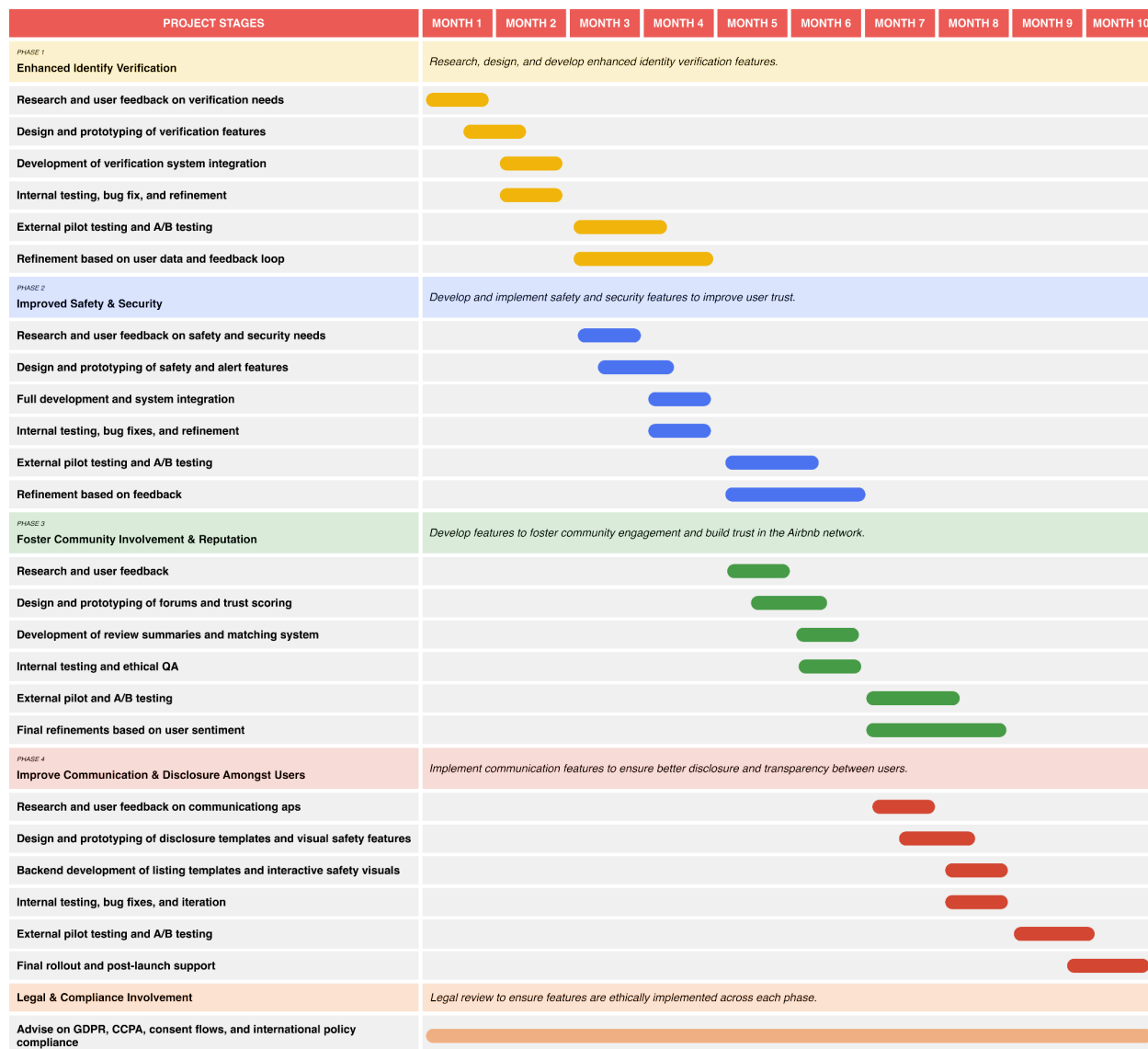
From a legal perspective, Airbnb operates as a public-traded company, registered in the NASDAQ in the United States (NASDAQ, 2022), which means that its shares are traded in a stock exchange and therefore involve shareholders, and its financial statements must comply with the International Financial Reporting Standards (BDC, 2025; IFRS, 2025). As a company operating internationally, Airbnb must comply with local and international laws related to, but not limited to, business licences, hotel taxing, city zoning laws and by-laws, data privacy such as the General Data Protection Regulation (GDPR, 2016), screening regulations, and much more.

## CONCLUSION

The Airbnb Trust Enhancement Initiative is organizationally feasible based on the analysis of the matrix organizational structure. Airbnb's existing structure already provides the three principles of planning an organizational structure: formal relations and reporting via its governance structures, employee position, and organizational design via several departments (Ahmady et al., 2016). The existing teams align with the proposed staffing structure of this project, and no major structural shifts or external hires will be required. By securing financial resources to ensure legal compliance, establish partnerships, and operate the initiatives related to trust enhancement, the chances of organizational success should increase.

# Project Timeline

The proposed timeline for Trust Enhancement spans 10 months and is structured into four overlapping phases. Each phase targets a specific feature and uses two-week agile sprints.



# Decisions

## ANALYSIS SUMMARY

Based on the analysis of Market, Technological, Financial and Organizational feasibilities, each area is aligned with Airbnb's capacity and strategic goals. The Market Feasibility demonstrated a demand for trust and safety in peer-to-peer rentals, which supports the expected user adoption of new features. Airbnb's current technological infrastructure can support the proposed upgrades with manageable net-new development. The Trust Enhancement Plan has a projected ROI of 261% and is expected to surpass the break-even point after 3.42 million

new bookings. Organizational Feasibility is based on the company's matrix structure and agile culture which makes Airbnb well-prepared for a phased rollout.

The project is scheduled over 10 months, and each of the four proposed feature upgrades will be staggered per phase. Each phase will have overlapping development, meaning launches can start as early as Month 3 (see page 16). Because of this phased rollout, Airbnb is expected to begin seeing revenue from these features as early as midway through the project. This claim is based on the following: the break-even point of 3.42 million new bookings is less than 25% of the projected outcome of the project (14.7 million new bookings). To ensure steady adoption after the initial rollouts, the project is front-loaded with a high impact feature, the identity verification upgrade. If early adoption is assumed, ROI should be achievable within 12 months, meaning, Airbnb will generate a profit within a year of the project start date.

## DATA REVIEW AND REVISIONS

This report aimed to make assumptions based on realistic benchmarks across the four feasibility sections. Confirmation bias was noted in some initial market projections. Initially, research allowed for the goal to be assumed as a 5% increase in bookings, but this was balanced to a 3% increase to align with consumer behaviour. Also, the team initially overestimated salary costs for the duration of the project which was adjusted to reflect industry standards. It was also balanced to account for peak times in the phased rollout, as not all staff will have project-focused workload during all sprints. Initial financial estimates also didn't consider variations based on booking habits, so this was changed to reflect booking value from one week worth of stays. This report also expanded to include global legal oversight staff to ensure international law compliance. The team made multiple rounds of iterations to ensure the analysis was fair, not overly optimistic nor too conservative.

The decision-making process also relied on an Analytical Evaluation Matrix.

## ANALYTICAL EVALUATION MATRIX

This structure allowed the team to assign weights to each feasibility area based on relevance to the project's success using a 1-5 scale. A score of 4.0-5.0 represents high feasibility; anything below 3.0 is low feasibility. The table below summarizes the matrix criteria and rationale used. The total weighted feasibility score amounted to **4.39**, implying high feasibility of the project.



Area	Criteria	Weight	Score	Weighted score	Rationale
<b>Financial</b>	ROI, financial resilience, revenue potential, break-even-point, profitability	27%	<b>4.5</b>	1.22	Strong revenue potential (\$471M) and ROI (261%). Cost structure is realistic and break-even is achievable.
<b>Market</b>	Market demand, trends, market growth	25%	<b>4.8</b>	1.2	There is a feedback loop and strong demand for trust features. Safety is prioritized and post-pandemic trends support feasibility.
<b>Technical</b>	Existing capabilities, innovation requirements, scalability, technical risks	25%	<b>4</b>	1	Airbnb's tech infrastructure supports the features. Some custom development required but manageable.
<b>Organizational</b>	Organizational culture, team collaboration, alignment with goals	23%	<b>4.2</b>	0.97	Matrix structure and agile processes support rollout. Timeline and staffing are realistic. Legal issues are managed.
<b>Total score</b>				<b>4.39</b>	

## RISKS AND MITIGATION STRATEGIES

Privacy compliance is a major risk Airbnb faces before market entry. Failing to comply with data protection regulations such as GDPR and CCPA standards could damage Airbnb's reputation, lead to legal sanctions, and reduce platform usage. One way to mitigate this risk is to conduct external privacy audits and test features by region to confirm they comply with local data protection regulations. After market entry, there is also the risk of data breach, which could significantly reduce user trust and lead to financial and legal consequences. This post-launch risk can be mitigated by enhancing encryption protocols and establishing a strong crisis response plan to address potential security incidents. Finally, another post-launch risk is user resistance to comply with the new verification measures due to privacy concerns or feelings of intrusiveness, which could lower the adoption rate. Airbnb needs to offer opt-in flexibility, clearly communicate the benefits of the new security measurements and provide incentives.

## FINAL DECISION: GO

Based on the feasibility analysis, the team recommends moving forward with the Airbnb Trust Enhancement Plan. Airbnb has the internal capacity to execute the plan within the set timeline, and the net profit translates to an ROI of approximately 261%.

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# Appendix

## APPENDIX 1 - SWOT ANALYSIS

### STRENGTHS

Airbnb has the following strengths in comparison to competitors in their operation market: global brand recognition, cost effective and unique offerings, an innovative business model, community engagement, and adaptability. Because of the success that Airbnb had at scaling up their novel business model in the share economy, it was able to capitalize on the first-mover advantage and become the de facto leader in this niche market (Pereira, 2024). Airbnb operates in more than 220 countries and is widely regarded as one of the most popular platforms when looking to book travel experiences (Masson, 2021).

At the moment, Airbnb is known to be a cheaper alternative to traditional vacation short term rentals such as resorts and hotels while also providing amenities that are also uncommon in most traditional travel accommodations (Shastri, 2024).

Airbnb introduced the share economy to the hospitality and rental industry with a new business model which connects hosts with unused spaces with travelling renters. This business model allows the platform to advertise a wide variety of experiences while not actually needing to own the assets or properties lowering overall financial risk to the company while also providing flexibility to travellers. The onus of actual work, expenses, and overhead costs of running a hospitality venture is placed with the hosts, rather than Airbnb itself (Pereira, 2024). Opening up second homes and spare rooms to tourists has changed the travel industry, and Airbnb has been at the forefront of this new type of short-term lodging (Curry, 2025).

Airbnb has been successful at developing a community of engagement with hosts and travellers being able to quickly and easily communicate with one another. Airbnb has also incentivized both hosts and travellers to be on their best behaviour with a mutual rating system which in turn increases both parties' experience using the platform in the future (Pereira, 2024). Currently, there are over 5 million hosts with over 8.1 million active listings (Curry, 2025) in over 100,000 cities (Woodward, 2025). The platform has 150 million users which have booked over 1.5 billion stays with hosts (Woodward, 2025). Airbnb hosts and guests have left more than 371 million reviews (by 2023) (Airbnb, 2023) which creates a sense of trust between the two parties.

Because the Airbnb platform is custom-built with proprietary technology, it is able to easily incorporate new features for both hosts and guests to increase the satisfaction with user experience (Masson, 2021). The Airbnb platform operates in over 62 languages and has a globally recognized payment system which helps build trust amongst the users of the platform (Shastri, 2024).

## **WEAKNESSES**

Airbnb has the following weaknesses compared to competitors in the hospitality industry: issues with quality control, regulatory challenges, dependance on hosts, and increasing competition and innovations in business models.

Although Airbnb was first to develop its unique business model, it is not difficult to imitate which can be seen by the rise of competitors in the market (Pereira, 2024). Airbnb's business model relies on their hosts to provide the accommodations and experiences to travellers (The Strategy Story, n.d.), thus the company is not in control of consistency or quality control. The platform requires both hosts and guests to actively participate in the mutual rating system to ensure that both travellers and hosts provide accurate and reliable information about listings. Negative experiences with the listings on the platform such as hidden costs, inaccurate information, and poor communication, and lack of host listings can have a severe impact on the Airbnb brand.

More recently, Airbnb has been at the center of controversy with many reports claiming that short term rentals have substantially affected the housing affordability crisis and availability around the world (The Canadian Press, 2023). There have been newly added regulatory challenges for short term rental platforms like Airbnb and their hosts' listings such as zoning regulations and taxation which can hinder the growth of the platform (The Strategy Story, n.d.). With fluctuating regulations, the standard business model that Airbnb uses may be affected and out of the company's control (Bhasin, 2024) which in turn affects growth and profitability.

## **OPPORTUNITIES**

Airbnb has the following opportunities for growth: continued global expansion, growth in unique experience and leisure travel, product innovation and diversification, long-term rentals, and various strategic partnerships and acquisitions.

There are significant opportunities for growth in developing markets such as India, China, Latin America and other Asian regions because of a rising middle class and an increase in Internet access and penetration (Bhasin, 2024). The trending growth of global tourism has been a significant factor in the growth of the short-term vacation rental industry by driving higher demand for diverse accommodation options and greatly increasing demand in regions renowned for leisure travel (Grand View Research, Inc., n.d.).

With Airbnb's platform being developed in-house, there is an opportunity for an increase in engagement amongst travellers and hosts with new features, improved user experience, and technological and offering innovations without base platform hindrances; Some of these features could include virtual check-ins, AI-powered recommendations, and personalized travel itineraries (The Strategy Story, n.d.). For Airbnb, there is little exploration done in regards to the business traveller market which can allow an expansion of listings (Bhasin, 2024). More recently, there is an increase in demand for luxury rentals which could provide substantial growth (Bhasin, 2024).

Airbnb has the opportunity to expand its offerings beyond short-term rentals which cater to different audiences that may yet be untapped which could include long-term rentals, a wider variety of unique experiences, and other travel-related services (Bhasin, 2024).

Airbnb has the opportunity to collaborate with or acquire smaller companies in related industries to enhance their offerings and reduce competition (Pereira, 2024). There are many opportunities for strategic collaborations with local tourism boards, local special events (Airbnb, n.d.), and even national level corporations; as an example, various airlines (All Nippon Airways, British Airways, Delta Airlines, and Qantas Airlines) allow customers to collect reward points for bookings (Ahlawat, 2024) with Airbnb.

## THREATS

The threats that Airbnb faces in the market include: increasing regulatory scrutiny and restrictions, economic uncertainty, increasing competition in the share economy, and future unforeseen global crises impacting global travel demand.

Governments worldwide are implementing policies to address concerns around housing availability, zoning, licensing systems, rental day-caps, and taxation while balancing the economic benefits of the increased tourism (Grand View Research, Inc., n.d.). New, unforeseen, complex, changing laws and regulations might lead to future fines and criminal penalties which could severely hamper Airbnb's business operations. Airbnb has been in litigation with diverse stakeholders such as governments, industry bodies, municipalities, trade associations, etc., which tries to enforce liability to its platform (Masson, 2021). In the future, Airbnb might be confronted with claims regarding information or content available on the platform created by third parties, such as hosts or guests and their liabilities for this user-generated content (Masson, 2021).

The travel and tourism industry faces various complex risks (World Economic Forum, 2024), including geopolitical uncertainties, economic fluctuations, inflation and extreme weather (World Economic Forum, 2024). The COVID-19 pandemic severely affected Airbnb's booking



rates; at peak pandemic, new bookings were down 85% (Curry, 2025). While the travel industry has largely returned to pre-pandemic levels, economic uncertainty, the ongoing wars in Ukraine and the Middle East and the change of presidency in the US is making 2025 feel anything but predictable (Hall, 2025).

The Airbnb platform relies on having hosts open up their private spaces to short term renters. Other competitors may provide better offerings for hosts which would encourage less use of the Airbnb platform, and even now, hosts are likely to cross-list their listings to reach the widest audience possible (Masson, 2021).

## **APPENDIX 2 - KEY COST ASSUMPTIONS**

### **AVERAGE NIGHTLY BOOKING VALUE**

\$213 is the median nightly price for an Airbnb stay, specifically for bookings of approximately seven nights (NerdWallet, 2025). Using the median provides a more accurate reflection of typical booking costs, as it minimizes the impact of outliers. While the average Airbnb stay is approximately four nights (RubyHome, 2025), and nightly rates tend to decrease with longer stays, we have opted to use the \$213 median from 7 night stays. This choice is intended to provide a conservative estimate of potential revenue.

### **AIRBNB COMMISSION RATE**

Airbnb's standard commission rate of 15% as documented on their official help pages (Airbnb, 2025). This rate is applied to the total value of bookings to calculate Airbnb's revenue.

### **TOTAL NIGHTS AND EXPERIENCES BOOKED (FY 2024)**

491.5 million nights and experiences were booked during the 2024 financial year (Airbnb, 2024). This is a very important metric because it allows us to calculate the impact of our project. Using the data from FY24 is appropriate as Airbnb's revenue has continued to grow over the years, this value contributes to a conservative revenue estimate.

### **INCREASE IN NIGHTS AND EXPERIENCES BOOKED**

The final key assumption we are making for the revenue section is that this project will increase nights and experiences booked by 3%. The projected 3% increase comes mainly from the established correlation between trust and e-commerce behavior. Trust is a key factor in consumers purchasing behavior (Corbitt et al., n.d.). Furthermore, Airbnb's commitment to trust and safety can be seen in their community standards, so we can infer that trust is a key indicator of nights and experiences booked. This information provides a strong foundation for the goal of increasing nights and experiences booked by 3%

## APPENDIX 3 - REVENUE CALCULATION

### CALCULATION

- Total bookings per year = 491,500,000 nights and experiences booked \* 1.03 = 506,245,000 bookings per year
- New bookings = 506,245,000 total bookings - 491,500,000 average bookings = 14,745,000 new bookings
- Total new booking value = 14,745,000 new bookings \* 213\$ average nightly booking value = 3,140,685,000
- Total revenue = 3,140,685,000 total new booking value \* 0.15% commission = 471,102,750

## APPENDIX 4 - INCOME STATEMENT

### Airbnb Inc. Income Statement

Consolidated Balance Sheet - USD (\$) in Millions

Annual Report - Filed to the SEC - February 13, 2025

Source: Investor Relations, Airbnb, SEC Filings

Consolidated Balance Sheet - USD (\$) in Million: Definition		31-Dec-24
<b>Statement of Comprehensive Income</b>		
Net Income	The portion of profit or loss fo	\$ 2,648
<b>Other Comprehensive Income (Losses)</b>		
Net unrealized gain (loss) on available-for-sale marketable sec	Amount, after tax and adjustm	\$ -
Net unrealized gain (loss) on cash flow hedges, net of tax	Amount, after tax and reclass	\$ 111.00
Foreign Currency Translation Adjustments	Amount after tax and reclassi	\$ 27.00
Other Comprehensive Income (Losses)	Amount after tax of other corr	\$ 84.00
<b>Comprehensive Income</b>	<b>Amount after tax of increase</b>	<b>\$ 2,732.00</b>

#### Key Takeaways

Airbnb has a generally strong income, netting \$2.65B, which indicates financial stability, and arguably, flexibility to invest in initiatives that enhance trust and safety.

With \$27M in losses related to foreign currency fluctuations, this may raise flags that global strategies may require more strategy to ensure strong ROIs.

**Investment Feasibility:** With a strong net income of over \$2.6B, Airbnb is in a strong financial position to pursue Trust-Enhancement Initiatives without any major concerns to straining finances.

<https://d18rn0p25nwr6d.cloudfront.net/CIK-0001559720/116306c4-5fd9-424a-85bb-eb3caf09ece9.html#>

<https://investors.airbnb.com/financials/default.aspx>

## APPENDIX 5 - BALANCE SHEET

### Airbnb Inc. Balance Sheet

Consolidated Balance Sheet - USD (\$) in Millions

Annual Report - Filed to the SEC - February 13, 2025

Source: Investor Relations, Airbnb, SEC Filings

Consolidated Balance Sheet - USD (\$) in Millions	Definition	31-Dec-24
<b>Current Assets</b>		
Cash & Cash Equivalents	Amount of currency on hand as of	\$ 6,864
Short-Term Investments	Amount of investments includin	\$ 3,747
Funds Receivable and Amounts held on behalf of customers	Carrying amount as of the balan	\$ 5,931
Prepays and other current assets	Amount of asset related to cons	\$ 638
<b>Total Current Assets</b>	<b>Amount of asset recognized for</b>	<b>\$ 17,180</b>
Deferred Income Tax Assets	Amount, after allocation of valu	\$ 2,439
Goodwill and Intangible Assets, Net	Amount, after impairment and a	\$ 777
Other Assets, Noncurrent	Amount of noncurrent assets cl	\$ 563
<b>Total Assets</b>	<b>Amount of asset recognized for</b>	<b>\$ 20,959</b>
<b>Current Liabilities</b>		
Accrued Expenses, Accounts Payable, and Other Current Liabilities	Sum of the carrying values as of	\$ 2,614
Funds Payable and Amounts Payable to Customers	Amount of obligation to transfer	\$ 5,931
Unearned Fees	Amount of deferred income and	\$ 1,616
<b>Total Current Liabilities</b>	<b>Total obligations incurred as p</b>	<b>\$ 10,161</b>
Long-Term Debt	Amount, after deduction of unar	\$ 1,995
Other Liabilities, Noncurrent	Amount of liabilities classified a	\$ 391
<b>Total Liabilities</b>	<b>Amount of liability recognized</b>	<b>\$ 12,547</b>
<b>Shareholder's Equity</b>		
Common Stock	Aggregate par or stated value of	\$ -
Additional Paid-In Capital	Amount of excess of issue price	\$ 12,602
Accumulated other comprehensive income (loss)	Amount, after tax, of accumul	\$ 35
Accumulated deficit	Amount of accumulated undistr	\$ 4,225
<b>Total Shareholders's Equity</b>	<b>Amount of equity (deficit) attril</b>	<b>\$ 8,412</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>Amount of liabilities and equity</b>	<b>\$ 20,959</b>

#### Key Takeaways

Airbnb has some fairly strong liquidity (access to cash), with \$6.86B in cash and cash equivalents, and approx \$3.75B in short-term investments, funding a Trust-Enhancement Initiative is highly feasible without immediate external funding and investment.

Airbnb has a fairly low long-term debt, at approx \$1.99B, relative to its total assets of \$20.96B (approx 0.09% debt ratio), which demonstrates generally strong financial stability

\$8.41B worth of shareholder equity demonstrates a strong level of confidence in investors supporting the company and its financial performance

**Investment Feasibility:** Based on healthy and strong liquidity / strong levels of cash reserves, generally strong financial stability and investor confidence, Airbnb is well positioned as of December 2024 to pursue a Trust-Enhancement Initiative without overburdening its financial resources and its investors.

<https://d18rn0p25nwr6d.cloudfront.net/CIK-0001559720/116306c4-5fd9-424a-85bb-eb3caf09ece9.html#>

<https://investors.airbnb.com/financials/default.aspx>