Beyond rooms and homes: Airbnb adding tours and activities
17 November 2016, by Brandon Bailey

Not content with just renting out spare rooms and vacant homes, Airbnb is adding local tours and activities like surfing lessons and pub crawls to its travel services in major cities around the world.

With the new features announced Thursday, the fast-growing online rental company is hoping to tap into leisure travelers' desire for distinctive "experiences" that make them feel more connected with the places they visit, travel industry analysts say.

The move also shows the ambitions of a company that's already one of the world's fastest-growing privately held firms. Airbnb, which boasts millions of rental listings around the world, has been valued at $30 billion—though it's run into growing pains in some cities where local officials complain the boom in short-term rentals is reducing long-term housing for residents.

Airbnb's new guided activities include things like surfing lessons or cooking class led by a local chef, a pub crawl through a trendy nightclub district or even a truffle hunt in Tuscany. The company has been testing the services in a few cities over the last year, enlisting local hosts as guides. It's expanding to 12 cities, while promising 50 by next year.

"They want to be viewed as more of a travel company and not just an alternative lodging firm," said Henry Harteveldt, an analyst with Atmosphere Research. "Our research shows travelers spend as much as 60 percent of their travel budget at their destination. So they want to tap into that very large revenue stream."

The new services add to a set of online guides that Airbnb introduced earlier this year that list restaurants, outings and other attractions recommended by Airbnb hosts. Airbnb says it will also recommend "meet-ups," or impromptu gatherings, and other activities keyed to travelers' interest in topics like food, history, music or local crafts.

Travelers can already get similar recommendations from a variety of online services, including popular sites like Google and Facebook. But Airbnb hopes travelers will find it easier to use the new services within its own mobile app or website.

Similarly, the company is partnering with online booking app Resy to let travelers make restaurant reservations through Airbnb—in competition with services like OpenTable and Yelp.
In an interview, Airbnb CEO Brian Chesky said he hopes to add more services, including the ability to book airline flights.

Since the company launched in 2008, when the co-founders invited travelers to sleep on an air mattress in their San Francisco loft, Airbnb has grown to be one of the world's most valuable private startups by collecting fees when private hosts rent out accommodations listed on the site. It's raised $3.9 billion from investors, according to CB Insights, which tracks venture funding.

Chesky declined to say if the company is profitable, although the Wall Street Journal reported last year that Airbnb was spending heavily to expand in more cities. The newspaper cited internal projections that forecast Airbnb to have nearly $1 billion in revenue last year and to become profitable by 2020.

Airbnb has run into regulatory battles in some cities, including New York and San Francisco, but Chesky said he's hopeful to resolve those issues.

The company also recently faced criticism after researchers reported some hosts appeared to reject rental applications from travelers whose names or photos indicated they were African-American. In response, Chesky has apologized and said the company would institute new policies, including sensitivity training and an anti-discrimination pledge for hosts, developed with input from advocacy groups and former U.S. Attorney General Eric Holder.

Chesky said Thursday that he's committed to addressing discrimination, while adding: "I think this is something that we're not going to be able to fix overnight."

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