

Tech's Latest Match: Airbnb & HotelTonight

By Christina Scully, J.D. Candidate 2021 | March 21, 2019

Airbnb recently [announced](#) its acquisition of HotelTonight for an undisclosed amount. Based on its most recent round of funding in 2017, HotelTonight was valued at approximately [\\$460 million](#), making its sale to Airbnb relatively sizeable. The acquisition represents Airbnb's latest advancement towards fulfilling its desire to build an end-to-end travel platform that serves everyone. While acquiring HotelTonight helps Airbnb diversify its business and increase its attractiveness for potential investors ahead of its upcoming IPO, it may once again face considerable pushback from the hotel industry.

HotelTonight operates by listing vacant inventory from both boutique and large hotel brands at a discount. The company currently has partnerships with hotel chains such as [Sheraton and Hyatt](#), which Airbnb historically has not meaningfully engaged with. If Airbnb's past behavior is any indicator, these hotel brands may not have, or want to have, the same listing visibility as they once did within the HotelTonight ecosystem. It is not surprising then that HotelTonight CEO, Sam Shank, was appointed in conjunction with the acquisition to lead Airbnb's boutique hotel category.

Despite Airbnb's indication that HotelTonight will continue to operate as a separate entity maintaining its own app and website, the relationship between HotelTonight and its partner hotels may soon begin to deteriorate. Following the acquisition announcement, the [American Hotel & Lodging Association's](#) (AHLA) president called Airbnb's acquisition "further proof the company is playing in the hotel space while evading industry regulations" and indicated that Airbnb needs to enter the hotel business on a "level playing field" by abiding to the tax, safety and oversight laws that are adhered to by hotel companies. Given that the AHLA represents major brands such as Marriot, Hilton, and Hyatt, it begs the question of whether these brands will continue to interact with HotelTonight despite its newfound affiliation with Airbnb.

Moreover, all of this comes at an interesting point in time as Airbnb is rumored to go public in the [near future](#). Investors will certainly be examining all of Airbnb's different growth areas and its expected profitability at scale. Growing its presence within the hotel industry will certainly, as this acquisition proves, come at a cost. Therefore, investors will need to weigh the value Airbnb's access to a new customer demographic within last-minute bookings will generate for



the business. To what extent this new customer acquisition strategy will provide meaningful growth for Airbnb is unclear in the near-term. However, the company will certainly continue on its path of expansion towards becoming the end-to-end travel platform for everyone in the long-run.