

# How Airbnb Survived The Pandemic—And How You Can Too

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Denise Lee Yohn Contributor

CMO Network

I write about brand leadership.



Airbnb has executed a dramatic recovery from the Covid-19 pandemic by prioritizing its core.. [+]

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Airbnb has come back from the brink. Mere months after the Covid-19 pandemic caused its bookings to drop over 70% and cut in half its valuation, the company has pulled off a dramatic recovery and is headed toward an IPO with an expected valuation of \$30 billion. How Airbnb survived the pandemic serves a playbook for turning around your business.

Certainly the company was buoyed by the \$1 billion lifeline it received from private equity firm Silver Lake back in April. It also wisely cut nearly \$1 billion in marketing costs and slashed executive salaries by half. Plus, the business is well-positioned to appeal to

travelers who wanted to stay away from larger hotels and remote workers looking for long-term rentals. But the strategies that CEO Brian Chesky and other executives adopted during the crisis – focus on the core business, address customer emotions, and meet employee needs – enabled them to turnaround the company so quickly.

### **Scale Back to Move Forward**

Chesky and the executive team quickly realized that substantive changes to the business were needed. "Travel as we knew it is over," Chesky observed early on. "It doesn't mean travel is over, just the travel we knew is over, and it's never coming back."

So they quickly refocused on Airbnb's core business – home rentals – and streamlined ancillary offerings including "*Experiences*" and traditional hotel and luxury property listings. They also scaled back what had been aggressive bets on markets further afield such as transportation and media. Some of these were Chesky's pet projects and seemed to hold greater potential for achieve the company's lofty aspirations. But the leaders realized the company's future depended upon a sole focus on the core business.

How about you? Have you stopped holding out for business to go back to "normal" and are you ready to make significant changes? How should you scale back to focus on your core? Are you willing to exit markets and abandon new opportunities so you can do fewer things better – and with fewer resources? Focus enables you to shore up value in the core driver of your future success.

Airbnb assessed what customers were feeling and went to great lengths to address their emotions. Chesky and his executives understood customers would be reluctant to make new reservations given the uncertainty of travel restrictions and potential pandemic surges. So they decided to institute a blanket refund policy offering last-minute cancellations and full refunds. Initially the change wasn't rolled out clearly and caused confusion and anger among some customers as well as hosts, but the company worked hard to rectify problems and reassure people it had their backs. In doing so, it provided relief for customers' apprehensions and convinced hesitant people to proceed with bookings.

Airbnb's executives also understood customers' fears about health and safety, so they introduced "Enhanced Cleaning" procedures and recommended hosts increase the time between guest stays. The changes were not mandatory, but hosts who adopted them were given a badge to display on their listings, thus conveying transparency and reassuring concerned customers.

Airbnb went beyond the basics of customer service and assuaged their feelings. Are you focused on your customers' emotions – or are you only concerned with operations and transactions? Do you understand how customers are feeling and what they want and

expect now? By implementing changes designed specifically to address customers' emotions, you earn their trust.

## **Provide for Your People**

When Airbnb laid off nearly 2,000 employees, 25% of its workforce, back in May, Chesky was praised for the humility and sincerity with which he addressed employees. But in addition to compassion, the company provided real help for laid-off employees. They were allowed to keep company-issued laptops and U.S. employees received a year of health insurance. Airbnb posted a talent directory of departing employees so other employers could tap them as potential hires. More recently the company reinstated its employee bonus program and has started to rehire laid-off employees.

It also provided for hosts, who are considered as much a part of the Airbnb team as employees are. Early on, it pledged \$250 million to help reimburse hosts for canceled stays and launched a \$10 million fund to help them pay their mortgages. It just announced the creation of an endowment fund for giving hosts grants to cover educational support, safety tools, or aid in natural disasters.

Employees have unique needs in these unprecedented times. Their needs must be met before you can expect them to do their jobs, much less to put in the discretionary effort needed to adapt to all the changes in your operations. Do you know what your employees want and need now? Are you providing real help for the real problems they're dealing with?

## **Prioritize To Survive the Pandemic**

History has shown that successful turnarounds are usually guided by a few key priorities. Chesky and the leaders at Airbnb directed their efforts on the core business, customer emotions, and employee needs. As a result, they've resurrected their rental inventory and future bookings and nearly doubled the company's value; and Airbnb is now expected to become the most valuable hospitality firm in the world and one of the world's 10 strongest brands. Adopt these survival strategies and they will become your success formula.

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[Denise Lee Yohn](#)

Denise Lee Yohn is the go-to expert on brand leadership for national media outlets, an in-demand speaker and consultant, and an influential writer. Denise is the author

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