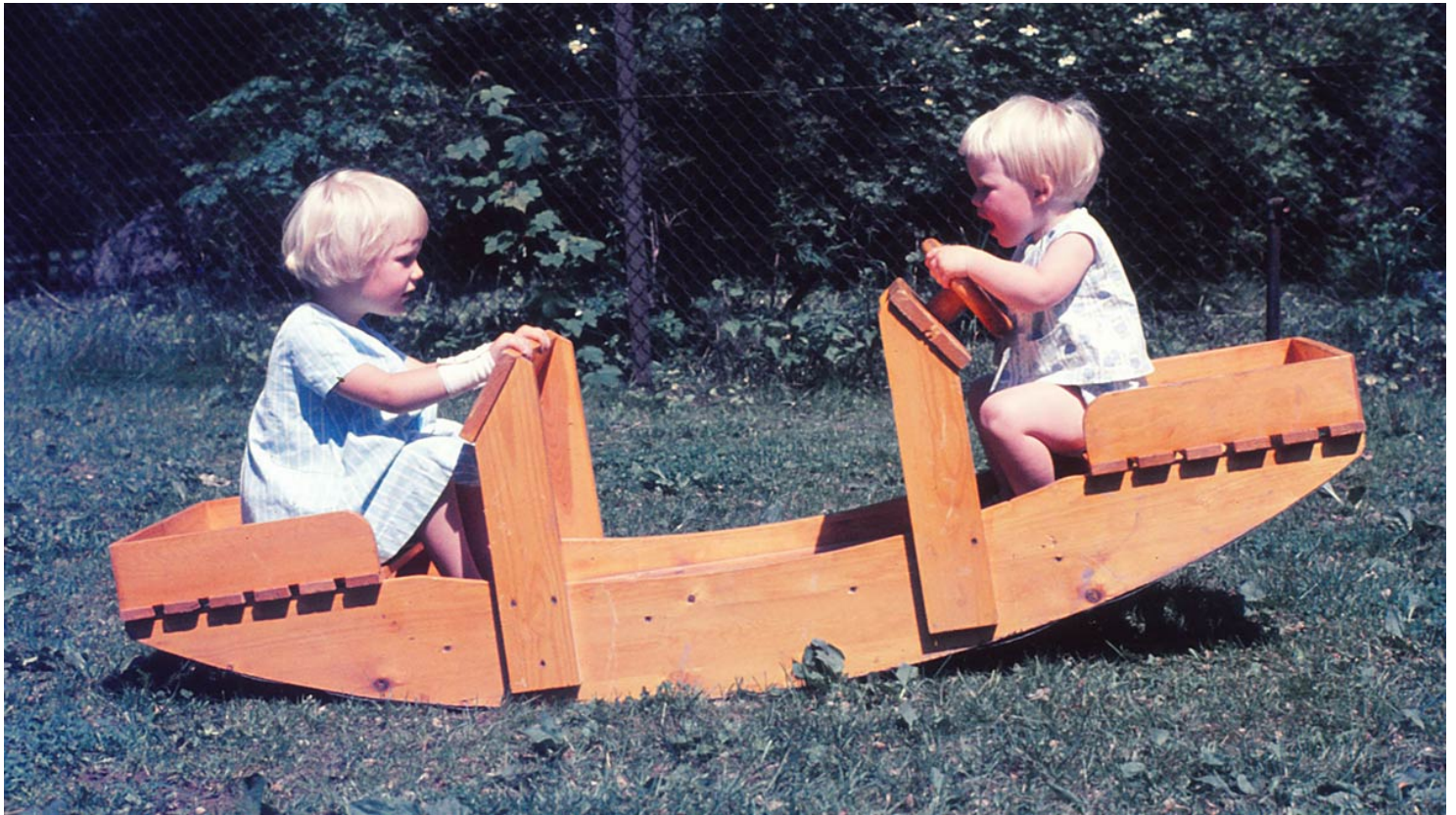ORGANIZATIONAL CULTURE

# What Airbnb Gets About Culture that Uber Doesn't

by Arun Sundararajan

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Last week, as Uber battled a media firestorm after a senior executive talked of investigating unfriendly journalists and a company manager actually used its "God View" feature to track the comings and goings of a reporter, Airbnb welcomed more than 1,500 of its most productive providers to its first-ever host convention, an immersive celebration one expert attendee likened to a Mary Kay event. The happy #AirbnbOpen sentiment of gift-wrapped programs, food drives, and a new company logo that doubles as a swing filled my Twitter stream, painting a stark contrast to the cynicism of the dystopian #ubergate tweets.

The contrast was especially striking given that Airbnb and Uber are together inventing a new organizational form: platforms that are firm-market hybrids, supplying branded service offerings without actually employing the providers or owning the assets used in provision. Crucial to their long-run success could be creating an appropriate *platform culture* – shared norms, values and capabilities among the providers. It's the analog of an organizational culture, but without the directive authority or co-located social systems that traditional firms can take advantage of to manage their employees. The fact that these two market leaders are using such different approaches provides a useful testing ground for what works and what doesn't.

These two flagship platforms of the sharing economy are remarkably similar in many ways. Each has facilitated the digitally mediated "peer-to-peer" provision of a service rooted heavily in real-world assets, and regulated by city and local (rather than federal) government. Each has raised massive amounts of venture capital, sustaining a market capitalization in the double-digit billions while facing tremendous pushback from regulators and incumbent stakeholders. Each has invested heavily in government relations, hiring high-profile D.C. veterans  David Plouffe (Uber) and David Hantman (Airbnb).  Both are market leaders in what they do, spawning brands that have already permeated the cultural dialog. We Airbnb when we travel, we Uber to our business meetings, and countless new ventures aspire to be the Airbnb or the Uber of their respective categories.

These are early examples of a new kind of digital institution, quite different from eBay and Craigslist, the hands-off online matching markets of the past.  Their internal operations may include control over pricing (Uber), a neighbor support hotline (Airbnb), supplier financing (Uber), and a dedicated Trust and Safety team on-call 24 hours a day (Airbnb).

Offering these organization-like capabilities matters because both businesses rely on a high-quality, customer-facing, branded service experience.  However, neither platform owns or even leases the assets (eg, the apartments and the cars) used to accommodate their guests or transport their passengers. Neither platform employs any of its providers (the drivers or the hosts).  The business model is almost like a digital franchise, though one involving far greater delegation of ownership and control to providers.

To deliver consistently on the promised branded service experience, it is critical to develop and communicate a "platform culture" to these providers, one that shapes their capabilities and guides their behavior appropriately. So how does each company's platform culture differ?

Airbnb appears to have taken the approach of investing significantly in creating community and a feeling of partnership, and of disseminating best practices.  Along with the community-building exercises, its recently concluded host convention featured a number of sessions on how to be a better provider. Airbnb facilitates host groups for knowledge sharing, integrated into a host application that also embeds hospitality standards and guidelines, as well as standalone meetups for hosts to exchange information. The emphasis on community and connectedness is very visible in the company's recently initiated "Belong Anywhere" branding strategy. The three co-founders have consistently visited and stayed at the homes of key hosts around the world, an experience that likely builds significant loyalty.

In contrast, Uber unfailingly appears to place distance between the platform and its providers. Pricing changes are implemented centrally and announced unilaterally, with no visible provider consultation.  Community building is not a priority.  A large gathering of Uber drivers is more likely to be a protest than a convention, ironic given the frequency with which taxi drivers stage similar gatherings to advocate a regulatory shutdown of the service, in the U.S. and beyond.  Last month, Uber drivers attempted a coordinated strike across multiple cities, objecting to increased commission rates and equipment fees.  (Given the history of worker collectives in the transportation industry, unionization is a distinct prospect.) Some of Uber's recent expansion has come from facilitating auto loans for drivers who will struggle to repay them. The payments are auto-deducted from the drivers' Uber earnings, a move that locks these drivers into their platform while further fostering a culture of control rather than community.

I have been an Uber user for almost two years, and have spent thousands of dollars on the service.  In 2013, my drivers were happy and optimistic, talking about how the platform had empowered them, freeing them from the favoritism of dispatchers at base stations and allowing them to monetize downtime between corporate gigs. Today, the UberX drivers I

talk to rarely seem like empowered microentrepreneurs, instead appearing weary, pessimistic, and fearful of negative ratings — somehow reminiscent of a workforce under surveillance.

What drives the contrast in cultures at these two newly minted tech giants? Both companies have seen exponential growth in demand and organizational size that must have posed similar challenges. Both are funded by a mix of Silicon Valley investors and Wall Street firms.  Industry differences might play a role — there's a different level of intimacy in sharing someone's car for a few minutes and sharing someone's home for a few days. However, the platform culture of Uber's biggest competitor, Lyft, seems closer to Airbnb's.

Perhaps, much like company culture, platform culture flows from the founders.  Yes, Uber's growth and razor-sharp focus are admirable, its technological prowess and data scientists are remarkable, and there is interesting potential in its API (application programming interface), already adopted by brands ranging from TripAdvisor and OpenTable to Starbucks and Hilton.  But the platform culture its leaders are propagating sometimes leads one to wonder whether they genuinely foresee a future where the human providers are cut out of the equation and their technology powers a fleet of driverless vehicles transporting things rather than people.

Airbnb and Uber are not isolated examples of this new institutional form. The aforementioned Lyft, with over $300 million in funding, has tens of thousands of non-employee providers in over 65 cities; TaskRabbit offers a branded suite of services, mediating a provision process that culminates by matching one of over 30,000 fully vetted and background checked "taskers" with a customer.

As more venture capital — close to $7 billion and counting — flows into these early entrants and their successors, it seems important for the platforms to realize there is a difference between branding strategy and the actual creation of a world-class brand. The former is an exercise in marketing and PR; the latter comes from creating a great product or service experience, delivering it at a consistently high quality over many years.  For these new

businesses that rely on non-employees to be the face of their nascent brands, nurturing the right platform culture — and recognizing that this flows in part from the culture senior leaders create within the company — is likely critical to their sustained success.

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