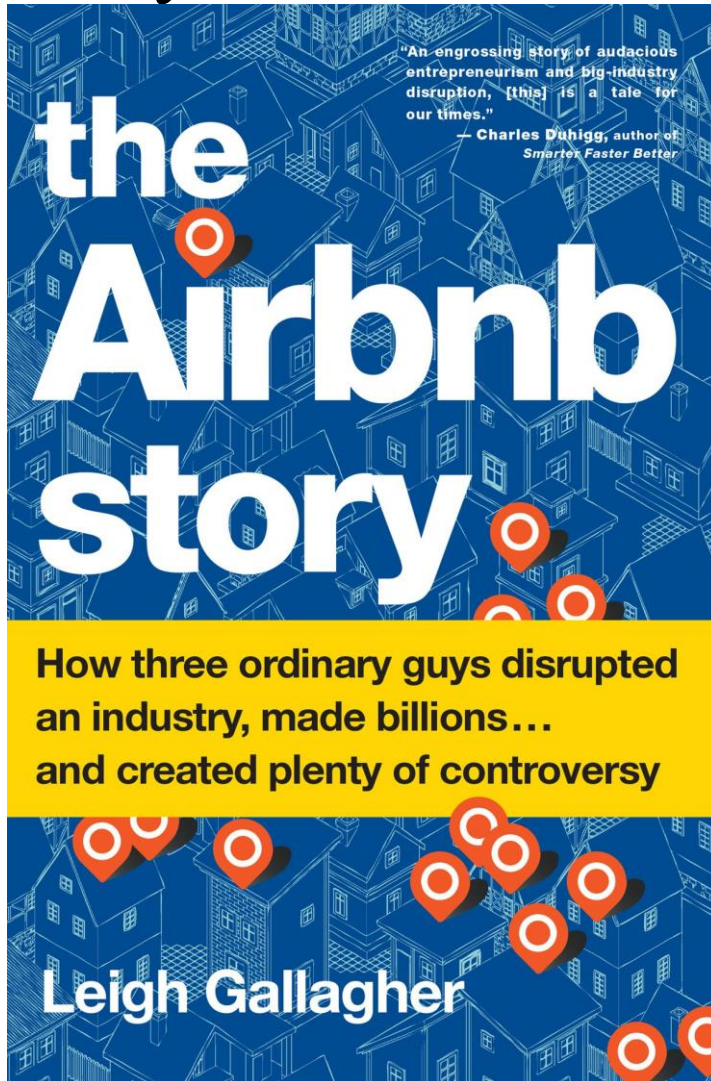# Leigh Gallagher: The Airbnb Story Book Summary

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Airbnb tapped into something greater than low prices and an abundance of available inventory. It offered an experience that was special and different...It also opened up access to different kinds of neighborhoods than traditional tourist zones.

Founders:
Brian Chesky–most striking evolution since he lacked specific industry knowledge and tech skills. Developed a couple skills that were critical to his growth as a leader: 1) knack for ring-leading dating back to his college days, 2) near pathological curiosity + voracious reader. His solution to acquire the rest of the tools he'd need was to basically hack leadership by seeking out help from a series of expert mentors.

Joe Gebbia–design disrupter with bold ideas and knack for entrepreneurialism.
(^ attended Rhode Island School of Design together)

Nathan Blecharczyk–gifted engineer.

Origins: ICSID/IDSA World Congress (design conference) was coming to San Francisco, Brian and Joe knew hotel capacity would be tight and rates would be high. Put together AirBed & Breakfast website, emailed design blogs and the conference organizers to ask them to help promote, and booked three guests (professional designers on a budget).

First Guest, said "It was a hack from both our sides. I was trying to hack and go to the conference, and they were trying to hack and make rent. It was, like, a perfect match."

Originally concept existed as a resource for finding rooms during sold-out conferences across the country. Went to launch at South by Southwest that year.

"If you launch and no one notices, you can keep launching. We kept launching, and people kept writing about it. We thought we'd just keep launching until we got customers." -Brian Chesky

Kept refining their vision, broader vision came into focus: website where booking a room in someone's home would be as easy as booking a hotel. *But this meant they had to build a sophisticated payment system.

Investors thought the idea of renting out space to strangers was totally weird and unbelievably risky. They were put off by Brian and Joes's art school background; they thought they lacked the technical DNA.

2008 launched their site for a third time and targeted Democratic National Convention with hype around Obama and a massive shortage of housing in Denver for the event. Ran into issues with supply shortage.

Afterwards they were desperate for funds launched fictitious brands of cereal called Obama O's and Cap'n McCain's. It worked (Obama O's sold out in three days, were being resold for as much as $350/box).

They had made less than $5,000 from their core business and somewhere between $20,000 and $30,000 from selling cereal.

Y Combinator: "If you can convince people to pay forty dollars for a four-dollar box of cereal, you can probably convince people to sleep in other people's airbeds. Maybe you can do it." –Paul Graham

Paul Graham taught them two important lessons:
1) It's much better to have one hundred users who love you than one million users who "sort of like you"
2) Go to your users (they ended up flying to New York and going door-to-door)

By going to their users in New York, they identified two major pain points: trouble pricing properties and photos. They decided to send professional photographers to each host's home at no charge (at first they were doing the photos themselves). Meeting directly with their users is also what gave them the idea to add the option for people to rent out their entire residence (and nix the breakfast requirement).

"If you are successful, it will be the hardest thing you ever do." –Nathan Blecharczyk

"I think hiring your first engineer is like bringing in DNA to your company." –Brian Chesky

Hacking Growth–Built backdoor into Craigslist to repost their listings on there.

Airbnb's business is fundamentally about leveraging a network effect: the more people who list, the more appealing it is to travelers. The more travelers who use it, the more appealing it is to hosts.

Figuring out how to get the right listings in front of the right people was and remains a complicated process. Every listing is unique, not just in its look, feel, location, and price but also in its availability, its host, and its host's set of rules and preferences.

During the first Internet boom, a trio of brothers in Germany–Marc, Alexander, and Oliver Samwer–started making a living taking the ideas of the most successful U.S. tech start-ups and cloning them abroad, then selling them back to the original company. Wimdu was their Airbnb equivalent. When they reached out asking if Airbnb was interested in buying them, the advisors to Airbnb all gave different opinions.

Chesky ended up taking advice from **Paul Graham who told him the difference between Airbnb and Wimdu was that Airbnb owners were missionaries, and Wimdu owners were mercenaries. Missionaries, he told him, usually win.** Decided not to buy for the above reason, also because he didn't want to absorb the Wimdu employees and thought best revenge would be to force Samwer brothers to actually run the company they had no interest in running.

"Uber is transactional; Airbnb is humanity." -Elisa Schreiber

Why Airbnb has caught on in the way it has is due to a combination of factors:
-Price (founded during recession in 2008, weakened spending power of consumers)
-Dissatisfaction with the mass commodification of large-scale hotel chains
-Desire for small-batch artisanal everything, want the same kind of imperfect

authenticity in travel experiences.
-Hunger for anything that claimed to have a purpose or mission.
-Desire to seek out community in wake of the decline of human connection in today's complicated world.

Airbnb's data reveals that the average host makes around $6,000 a year.

Sharing economy: "Fundamentally, this model of business isn't going to have the same kind of protection that the hotels or the car-rental companies or the taxi commission provide. We always make a trade-off, and we'll start to make different trade-offs with the sharing economy." –Arun Sundararajan

Airbnb's experience in New York is a case study for the kinds of collisions that can happen when new ideas and technologies come out of nowhere to threaten the status quo and incumbent industries–and how the political realities on the ground aren't always as smooth as the ascending line on these companies' unfettered growth charts.

Airbnb Negatives:
-Inhibit quality of life for neighbors who didn't sign up for transient tourists
-Creates safety issues by providing access to residential buildings to strangers
-Removes housing from a market that is already in a serious affordable-housing crisis, driving prices up for everyone

"Belinda [Johnson] taught me that **no matter how much somebody hates you, it's almost always better to meet them**." -Brian Chesky

Home sharing has caught on is because it reinforces social contracts that have become frayed. It enables everyday people to be economically empowered. It brings people together.

When Airbnb came along, it was different from VRBO, HomeAway in a few significant ways:
-More user-friendly interface than anything that had come before it.
-Brough the owner and customer together in new, more intimate way (personalities, magazine-worthy photography)
-Self-contained system that handled payments, messaging, and customer service
-Sophisticated technological backend
-Instead of focusing on vacation destinations in resort areas, focused on cities.

After dismissing it for so long, the hotel industry slowly started to confront its Airbnb problem. (In 2016!)

"Sports is the only thing where you learn your limitations quickly." -Brian Chesky

The survival of a tech company depends on a willingness to branch into new categories.

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