HOW DESIGN THINKING TRANSFORMED AIRBNB: FROM STARTUP TO HOSPITALITY GIANT

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ABSTRACT

Design Thinking has been widely used in technology, healthcare, and finance to improve user experience, business models, and innovation. One of the best examples of how companies may apply Design Thinking concepts to attain long-term success is Airbnb. This case looks at how Airbnb utilised Design Thinking to go from a failing company to a major player in the global hotel industry. The research's methodology is a qualitative case study. Journals, scholarly works, industry publications, and user experience case studies are some examples of data sources. The study pinpoints several important characteristics that have contributed to Airbnb's success, such as data-driven decision-making, iterative user experience design, and trust-building tactics. According to the study, Airbnb's emphasis on trust was the main factor in its success. To boost user confidence, the business introduced professional photographic services, host verification methods, and review and payment processes. The study also discovered that a major factor in Airbnb's expansion was its continual improvements to the customer experience. Airbnb constantly enhanced its platform by keeping an eye on customer comments, behaviour, and conversion rates. Design Thinking is an effective strategy for innovation and problem-solving in online markets. The success of Airbnb shows that businesses can greatly enhance their market position and customer experience by emphasising user-centred innovation, trust-building and constant iteration.

Keywords: Design Thinking, Airbnb, User Experience, Hospitality, Data-driven design

1. INTRODUCTION

Recent technological advancements and the advent of the sharing economy have completely altered the landscape of the hospitality industry. Following decades of dominance by traditional hotel chains that focused on offering standardized lodging experiences highlighted by reliability, security, and amenities, the emergence of peer-to-peer platforms redefined the market for alternated lodging models, emphasizing affordability and personalization and unique user experiences Guttentag, D. (2015). Airbnb emerged as one of the disruptive serves that has come to be known internationally-valued over $100 billion Chesky, B. (2020).

Founded in 2008 by Brian Chesky, Joe Gebbia, and Nathan Blecharczyk, initially, it was conceived as a way of helping travelers seeking primarily short-term lodgings for stay in private homes. While the idea itself was innovative, the company did undergo a series of many challenges at its initial stage, most significantly low user engagement, lack of trust between hosts and guests, and inconsistencies in listing quality Ert, E., Fleischer, A., & Magen, N. (2016). A lot of possible users were within a hair's breadth of cancelling, due to safety issues, improper descriptions, and a risk being taken by strangers in their home. Likewise, a lot of the owners spent sleepless nights worrying about other guests damaging their space that they did not put their property on the rental market Zervas, G., Proserpio, D., & Byers, J. W. (2017).

A combination of obstacles compelled Airbnb to embrace Design Thinking-a human-centered approach to problem solving aligned to user needs, iterative thinking, and rapid prototyping Brown, T. (2009). Design Thinking has been applied widely in technology, healthcare, and finance to better UX, business model improvement, and innovation Liedtka, J. (2018). Companies like Apple, Google, and IBM took Design Thinking on board successfully to create intuitive digital products, improve customer journeys, and increase market share Kolko, J. (2015). Success for Airbnb serves as a prime example of how a business can lean on principles of Design Thinking-related to the pain points of the user-to achieve sustainable growth.

Designing into understanding of previous studies is crucial for any digital marketplace, trust-building mechanisms, streamlined UX, and data-driven design Tussyadiah, I. P., & Pesonen, J. (2016). Taking the feedback to heart, Airbnb realized that it could redesign its platform, provide professional photography services, develop tools for the verification of hosts, and improve booking workflows. By paying attention to user trust and experience, Airbnb managed to turn its early struggles into opportunities that reframed the way the global travel industry functioned. The paper argues how the application of Design Thinking helped Airbnb transform itself from a struggling startup to a powerhouse in hospitality to better positioned to serve future business models that want to leverage human-centered innovation to thrive and even survive.

2. REVIEW OF LITERATURE

The concept of Design Thinking arose in the 1960s, where Simon, H. A. (1969) introduced it as a structured approach to problem-solving. Through the years, researchers and designers expanded on this idea by focusing on user-centered innovation and iterative prototyping as potent forces for business success. By the 1990s, in companies such as IDEO, Design Thinking had acquired a systematic approach to beyond traditional design fields Brown, T. (2009).

In the early 2000s, academics such as Martin, R. L. (2009) and Liedtka, J. (2011) believed that the tenets of Design Thinking could be applied to business strategy, customer experience (CX), and digital transformation. Research in the hospitality industry showed that UX design, trust mechanisms, and personalized experiences were critical factors in influencing customer decisions Tussyadiah, I. P., & Pesonen, J. (2016).

Along with the idea of the sharing economy, researchers began researching how companies like Airbnb, Uber, and Lyft used trust-building mechanisms, data analytics, and iterative design improvements to nurture acceptance. Some studies done by Zervas, G., Proserpio, D., & Byers, J. W. (2017) highlight the role of user-generated content (reviews and ratings) in developing trust. All of the latest research Liedtka, J. (2018) emphasized how A/B testing, AI-driven recommendations, and continuous UX improvements optimized marketplace platforms. Airbnb's success is therefore in tune with these insights and demonstrates how Design Thinking can be systematically applied to solve genuine business problems. It contributes to the literature by offering an in-depth analysis of Airbnb's journey, delivery on design iteration, and lessons for innovative businesses in the future.

Objective

To assess how Airbnb's user-centred design strategy affects its competitive edge in the   international hospitality industry, customer loyalty, and brand identification.

3. RESEARCH METHODOLOGY

This study examines Airbnb's design-driven change using a secondary data analysis methodology. It combines knowledge from case studies, industry reports, and scholarly literature.

Analysis

The story of Airbnb's rise from a startup in crisis to one of the world's largest hospitality companies is a case study in the power of design thinking. By understanding that they had a platform for the user experience and emphasizing that relationship perspective, they were able to superimpose critical user needs over the top of their current experience and change their platform for the user, resulting in a special experience. Airbnb effectively managed the challenges of creating a trustworthy marketplace and promoting distinctive user experiences by methodically implementing the five steps of design thinking: empathise, define, ideate, prototype, and test.

1. Empathize:

    The creators of Airbnb, Brian Chesky and Joe Gebbia, realised that their original idea was not working because of poor listings and a lack of trust. They spoke with their users directly rather than depending solely on conjecture. They went to New York City, where a large number of their postings were found, and stayed in the residences of their hosts. Through this intensive experience, they were able to gain personal knowledge of the problems faced by both hosts and visitors. They found that customers desired genuine local experiences and a sense of belonging in addition to a place to stay. Visitors want a sense of camaraderie and a connection with their hosts. Conversely, hosts aimed to make additional money while sharing their exclusive areas. This in-depth knowledge of customer requirements was essential in determining Airbnb's future course Brown, T. (2009).

2. Define:

    Airbnb identified a lack of trust and aesthetic appeal in their listings as the main issue based on its sympathetic study. Potential customers were reluctant to make reservations due to poor quality photographs and ambiguous descriptions. They understood that they were offering an experience rather than merely space. They reframed the task as developing a platform that promoted trust, connection, and genuine travel experiences rather than

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concentrating only on the transactional side of making hotel reservations. This change in viewpoint was essential to their design thinking methodology Liedtka, J., & Ogilvie, T. (2011).

3. Ideate:

To come up with viable answers, the founders of Airbnb had lengthy brainstorming sessions. Enhancing the visual appeal of their listings was one of the main concepts that surfaced. They made the decision to travel to New York City to meet the hosts in person and snap excellent pictures of their flats. Their listings' attractiveness and bookings were significantly enhanced by this straightforward yet effective approach. Additionally, they started emphasising the development of a strong feeling of community by promoting interaction and experience sharing between hosts and visitors. As a result, features like guest reviews and host profiles were created Kelley, T., & Kelley, D. (2013).

4. Prototype:

The founders of Airbnb saw the value of experimenting and refining their concepts. In essence, the professional photography endeavour was a test run in New York City. They proceeded to improve their platform in response to user input and extended the photography program to more cities as a consequence of the encouraging outcomes. To further improve security and trust, they included new features including verified profiles and safe payment methods Razzouk, R., & Shute, V. (2012).

5. Testing:

Airbnb consistently collected user opinions via surveys, reviews, and direct correspondence. Future work was guided by these comments, which also helped to identify areas that needed improvement. Additionally, they used data analytics to monitor user behaviour and spot patterns. They were able to make well-informed judgements on platform enhancements and the creation of new features thanks to this data-driven strategy. Airbnb concentrated on growing their business and entering new areas as their platform grew popularity. As they adjusted to the particular requirements of various locales and cultural norms, they kept testing and refining their model Dorst, K. (2011).

The application of design thinking by Airbnb was a continuous process that influenced their corporate culture rather than a one-time occurrence. They established themselves as a major player in the hotel industry by continuously understanding their consumers, identifying their requirements, coming up with ideas, prototyping, and testing. This allowed them to develop a platform that connected with millions of people worldwide.

4. DISCUSSION

One of the most important lessons learnt is the importance of human-centered design, which is a cornerstone of design thinking. The founders of Airbnb embodied the fundamental principle of empathy by immersing themselves in the user experience rather than only speculating about user wants. This is consistent with the idea of user experience (UX) design, which stresses the use of iterative design processes to comprehend and meet user demands Norman, D. A. (2013). A thorough grasp of service design concepts is evident in the move from only giving lodging to creating genuine local experiences. Airbnb realised that their offering included the whole customer journey, not just the transactional exchange of space. This emphasises the significance of developing a smooth and comprehensive experience, which is a major issue in the literature on service design. The value of agile approaches in modern business operations is highlighted by Airbnb's iterative approach to testing and prototyping. Agile development is known for its dedication to continual improvement, which is demonstrated by the company's readiness to try new things, get input, and modify its platform. Airbnb was able to react quickly to changing customer demands and market conditions by embracing this agile attitude Schwaber, K., & Sutherland, J. (2020). Visual communication theory may be used to examine the effectiveness of Airbnb's professional photography program. Excellent images are essential for influencing decisions and forming perceptions. Airbnb successfully conveyed the platform's value proposition and gained the confidence of prospective visitors by improving the aesthetic appeal of its listings Arnheim, R. (1969). The experience of Airbnb serves as a testament to the revolutionary potential of design thinking in fostering creativity and attaining long-term expansion. The business effectively upended the conventional hospitality sector and established a new paradigm for travel by implementing a human-centered, iterative, and data-driven strategy. This study offers insightful information about the real-world use of design thinking concepts and how they might propel organisational success in a world that is changing quickly.

5. CONCLUSION

This study has shown how design thinking can turn a failing startup into a major player in the global hospitality industry. Airbnb successfully tackled the crucial issues of market acceptance, user experience, and trust by using a human-centered approach. Airbnb was able to establish its value proposition, iteratively improve their platform, and gain a thorough understanding of customer demands by applying the five steps of design thinking: empathy, definition,

ideation, prototype, and testing. The study emphasises how important trust-building techniques are for overcoming early user scepticism, including expert photography, host verification, and strong review mechanisms. Additionally, the focus on iterative user experience design and data-driven decision-making allowed Airbnb to stay ahead of the competition and adjust to changing market conditions. The success of Airbnb is a powerful illustration of how design thinking can be used to upend established markets and develop novel business strategies. The results of this study highlight how crucial it is to put consumer needs first, build trust, and embrace ongoing iteration in the digital economy. Businesses looking to innovate and develop sustainably may learn a lot from Airbnb's journey on how to put design thinking ideas into practice. Finally, by offering a thorough case study of design thinking's effects on a significant participant in the sharing economy, this study adds to the expanding corpus of research on the subject. It supports the idea that navigating the intricacies of contemporary business and attaining long-term success require a strategy that is human-centered, iterative, and data-driven. Future studies might examine how Airbnb's design thinking methods have continued to change in reaction to new technology and shifting user preferences, as well as if similar ideas can be applied to other areas of the digital economy.

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