AIRBNB BECOMES PROFITABLE DUE TO TOURISM REBOUND

In 2022, Airbnb has turned the page on the health crisis. Not only did the home rental platform post record levels of business, but it also ended the year in the green, a first in its 15-year history. All of it thanks to the tourism rebound.

"Despite high inflation, fears of a recession and the war in Ukraine, people continue to travel," says Brian Chesky, its founder and CEO. Airbnb earned $319 million in the fourth quarter of 2022, up from $55 million a year earlier and $1.89 billion for the entire year.

Taking advantage of the tourism rebound, especially for trips abroad, Airbnb has seen its turnover jump by 40% last year. This one even shows a 75% surge compared to 2019, the last pre-Covid year, due to a sharp increase in the average price of overnight stays. Its profits reached 1.9 billion dollars, against losses of 352 million in 2021.

Layoffs

Airbnb is coming back from the brink. By early 2020, lockdowns and travel restrictions had plunged its business. In March alone, the platform had recorded the cancellation of 23 million room nights. Then in the second quarter (April through June), bookings had been cut in half, falling to their lowest level in at least four years. Revenues had fallen by 72%.

To cope, Airbnb imposed a severe austerity cure, which resulted in the dismissal of 1,900 employees, a quarter of its workforce. It also had to raise a billion dollars in emergency funds, and then take on the same amount of debt. Since then, the company has successfully completed its IPO. And it is hiring again.

Long Stays

In fact, Airbnb has emerged stronger from this crisis. The platform has held up better than hotels, and its business has rebounded more strongly. Last year, it recorded nearly 400 million reservations for accommodations and experiences - the activities and guided tours offered to travelers.

That's a 31% increase over 2021. And by 20% compared to 2019. The tourism rebound was initially particularly strong in the United States and Europe. It is also beginning to win over Asian tourists, although bookings from this region have not yet returned to their pre-crisis levels. Airbnb has also benefited from the rise of telecommuting, which offers new travel opportunities: stays of at least 28 days now account for nearly a quarter of bookings.

Competition

Airbnb does not seem to suffer from the economic context, which nevertheless affects household consumption. "Demand remains strong," says Brian Chesky, who points out that Europeans are booking their summer vacations even earlier than usual. The platform is also resisting the fightback from Booking and Expedia, the two hotel booking giants that now offer accommodation to their customers. Indeed, it retains two major advantages. First, a richer offer, with 6.6 million rentals.

"The vast majority of our accommodations are not available elsewhere," notes its boss. Secondly, a stronger brand image: "90% of our traffic is direct," he adds, whereas Booking and Expedia spend a lot of money on sponsored links on Google.

For 2023, Airbnb keeps an optimistic outlook. The company forecasts first-quarter revenue between $1.75 billion and $1.82 billion. Excluding China, Airbnb added 900,000 listings last year, bringing the total to 6.6 million.

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