

# Tendencias Demográficas Globales y Nuevos Modelos de Negocio

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# What is a One-Sided Network Effect?

- A positive network effect occurs when the value to each user of using a product increases with the number of users.
- There is only one distinct type of user involved (one-sided).
- Classic examples: the telephone or the fax machine.
- a.k.a. direct network effect.

# Two-Sided Network Effect

- Increased participation by one set of people increases the value of participating for another set of people.
- The two sets must be distinct and different.
- Oftentimes involves sellers and buyers as the two sides.

# Strategies in Two-Sided Networks

- Allocate resources to one side hoping that will trigger and accelerate the growth of the other side.
- Subsidize one side.
- Charge one side.

# Local, National, and Global Network Effects

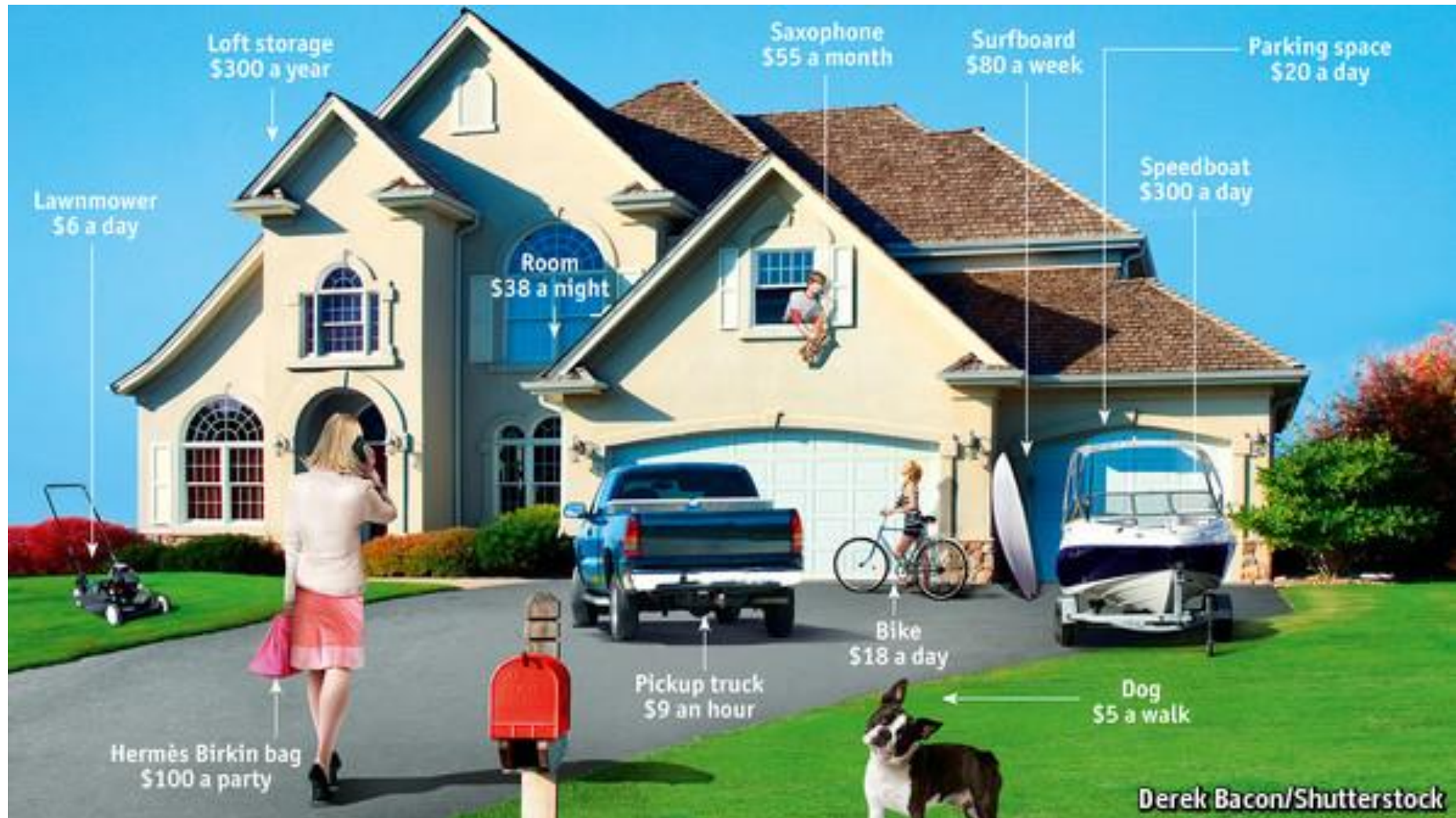
- Local: Proximity matters, and transportation cost and time are relevant.
- National: When the local effects apply within a given cultural or national boundary but not beyond it.
- Global: Proximity is irrelevant. Two cases:
  - Distance simply does not matter.
  - Participants in the network travel to where the other participants are located. For instance, buyers go to where the sellers are located.

# Mapping Exercise

1. File sharing services.
2. Accommodation sharing services.
3. Teleconference services.
4. Used item marketplaces.
5. Event ticket services.
6. Casual dating services.
7. Matchmaking services.
8. Employment/jobs services.
9. Career/professional connection services.
10. Remittance services.
11. Ride-hailing/sharing services.
12. Music streaming.

	Local	National	Global
One-Sided			
Two-Sided			

# THE SHARING ECONOMY







# Airbnb: cumulative funding & valuation history

2009-2017 YTD (10/22/2017)

Cumulative Disclosed Funding (\$M)

Valuation (\$M)



Airbnb Cumulative Funding (\$M)

Valuation (\$M)



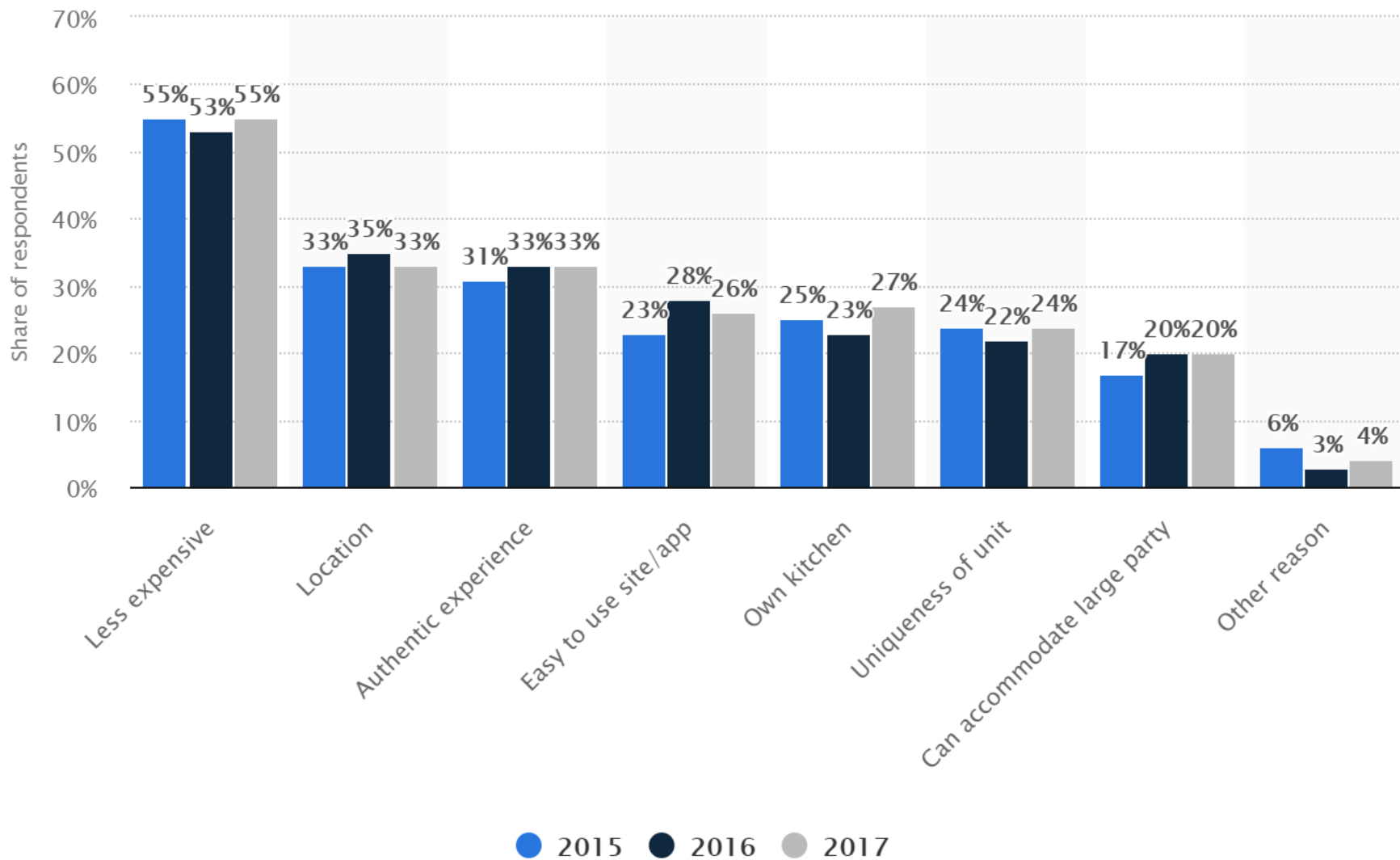


# Airbnb's Value Proposition

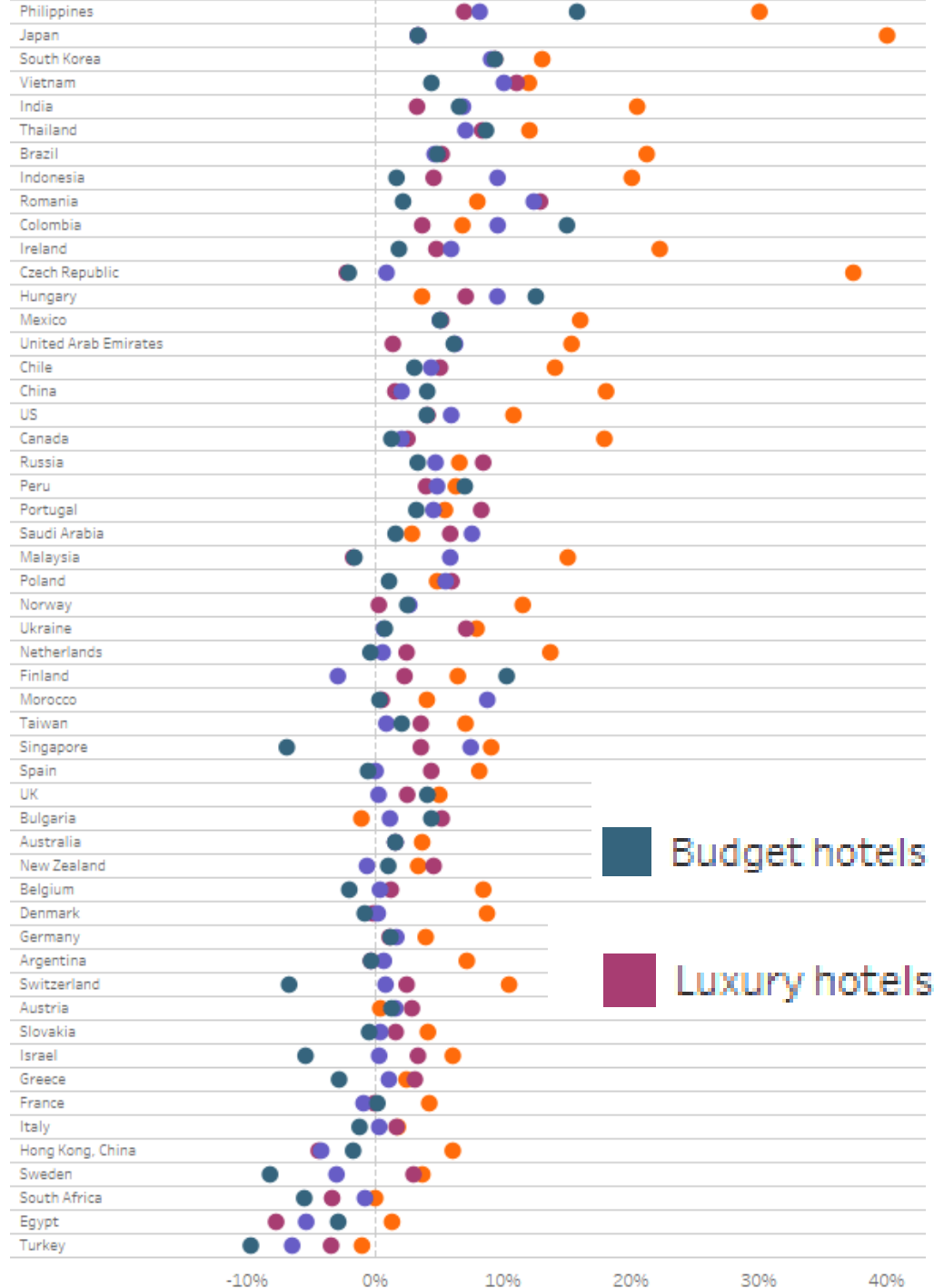
- Price?
- Quality?
- Anything else?

# Reasons for Using Airbnb

## U.S. & Europe



# 2016-17 Growth (%)



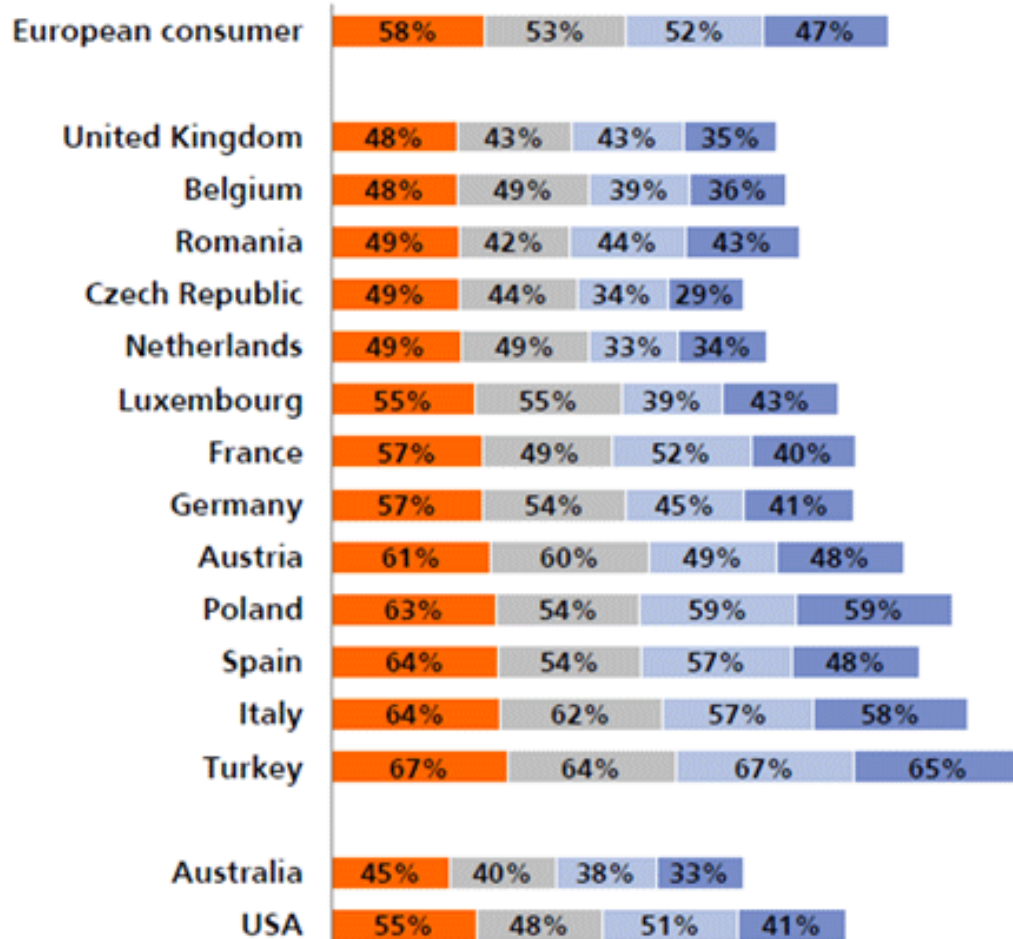
<https://blog.euromonitor.com/2017/01/2017-business-as-usual-or-year-of-reckoning-for-airbnb.html>



# To which degree do these factors influence your participation in the sharing economy?

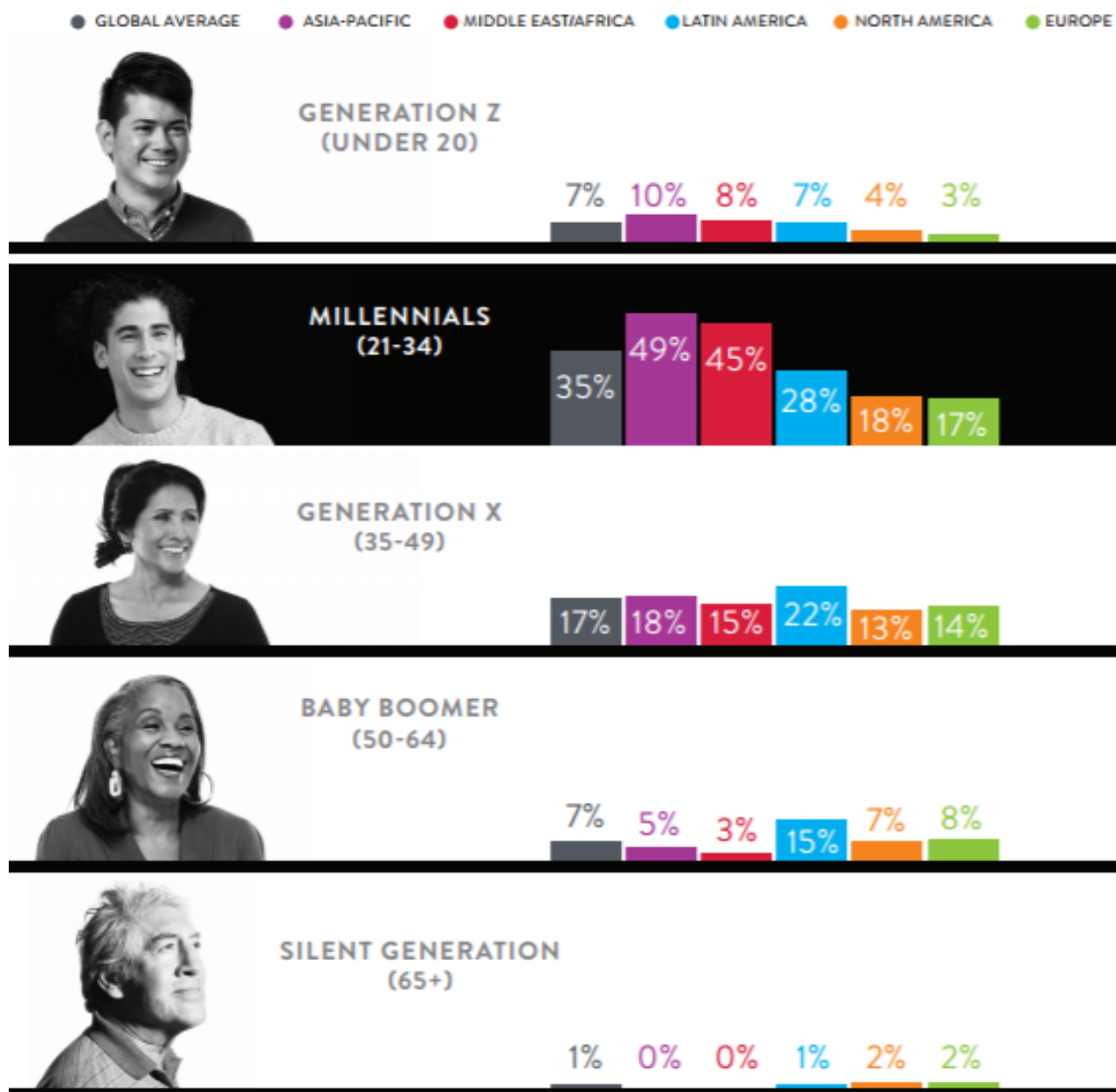
Percent who answered "very influential" or "influential"

- It saves money
- It is good for the environment
- An easy way to make extra money
- It helps build communities



Sample size: 14,829

# PERCENTAGES ARE AMONG THOSE LIKELY TO UTILIZE/RENT PRODUCTS OR SERVICES FROM A SHARE COMMUNITY



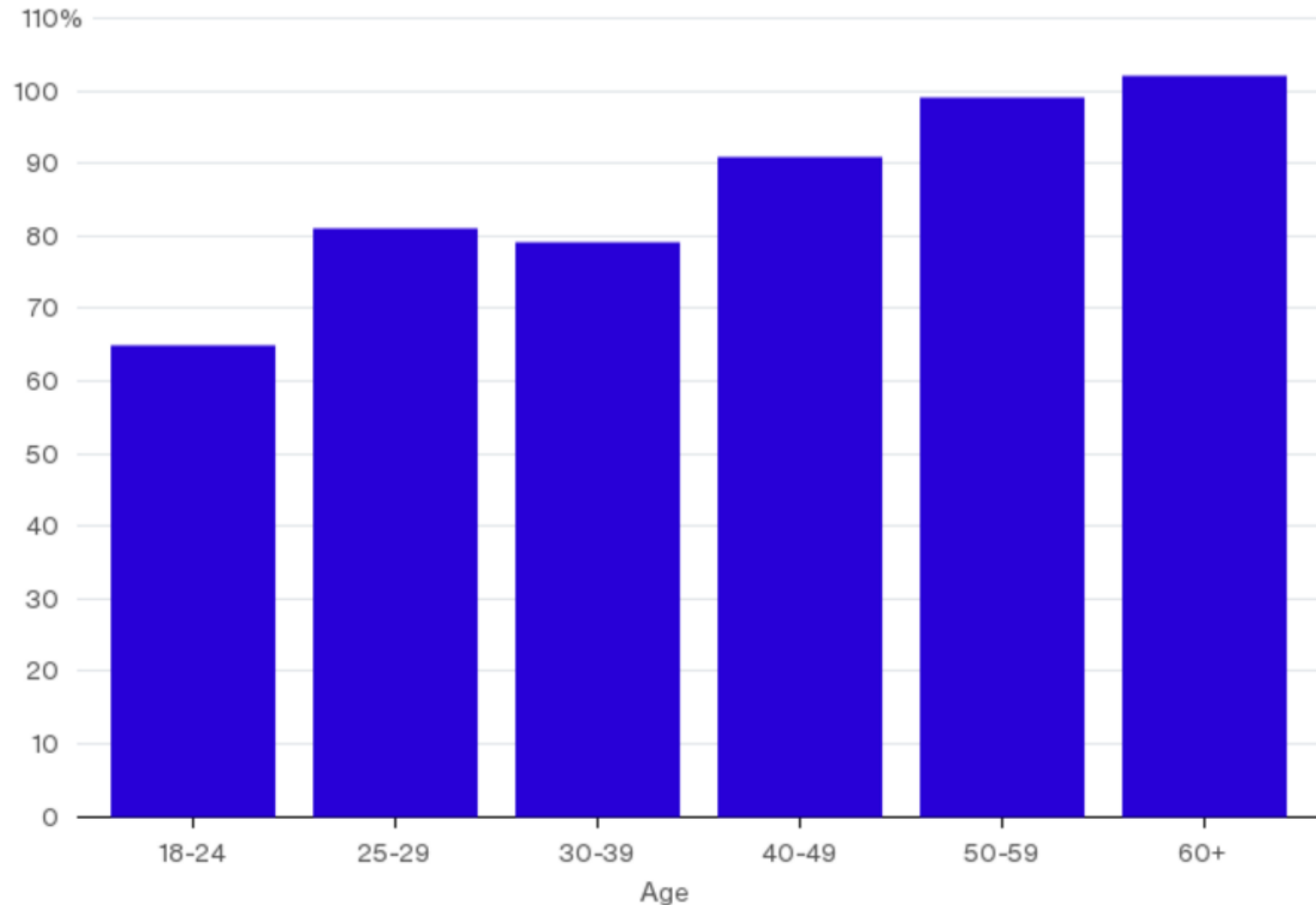
# Q#1: Airbnb Demographics?

- Supply side?
- Demand side?



## Airbnb's Fastest-Growing Age Group: People 60 and Older

Year-over-year percentage growth in the number of hosts by age range on Airbnb.



Source: Airbnb

Bloomberg 

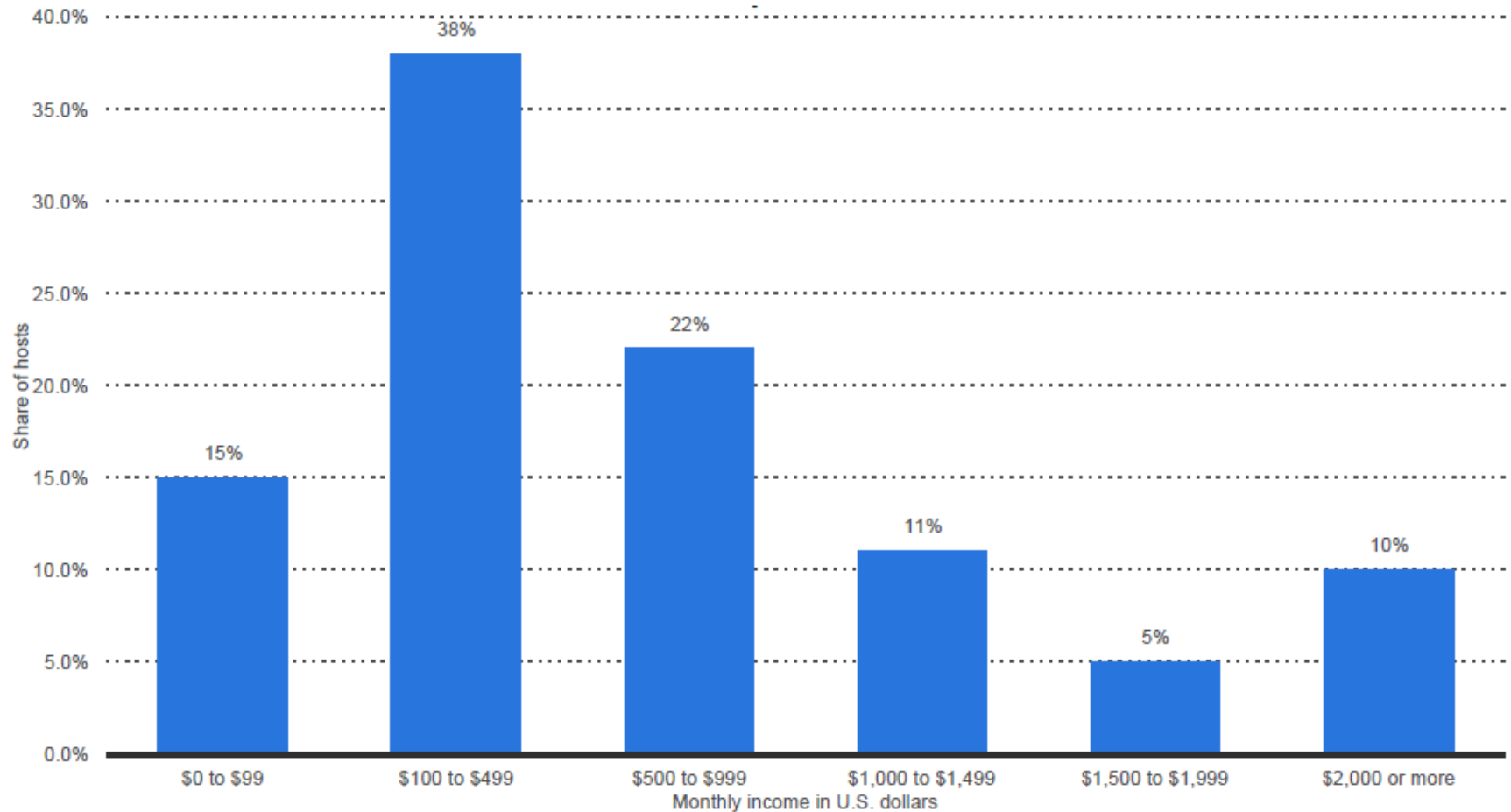
Source: <https://www.bloomberg.com/technology>

# Population 60+

- Home sharing on Airbnb brings the typical US host aged 65 and older an extra \$8,350 a year, equal to a 52-percent increase over typical Social Security income.
- Fifty-eight percent of our older American hosts report that Airbnb has helped them stay in their homes.
- By 2030, one in five Americans will be age 65 or older. Populations of other countries where we operate are aging at similar or faster rates, making home sharing a possible solution for those independent enough to age in place but unable to afford it.

Distribution of Airbnb hosts in the U.S. 2017, by monthly income

## Distribution of Airbnb hosts in the United States as of June 2017, by monthly income

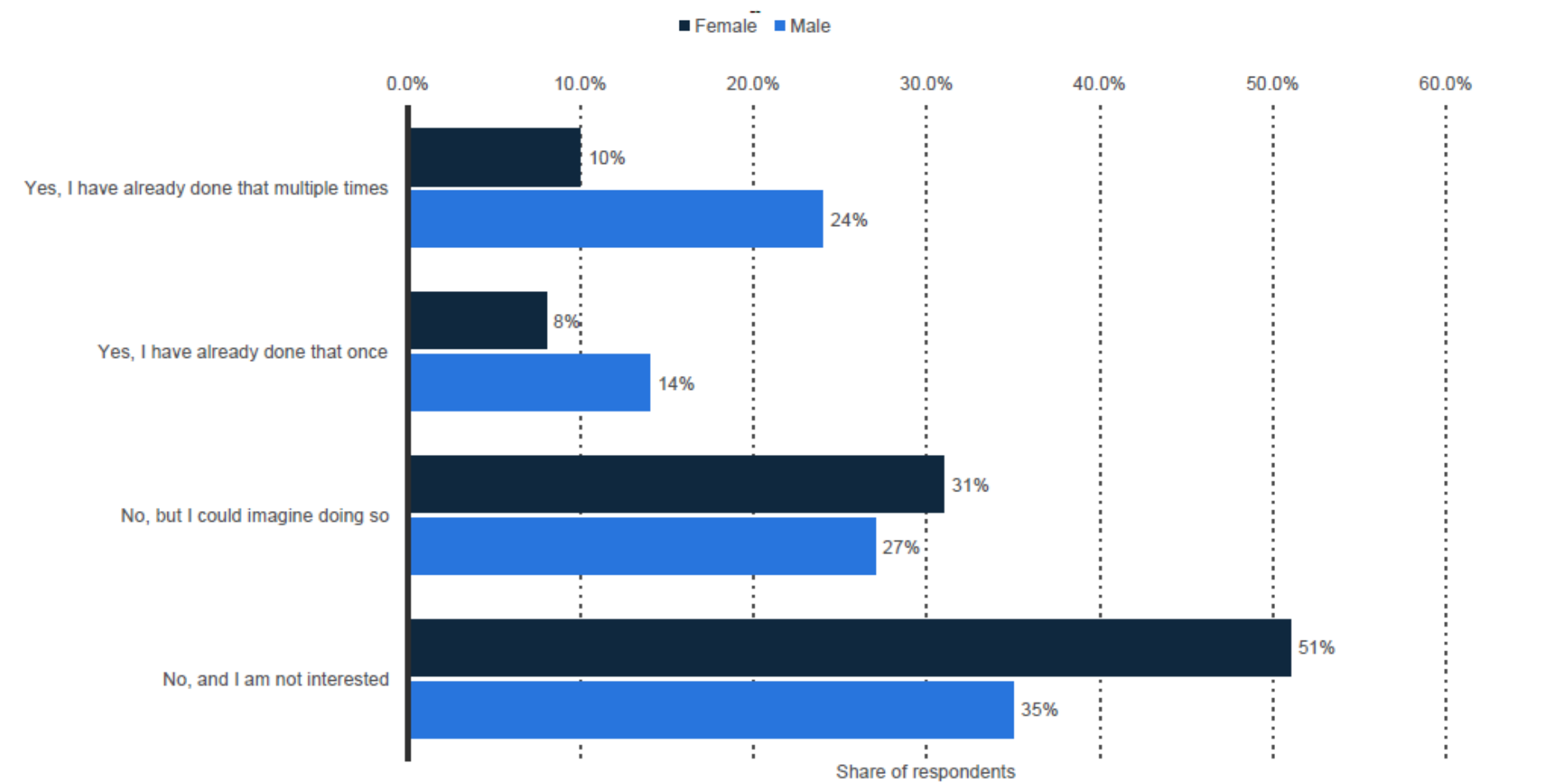


Note: United States; as of June 2017

Further information regarding this statistic can be found on [page 48](#).

Source: Earnest [ID 755096](#)

# Willingness of travelers in the United States to rent out their home on portals like Airbnb while they are away in 2017, by gender



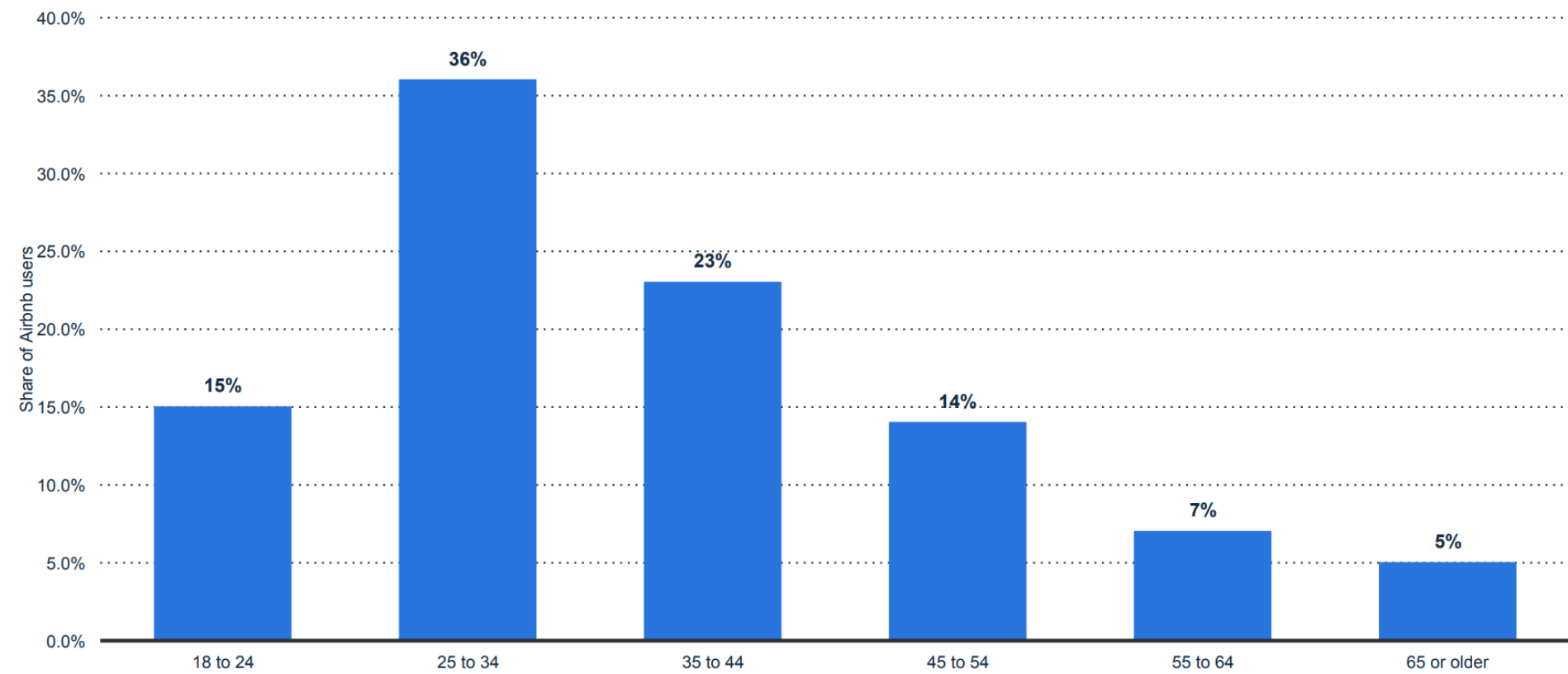
Note: United States; May 18 to 22, 2017; 18 - 65 years; 1,038; have booked at least one vacation or business accomodation over the past 12 months.  
Further information regarding this statistic can be found on [page 45](#).  
Source: Statista Survey [ID 718082](#)

# Which hosts have higher ratings?

- Men or women?
- Millennials, middle-aged, or 60+?
- Hosts in big cities, or smaller towns and villages?

# Share of Airbnb users by age group in the United States and Europe 2017

Airbnb users by age group in the U.S. and Europe 2017

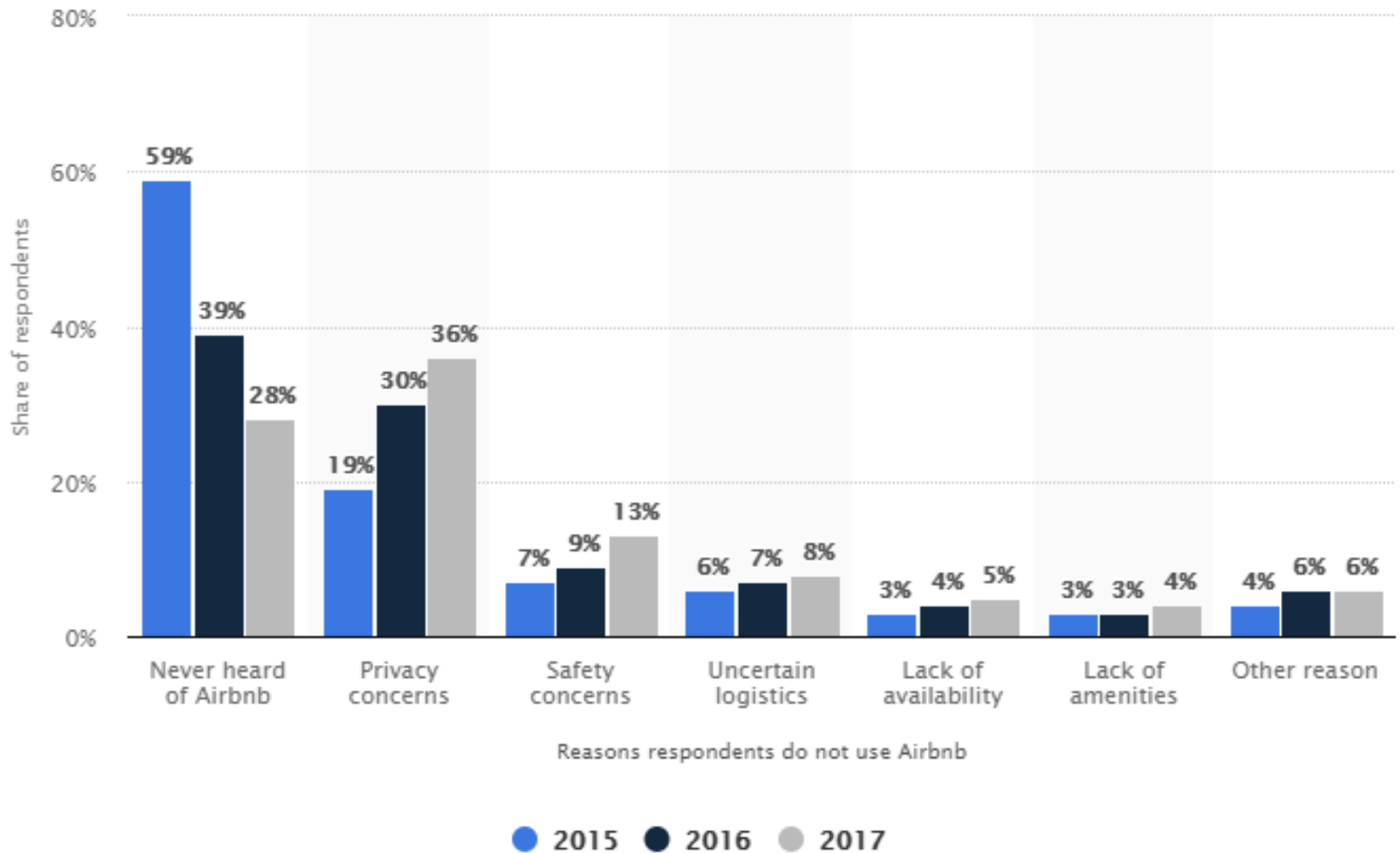


**Note:** North America, Europe, France, Germany, United Kingdom, United States; 2015 to 2017; 18 years and older; 4,000; The survey respondents from Europe came from the UK, France and Germany  
Further information regarding this statistic can be found on [page 53](#).  
**Source(s):** Morgan Stanley; [ID 796646](#)

# Millennials

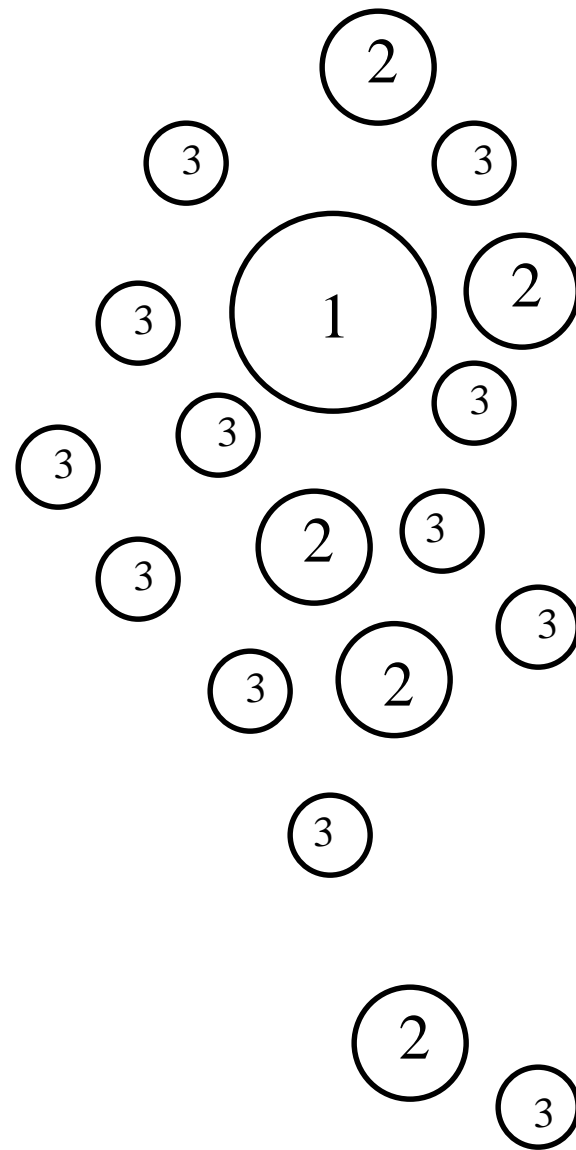
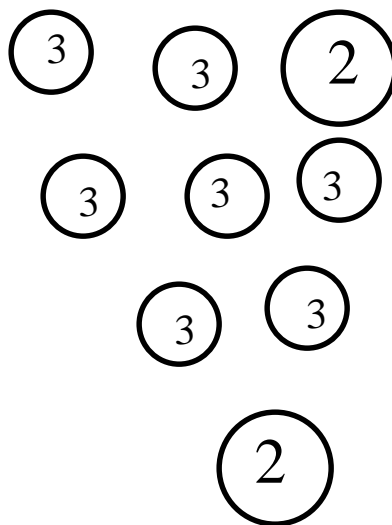
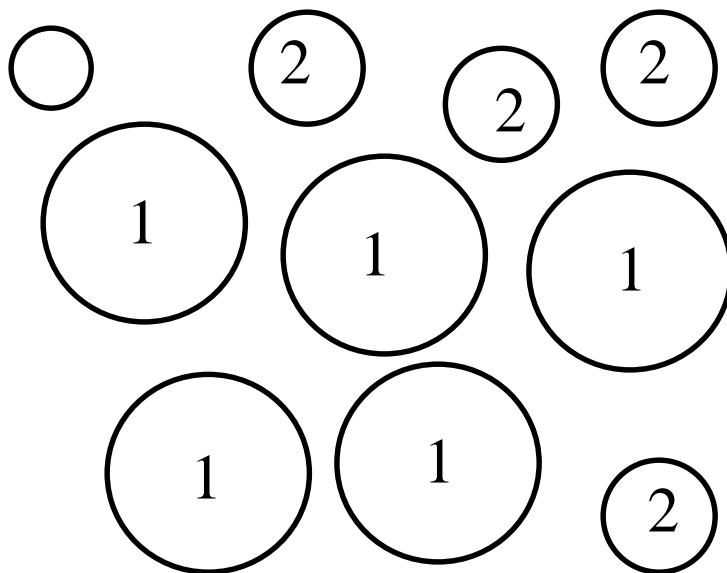
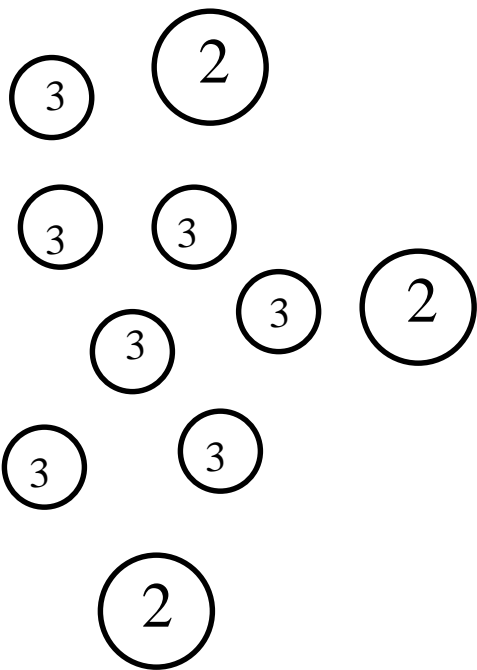
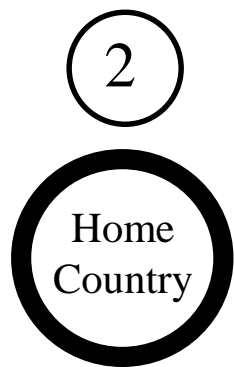
- Millennials already account for roughly 60 percent of all guests who have ever booked on Airbnb, and the number of Millennials who have booked on Airbnb has grown more than 120 percent in the past year.
- In key US markets, 85 percent of Millennials support allowing residents in their cities to rent out their extra living space on Airbnb. And more than half of Millennials say they would be more likely to support elected officials who strongly favor home sharing.
- In China, more than nine in 10 Millennials say travel is an important part of their identity. Eighty-three percent of Airbnb users in China who have made at least one booking are Millennials, the highest proportion of any country.

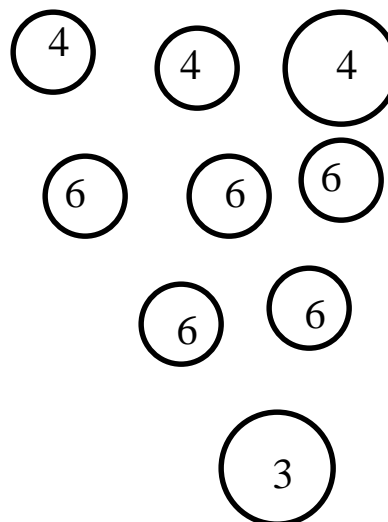
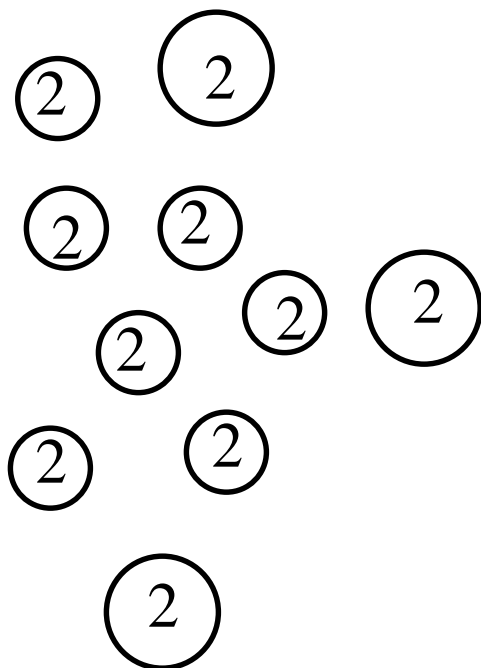
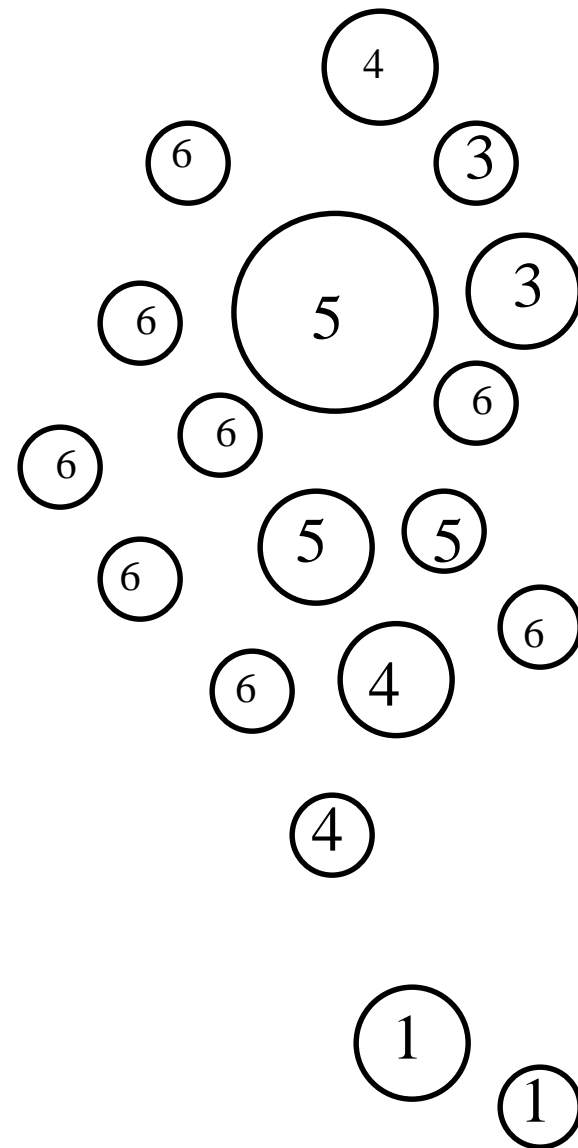
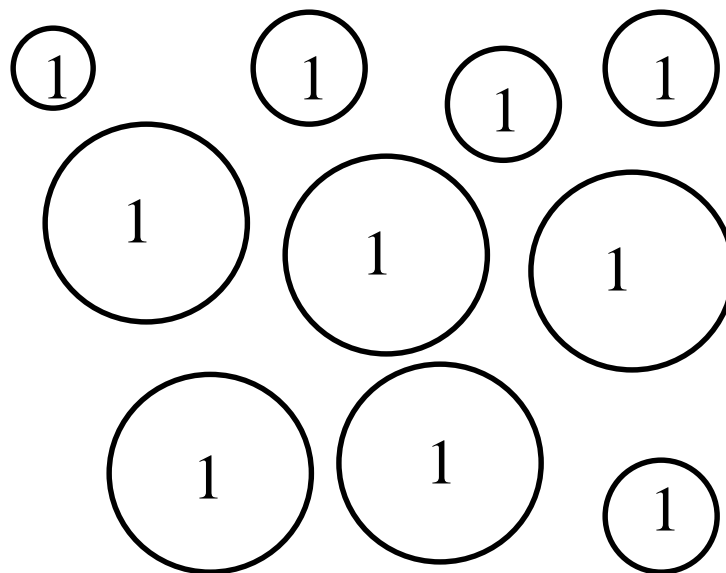
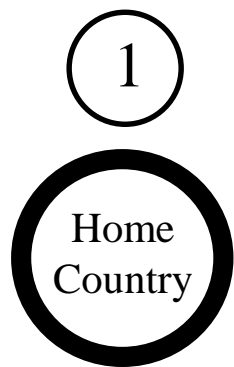
# Reasons for not Using Airbnb U.S. & Europe





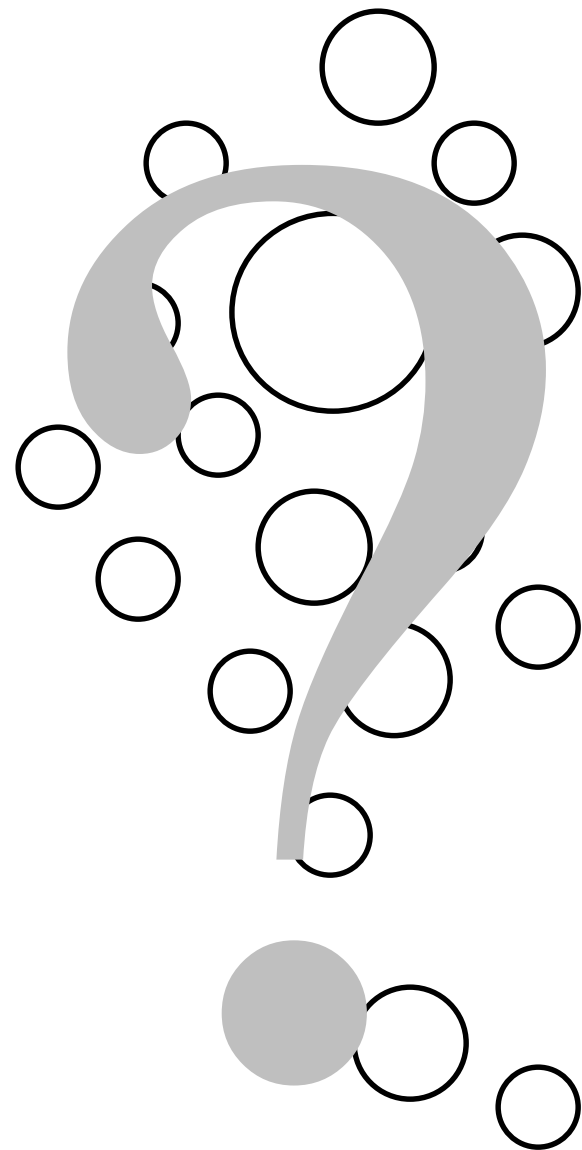
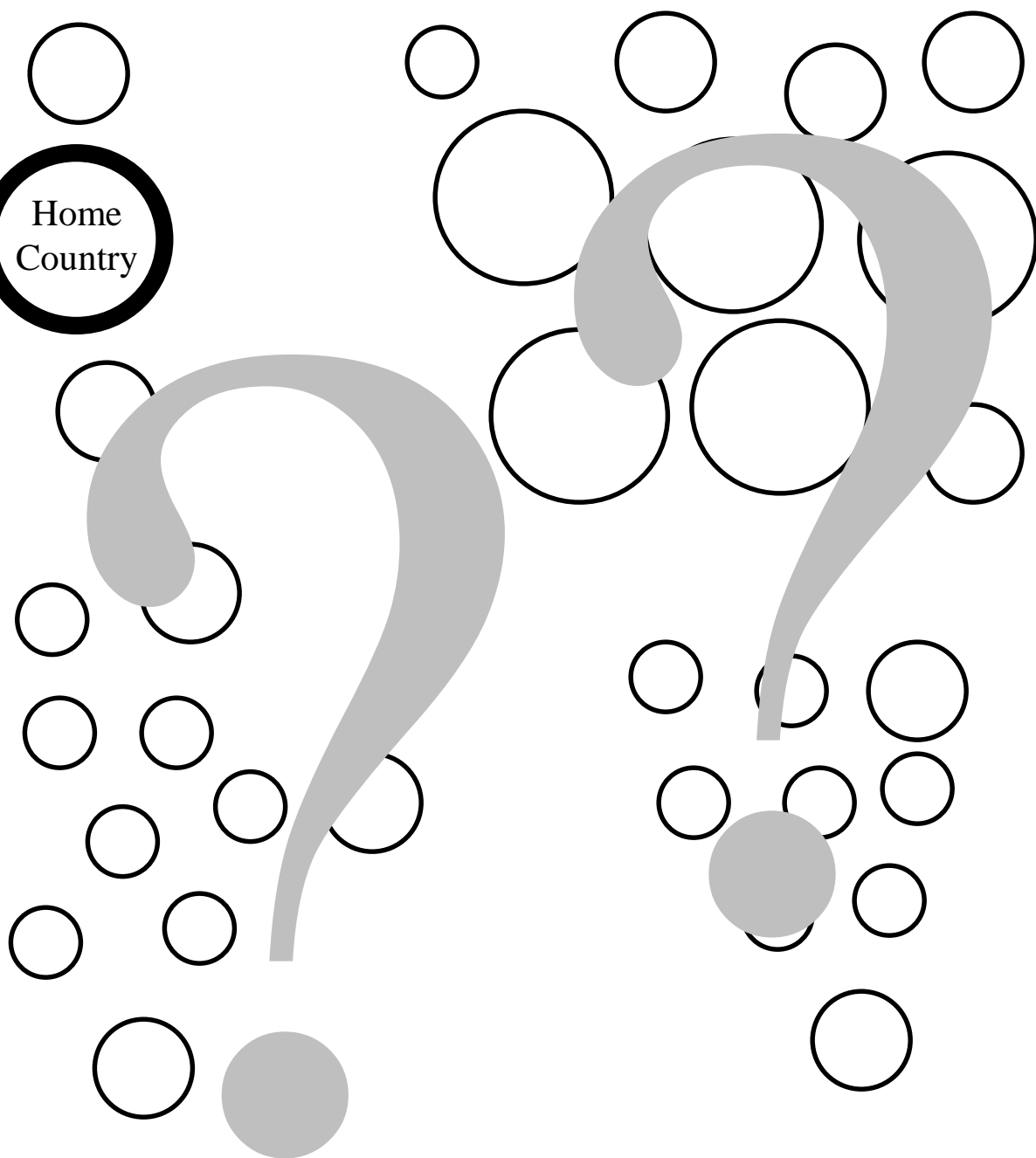
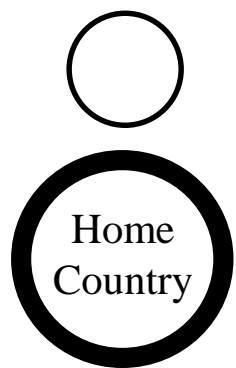
Q#2: How to prioritize markets?





# Possibilities

- Size.
- Cultural proximity.
- Development similarity.
- Purchasing power similarity.
- Regulatory similarity.
- Network effects: local, national, global.
- Other?

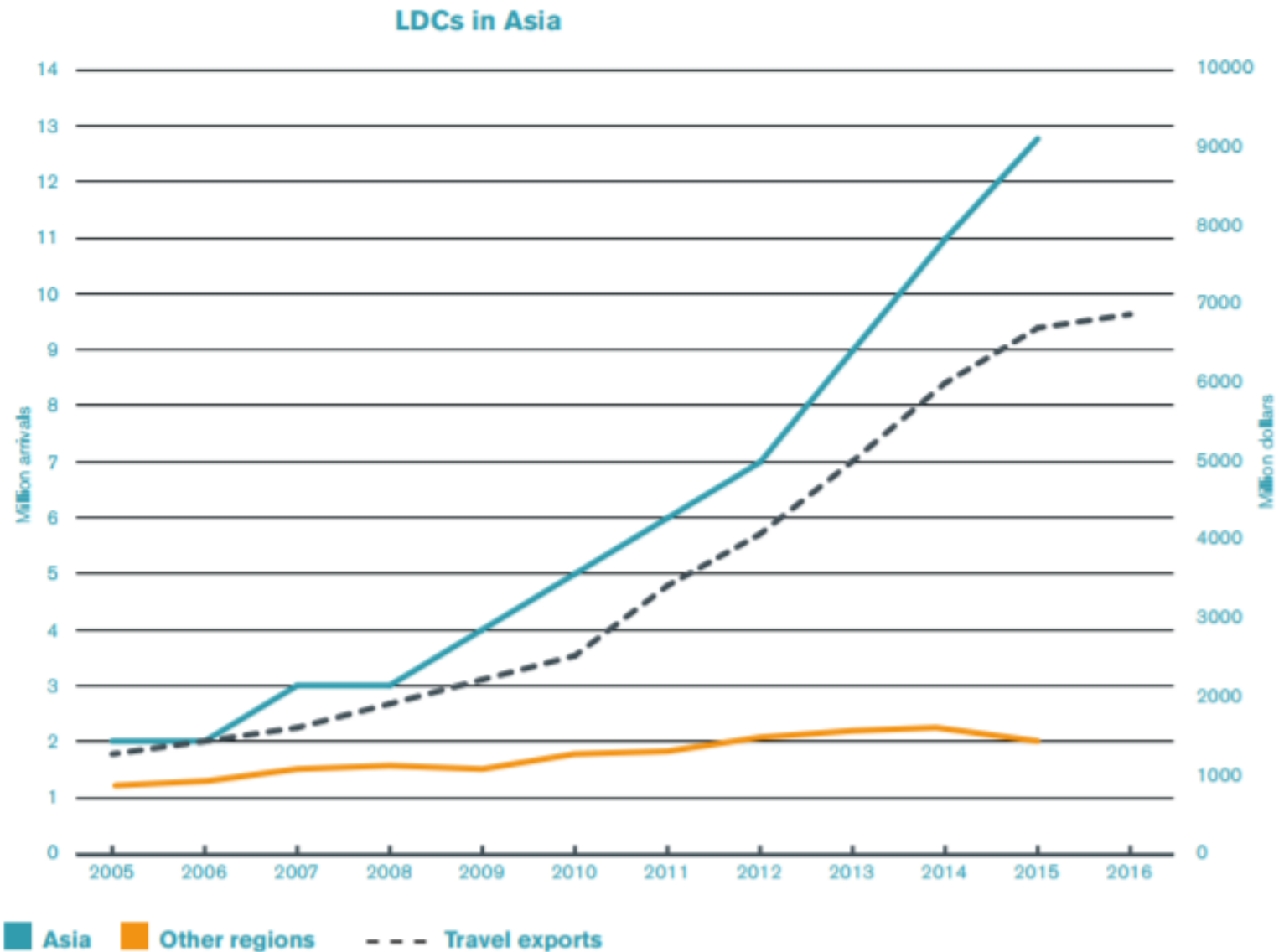


# Sequence of Market Entry

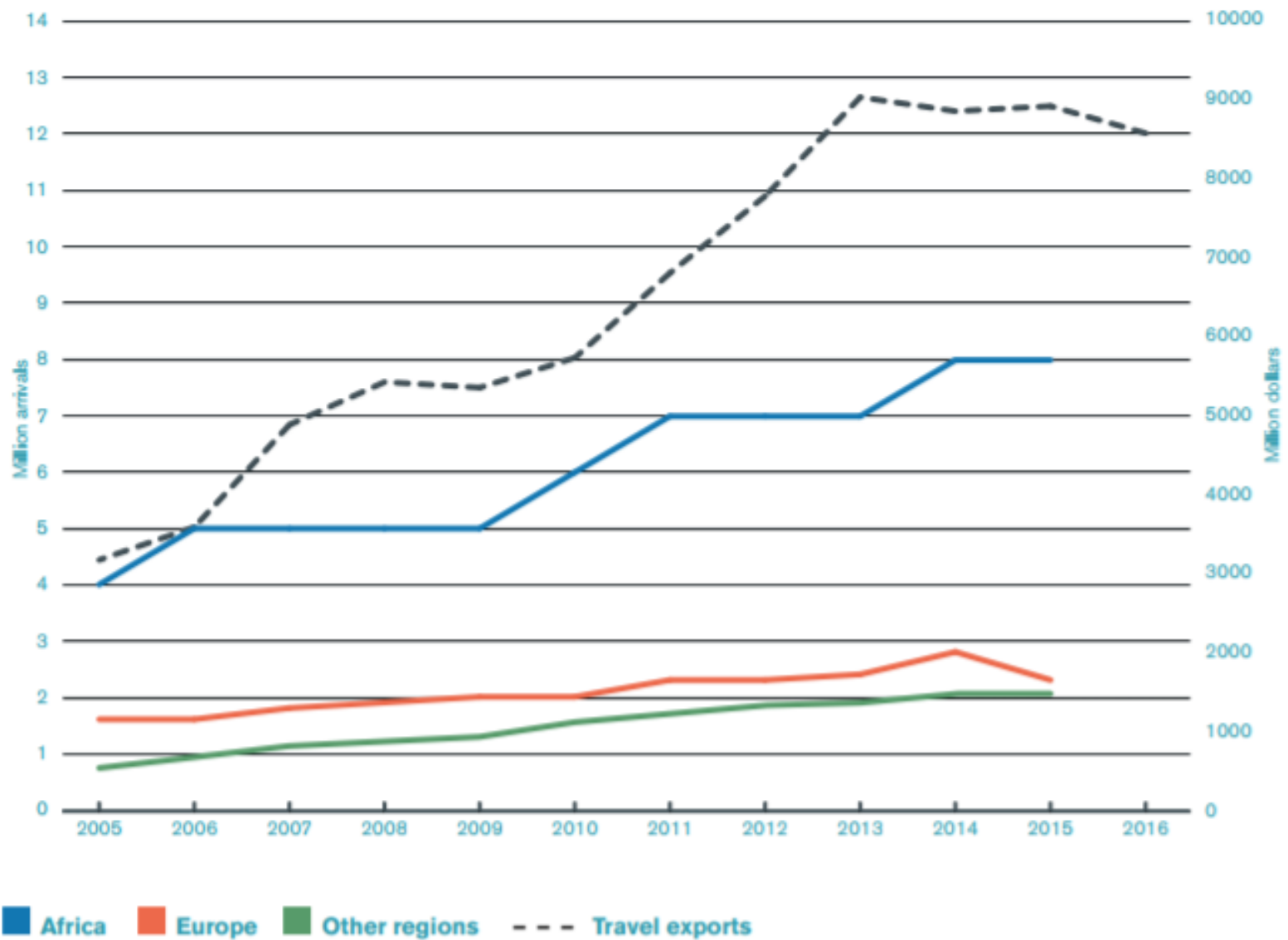
- What type of data do we need to make a good decision?

**Chart 6.12:**

**LDCs in Asia and in Africa: International tourist arrivals by region of origin and travel exports, 2005-2016**  
(Million arrivals and US\$ million)



## LDCs in Africa



Note: The breakdown of LDCs by region is coherent with UNCTAD's definition.

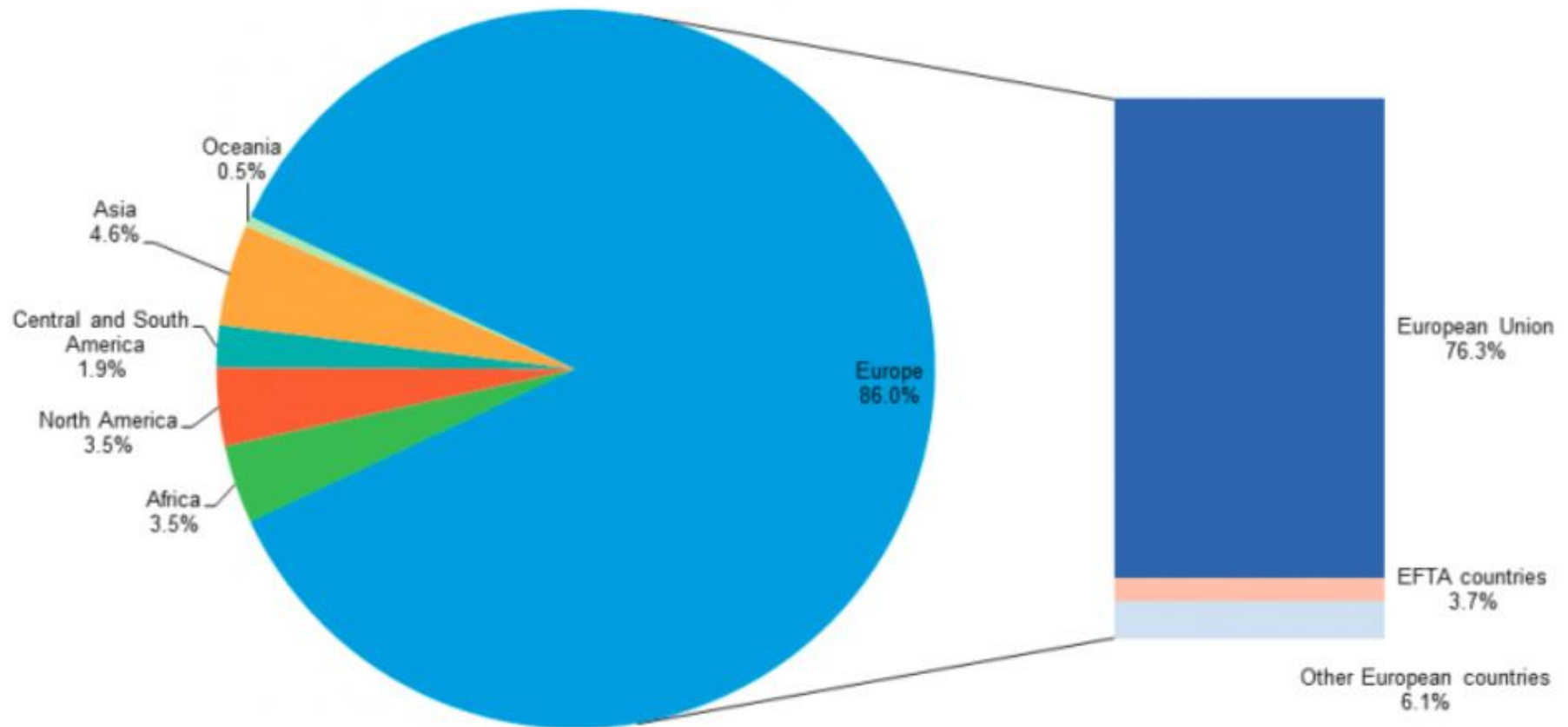
Source: WTO estimates based on UNWTO data and WTO-UNCTAD-ITC estimates.



# File:Share of world destinations for outbound trips of EU residents, EU-28, 2015 (%) .png



File File history File usage



# WTO: Intra-regional tourism drives global travel to US\$1.2 trillion

By Paul Yandall - 31/07/2017

## ‘Intra-regional tourism key to success’

by Sunday News Online | Sunday, Feb 14, 2016 | 1556 views

The New York Times

### *New York City Expects More Tourists, but Fewer International Visitors*

By PATRICK McGEEHAN NOV. 19, 2017

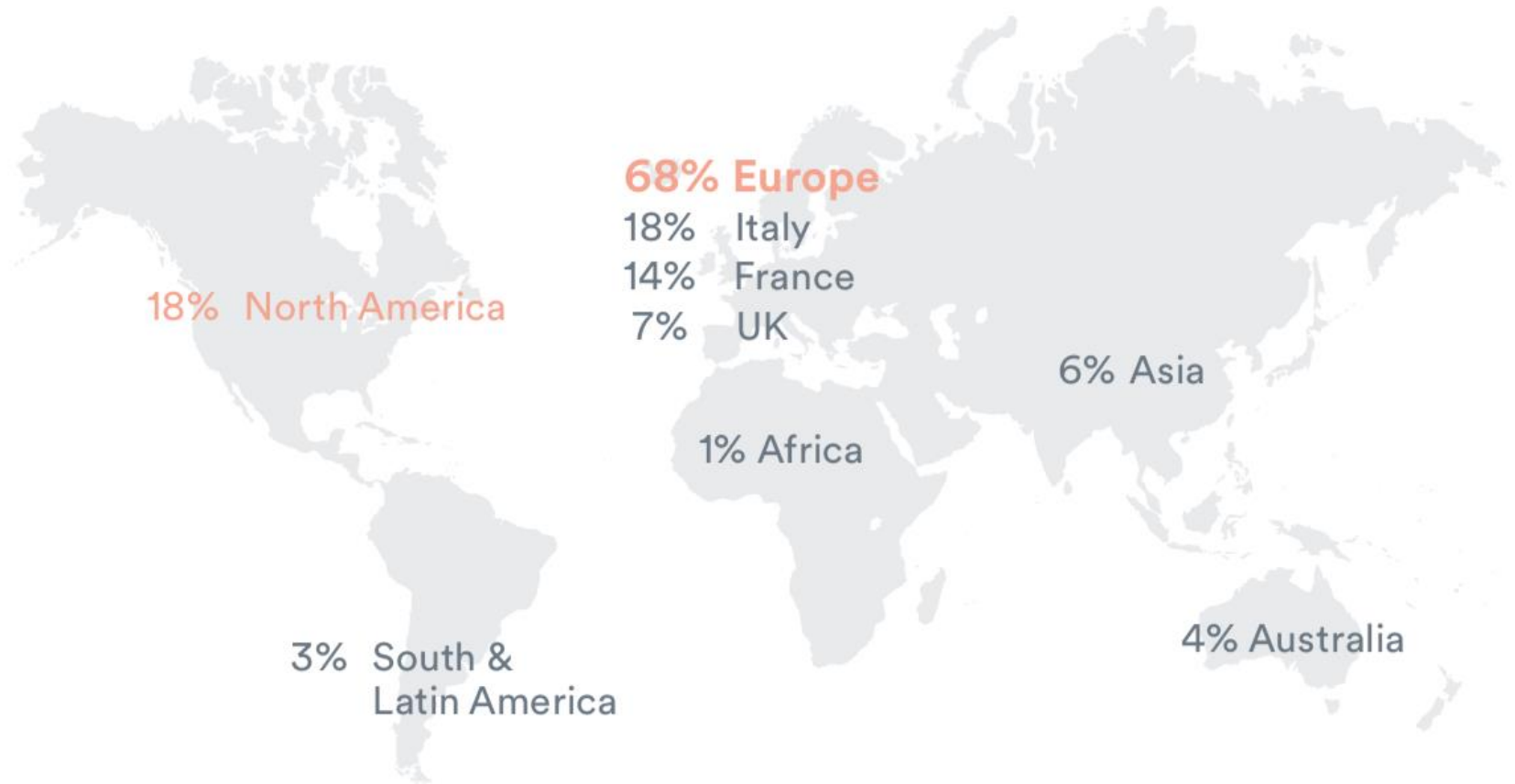


# Guest Origin

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Guests from around the world are using Airbnb to visit Italy.



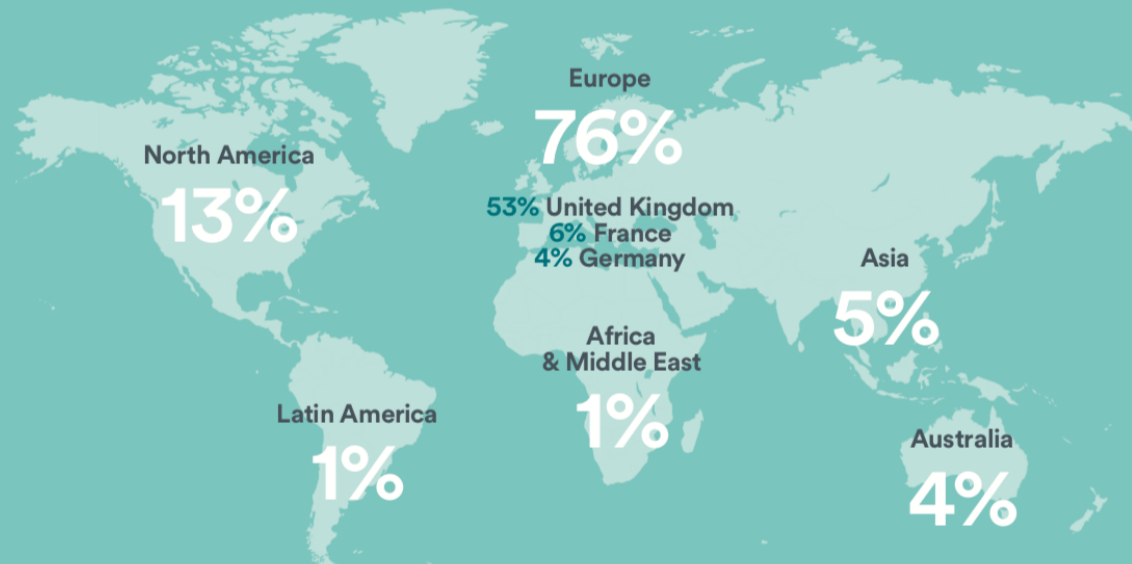


### Guests from around the world are using Airbnb to visit the United Kingdom.

Domestic travel is a growing trend on Airbnb, and the 'staycation' is increasingly popular. While approximately 76 percent of guests using Airbnb to travel in the UK are from Europe, 53 percent of guests are starting their trip right here in the UK.

#### Guest Origin

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# Which network effects to emphasize?

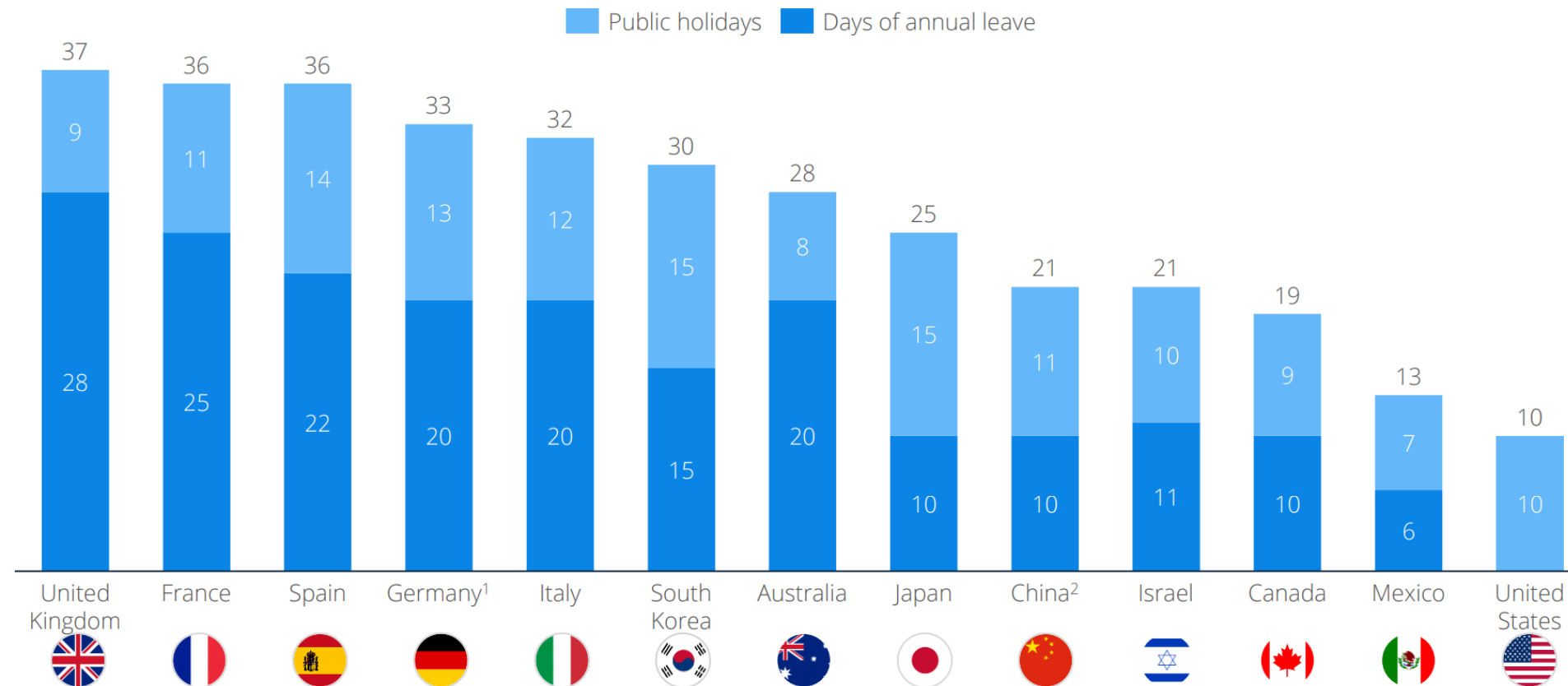
- Global?
- Regional? About 70-90% of *international* tourism is within a region.
- National? 25-75% of *total* tourism is domestic. (BTW, on what does the % depend?)
- Local?

# Airbnb Growth Strategy

- Should *not* be a random process.
- Initial stages:
  - Cities with constrained hotel capacity.
  - Cities with intense peak periods in hotel occupancy.
- Growth:
  - Build a critical mass of hosts. But where?
- Sustained network effects:
  - Local: insignificant.
  - National: very important.
  - Regional: very important.
  - Global: only relevant for certain segments. Which?

# BTW, another key factor...

Statutory minimum paid leave and public holidays in selected countries in 2016



1: Public holidays in Germany are regulated at state level and vary between 9 and 13 days, 2: paid vacation days are based on the years of employment

Source: OECD, chinalawblog.com

# Main Demographics

- Hosts:
  - 30% are 60+, more women than men.
  - Growth: Relatively fewer listings outside Europe and North America.
- Guests:
  - 60% are millennials.
  - Growth: Population 60+.
  - Projected increase in national and regional tourism in Asia, and global tourism from Asia.



## Q#3: Diversification?

- What type of data do we need to decide how to grow revenue through diversification?

# Important Distinctions

- Number of tourists.
- Number of overnight stays.
- Spending per tourist.

# File:Trips, nights spent and expenditure of EU residents by destination, EU-28, 2015 (%) .png

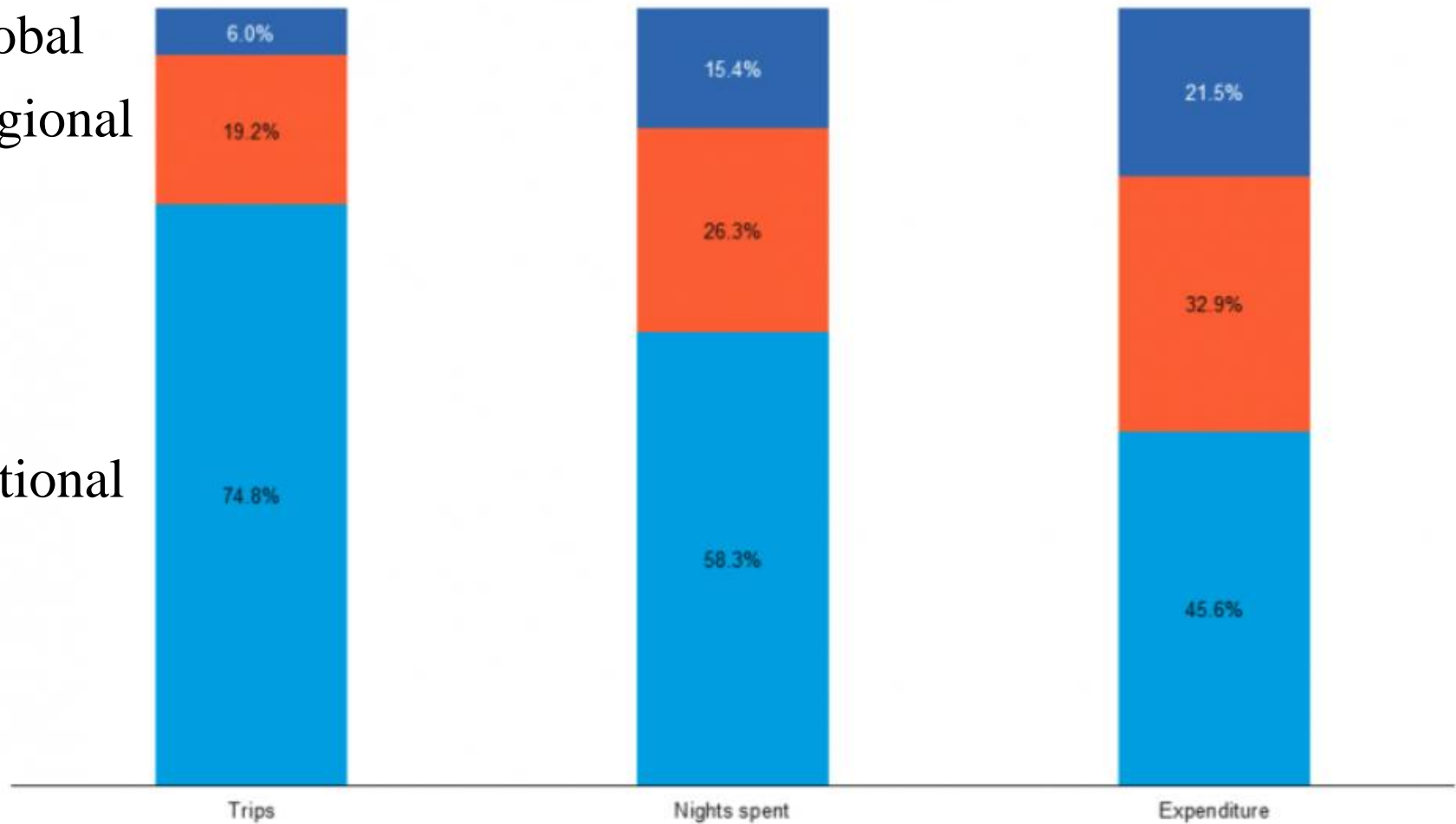


File

File history

File usage

Global  
Regional  
National



[http://ec.europa.eu/eurostat/statistics-explained/index.php/Tourism\\_statistics\\_-\\_top\\_destinations](http://ec.europa.eu/eurostat/statistics-explained/index.php/Tourism_statistics_-_top_destinations)

■ Domestic ■ Outbound EU-28 countries ■ Outbound Non EU-28 countries

# Q#3: Diversification?


- Share of wallet:
  - Most Airbnb hosts are loyal. They need services.
  - Guests are focused on the “experience” and on convenience.
  - Bundling (with flights, local transportation, restaurant reservations, event tkts, phone service, discount coupons, etc.).
- Featuring furniture, personal care items, etc.
- Premium: Airbnb Plus.
- New customer groups: business travelers (40% of hotel stays), high-end (acquisition of Luxury Retreats, Airbnb Select), etc.
- Develop its own real estate.

# Airbnb Diversification

- **New division: Airbnb Trips.**

In one of the interviews, Airbnb's CEO Brian Chesky explained why the company took a conscious decision to introduce "Trips". He said, "It is possible that it may become bigger, but I don't want to say it will definitively become bigger. I think that the current home marketplace business will one day be a minority of our revenue, when you add up all the future things that we do. Ten years from now, you may (associate) homes with Airbnb as you associate books with Amazon. You think of a lot more than books when you think of Amazon. Homes might be a bigger category to travel than books to retail, but it's a somewhat strategic shift. We are broadening our definition of travel. More than half of our bookings for trips and experiences in San Francisco were by people who live within a 40-mile radius of the city. The big opportunity there is that you take three to four trips a year but you are looking for what to do in your city every weekend".

# Partnerships & Affiliate Programs

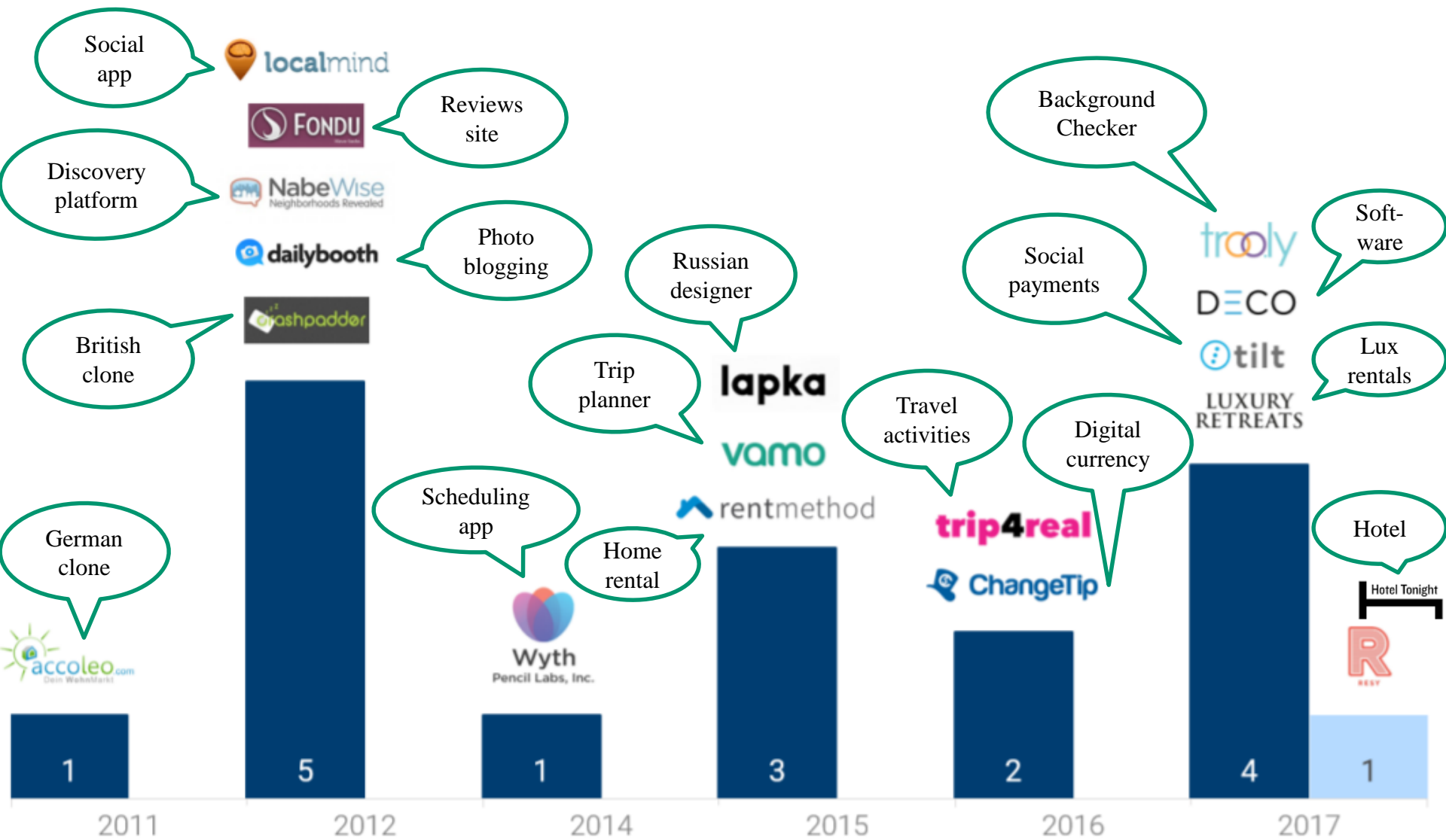
While Expedia and Priceline roll out ways to encroach on **Airbnb's**  space with their own private home listings for travellers, the \$31 billion venture-backed Airbnb is also looking at new ways to boost its own traffic and bookings. Airbnb is now rolling out a new call for affiliate partners, where high-traffic sites with over 1 million visitors can embed Airbnb property listings and make commissions when they are booked. Alongside this, Airbnb has now turned on an API for app developers to link in the backend to and offer an easier way to manage listings via other apps.

A couple of weeks ago, co-working space WeWork announced it would team up with Airbnb to offer a co-working and accommodation double service to business travellers. And in Florida, Airbnb has been



# Airbnb M&A and investment history

Activity as of 10/30/17



■ M&A ■ Investments

# Hotel owners ask me, what did Airbnb do well?

- Demographics.
- Regional network effects.
- Pivoted toward # nights and spending.



# Regulation

## Destinations clamping down on Airbnb



### New York City

Hosts will soon need to register their homes as rental properties.

### Balearic Islands

A fine of €300,000 for anyone advertising unregistered homes on Airbnb.

### Paris

Hosts can now only rent their homes for 120 days per year.

### Japan

Airbnb listings must now abide by the same safety rules as hotels.

### Barcelona

Airbnb hosts must pay an annual fee for a tourist licence.

### Amsterdam

The number of days permitted for Airbnb-type hire will soon be halved to 30.

### San Francisco

Rentals capped at 90 days, and all hosts must be full-time residents.

### Santa Monica

Hosts must live on the property during the renter's stay.

### Sydney

New rules imposed to clamp down on parties in short-term rentals.

### Berlin

Airbnb now legal once again, but with a strict new set of rules.