

Revolution of Sharing Economy: Nathan Blecharczyk

The internet has revolutionized the way people think, behave and interact. Ideas thought to be impossible just a few years ago are no longer so, due to the immense advances in technology. This was the case for Nathan Blecharczyk, co-founder of the popular Airbnb website. At the 16th World Knowledge Forum, held at the Shilla Hotel in Seoul on October 20th, Mr. Blecharczyk shared his ideas and insights on the progress and potential of the sharing economy.

The concept of home sharing is relatively new, yet it has proven to be successful. According to Mr. Blecharczyk, the idea for Airbnb began when the rent payment for the San Francisco apartment he shared with two roommates became too expensive. Mr. Blecharczyk and his roommates, who later became his co-founders, decided to rent out the extra room in their shared apartment, which only contained an air mattress. Thus, their very first website, Airbed and Breakfast, was born.

Today, Airbnb has become tremendously successful around the globe, with over 2 million properties listed and 1 million guests using the services on the busiest nights. Hosts open up their homes for travelers, nurturing a unique sense of personal hospitality.

“Our mission is to allow individuals to belong anywhere in the world,” said Mr. Blecharczyk. “The amazing thing about Airbnb... is that every single [home] is different. That’s what people love, the diversity. To be able to find something that fits their needs.”

The idea behind Airbnb would not have been possible ten years ago. In fact, the company had struggles in the beginning because of the lack of familiarity with this new concept. “Eight years ago, no one believed in our activity. They didn’t think this was going to be a mainstream activity,” he said.

However, technology has allowed home sharing to come to life. Mr. Blecharczyk said, “It tightened the connection between the online and the offline worlds. The whole service works better because [everyone] can respond faster.”

Some people may be skeptical about the idea of staying at strangers’ homes. However, Mr. Blecharczyk pointed to the company’s track record. “The core of the innovation is trust,” he said. Review systems, verified profiles, secure payment systems, and customer support all work together to ensure that the Airbnb experience reflects on that value.

“The biggest thing that tipped it was social proof,” he said. Word-of-mouth was the biggest factor, according to Mr. Blecharczyk, that set Airbnb and the idea of home sharing into motion. “You can’t believe it until you do it yourself, or someone you love and trust does it and tells you about it.”

On a broader scale, home sharing has brought forth many unique benefits. It fosters tourism and a sense of community. Furthermore, it has contributed to the economy as a whole, and also the local economies where home sharing is popular. According to Mr. Blecharczyk, Airbnb guests spend 27 percent more than typical hotel guests. “They actually spend less per night on accommodation, but they stay longer,” he explained. “They’re spread throughout the cities, oftentimes in the more residential neighborhoods that don’t normally see the benefit of tourism dollars.”

For Mr. Blecharczyk, this shift is what will bring forth the biggest changes in the future. He believes that the sharing economy will allow for more economic mobility. “The fundamental thing... is empowering micro-entrepreneurship. It allows individuals to take [assets] and turn it into a stream of income. And this is relevant everywhere in the world,” he said.

There may be a revolution stirring, but as with all transitional periods in history, there is some friction and tension between the old and the new models, referring to the tax requirements and home sharing laws. While Airbnb is partnering with more cities, additional efforts need to be made. “Old rules should become modernized,” offered Mr. Blecharczyk.

Similarly, while traditional hotels are Airbnb’s competitors, Mr. Blecharczyk believes there can be a balance. “With new models come unique strengths, but also unique weaknesses,” he said. “Let’s give customers the choice. Let’s not decide for them.”

There are undoubtedly challenges due to the sheer diversity, but Mr. Blecharczyk is optimistic. He believes that the sharing economy can go beyond just sharing homes, and that there is still much to be done in the tourism industry. He envisions a future of new platforms that will bring more opportunities.

“Let’s take virtual reality for example,” he said. “Imagine being able... to look around and see the living room of the home you’re about to book, or walk through the yard.” This kind of innovation will create more trust and allow users to experience their purchases in a more immersive way.

As a relatively new concept, the idea of a sharing economy still has a long way to go. But the fast progress of technology and society is paving a positive future, and the sharing economy will become more inclusive and empowering for individuals.

“Frankly, there is no shortage of ideas,” Mr. Blecharczyk concluded. “But the most powerful ideas are the ideas that power the community to take action.”

Reporter: Selina Lee