
airbnb x Deloitte.
Fall 2025 Internal Case Competition

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Overview

I.
INTRODUCTION

PROJECT OVERVIEW

Airbnb's 2025 strategy focuses on **expanding responsibly** under stricter regulations, reimagining host and **guest experiences** to build trust, and **diversifying revenue** beyond nightly bookings while preserving its community-driven brand

Team Deloitte will evaluate the American and Canadian **short-term rental market**, analyze Airbnb's positioning and **key competitors**, and propose **marketing strategies** that strengthen regulatory compliance, enhance customer engagement, and **unlock new revenue streams** through sustainability and service innovation

II.
MARKET OVERVIEW

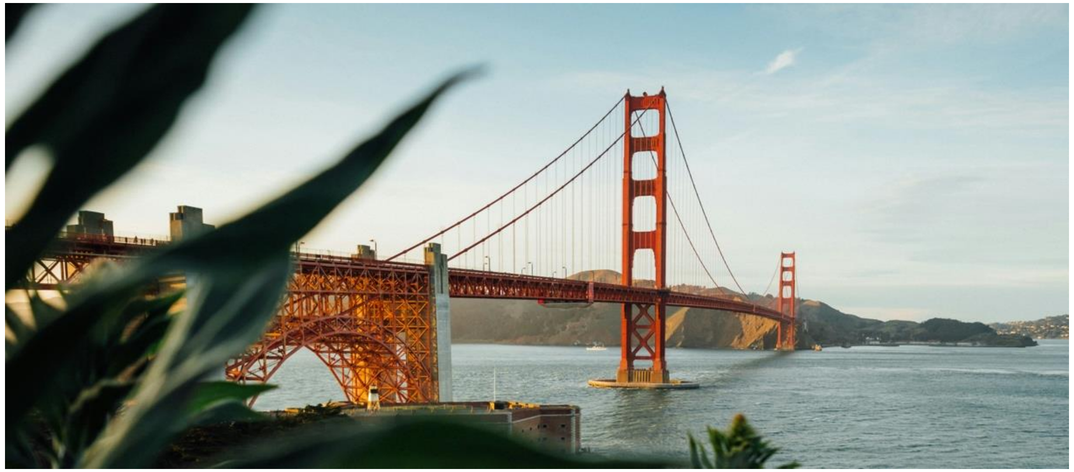
UNITED STATES

Total Sales

Summer 2025 was the strongest on record for U.S. STRs, with July nights stayed at **26.4M (+3.6% YoY)** and RevPAR at an all-time high in August despite supply growth

Growth

- Listings for **larger homes** (3+ and luxury property) are growing their share
- Demand for homes that accept pets and properties with outdoor space is increasing as travelers seek more **privacy and flexibility** post-COVID
- U.S. STR market generated about **US$20B** in revenue in 2024, with projections of **~4% annual growth** pushing it toward **~US$25B by 2029**



Key Takeaways

Corporate and blended travel (work + leisure) are showing steady growth, supporting demand in urban and secondary markets

Gen Z and Millennials dominate **STR demand,** prioritizing unique, local, and culture-rich experiences

Hotels are regaining share in some major urban markets, but STRs continue to grow in **suburban, coastal, and drive-to destinations**

CANADA

Total Sales

The Canadian short-term vacation rental market was about **US$1.99B** in revenue in 2023, with forecasts suggesting growth to $2.75B by 2030 (CAGR ~4.7%)

Growth

- Canadian STR revenue is highly seasonal, with **summer months (June–Aug) generating 40–50% of annual earnings** in coastal provinces like B.C. and Atlantic Canada
- Regional hotspots and tourism-driven cities **(Banff, and Whistler)** report **highest ADRs and occupancy rates** in the country, outperforming urban cores

Key Takeaways

There is opportunity to maximize earnings in **summer months**, which generate up to 50% of annual STR revenue in coastal provinces

Urban markets face slower growth under tighter regulation, while tourism markets show **stronger ADRs** and occupancy

Suburban and tourism markets are positioned to absorb demand as new B.C. regulations reduce urban STR supply

SWOT ANALYSIS

STRENGTHS

Airbnb earned **$3.1B in Q2-2025 (+13% y/y)** with a 21% net margin, dominating Toronto listings (88% vs. 3% Vrbo) and trusted by Gen Z and Millennials for authentic, local stays

WEAKNESSES

Regulatory risks in key markets, reliance on **nightly bookings,** and **inconsistent guest experiences** with service fee complaints

OPPORTUNITIES

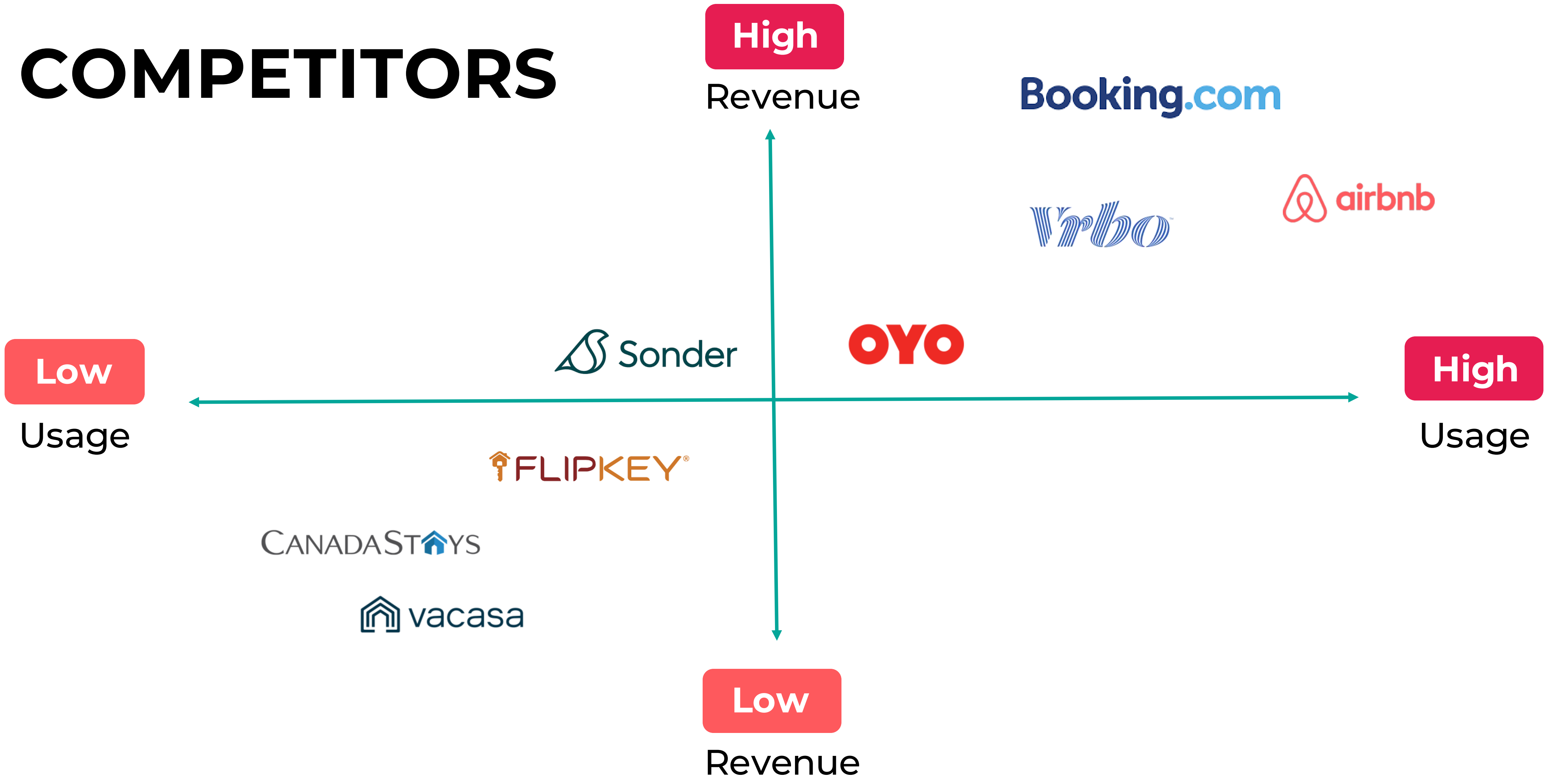
Tap the **$300B+ experiential travel market,** use AI for personalized planning and pricing, and expand offerings with long-term stays, experiences, and subscriptions

THREATS

Hotel brands are capturing alternative stays, while inflation and higher fees may drive travelers to hotels or budget options

III.
COMPETITOR ANALYSIS

COMPETITORS



Booking.com

STRENGTHS

- Diverse global supply and leading technology innovation in Online Travel Agency space
- Seamless digital experience and strong instant-booking capabilities across all property types.

WEAKNESSES

- Lags in U.S. recognition vs. Airbnb/Vrbo, relying heavily on inbound tourism
- Less direct guest-host engagement vs. peer-to-peer rivals, reducing loyalty and personalization

KEY TAKEAWAYS

Booking.com's U.S. position is growing, but catching up to entrenched rivals will require more targeted localization and partnership-building

COMPANY OVERVIEW

Booking.com is the world's largest online travel agency, offering broad global inventory (hotels, rentals, alternative accommodations) with a tech-driven, instant-booking user experience and strong European leadership

KEY METRICS

U.S. MARKET SHARE 8%

$25 SALES REVENUE (B)

Vrbo

STRENGTHS

- Backed by Expedia's distribution, marketing, and bundling power (flights, hotels, rentals)
- Particularly strong presence in U.S. resort, beach, and rural markets (e.g., ski towns, lake houses)

WEAKNESSES

- Focuses mainly on whole homes, limiting appeal for solo travelers or short stays
- Strong with families, but less popular among Gen Z and Millennials compared to Airbnb.

KEY TAKEAWAYS

Vrbo dominates the U.S. family travel segment, but Airbnb remains ahead overall in global brand power and adoption among younger travelers.

COMPANY OVERVIEW

"Vacation Rentals by Owner," Vrbo pioneered the online vacation rental model and now lists over 2 million properties worldwide with a focus on whole homes and family-oriented stays

KEY METRICS

U.S. MARKET SHARE **9%**

$3.8 SALES REVENUE (B)

FLIPKEY® by tripadvisor

STRENGTHS

- High user trust and booking conversion via TripAdvisor's verified review ecosystem
- Wide global selection, from exclusive villas to family-friendly homes with strong filtering options

WEAKNESSES

- Limited market visibility dwarfed by larger competitors in both traffic and scale
- Some process friction (slow deposit returns/refunds) and less robust innovation pipeline

KEY TAKEAWAYS

FlipKey is a trusted, affordable choice for Canadian travelers but its impact is capped by limited scale and low investment compared to sector leaders.

COMPANY OVERVIEW

FlipKey is a TripAdvisor company offering a wide range of short-term rentals globally, with an emphasis on **review transparency and affordability,** FlipKey benefits from association with TripAdvisor's leading traffic

KEY METRICS

CAN. MARKET SHARE	9%
SALES REVENUE (M)	$2.5

Sonder

STRENGTHS

- Differentiates with design-forward, tech-enabled guest experience and standardized quality
- Efficient operations and dynamic pricing through automation and data analytics

WEAKNESSES

- Financial losses persist and scale is much smaller than major platforms
- Limited inventory concentration (urban only), reducing reach compared to diversified global rivals

KEY TAKEAWAYS

Sonder's innovation in digital hospitality drives loyalty among urban travelers, but scaling profitably remains its core challenge

COMPANY OVERVIEW

Sonder is a hospitality-tech company offering premium, apartment-style accommodations with hotel-like services, using an asset-light and tech-driven model to serve modern, urban travelers in North America and abroad.

KEY METRICS

CAN. MARKET SHARE **3%**

$605 SALES REVENUE (M)

IV. RECOMMENDATIONS

WANDERHUB

Make Airbnb More Social

Acquire **Wanderlog** (social trip planning app) to transform Airbnb into a **community hub**

Integrate **cost-splitting** & **collaborative itinerary boards**

Gamify with **rewards** for sharing experiences, inviting friends, or posting reviews

Group Planning Features

Create **experience bundles** for students, young professionals, and large friend groups

Incentivize with **group discounts** (e.g. listings with 5+ together for 10% off)

Highlighting **carbon savings** of group vs. individual trips

Key Takeaways

Airbnb builds community by encouraging younger travelers to connect and return, enhances affordability through cost-splitting and group discounts, and differentiates itself by creating a social travel ecosystem that combines stays, experiences, and local services into seamless, themed trips.

SWIPE, STAY, SAVE

Marriot Case Study

Amex offers 6x points at Marriott properties which can be redeemed for **free hotel nights** and upgrades

Result: **Marriott Bonvoy** (180M+ members), credit card partnerships driving **73%** share of bookings

Why This Works

Loyalty-driven spending: Card rewards keeps customers loyal while encouraging **frequent bookings** and **higher spending**

Mutual value creation: Travel brands gain loyal customers; credit card companies gain card **adoption and usage**

Recommendation: Airbnb x Capital One

- Capital One already has **reputation in the travel space** and popular with **Millennials and Gen Z**
- Gain **points** on Airbnb stays and experiences booked with Capital One cards and option to **redeem Capital One Miles** for Airbnb bookings

ADVENTURE+

All-in-One Trip Bundles

Adventure+ combines stays, experiences, and tailored local services into immersive **themed travel packages**

Examples: Sustainable surf trip to Bali, Northern Lights Adventure in Yukon

Personalized Planning

Implement AI Agents in workflow to use **algorithms + traveler surveys** to tailor trips by interest (wellness, adventure, cuisine, etc.)

Empower **trip hosts/curators** to design multi-day journeys beyond just a night stay

Key Takeaways

One-click booking for accommodation, activities, and experiences directly on Airbnb unlocks bundled, premium revenue streams while reducing reliance on nightly bookings and separate transactions.

V. CONCLUSION

Risks

Mitigations

Brand Shift Perception

Airbnb risks being seen as a "social media app" instead of a trusted travel platform, which could dilute its core value proposition

Social Features As Booking Enhancers

Booking as heart of the platform ensures social features are positioned as enhancements to trip planning rather than diversions

Margin Pressure from Credit Card Rewards

Providing points and cardholder discounts may reduce Airbnb's per-booking profitability by lowering Airbnb revenue from each transaction

Leverage Partner-Funded Rewards

Structure rewards so they are partially funded by Capital One (similar to AmEx–Marriott), and secure cost-sharing on perks

Slow Trip Bundle Host Adoption

Piloting curated travel packages may face challenges as not all hosts are ready or willing to manage full multi-day experiences, limiting initial supply

Incentivize Early Adopters

Launch early-adopter "Hosts+" and verified experience providers, offer extra financial incentives and gradually expand

THANK YOU
Questions?