



Monetization features on Airbnb

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Airbnb Monetization Problem: A brief Overview

Problem Statement

You've joined Airbnb as Chief Product Officer.

Airbnb launched experiences during the peak of covid and introduced to the world the concept of workcation through their listings. The listing of experiences along with the homestays have been a huge success in accelerating the growth of the company. You feel, however, that you have leveraged these two revenue streams exceptionally well, and it's time to launch new features that can be as successful as these and provide similar revenue streams to the company.

About Airbnb

Airbnb is an **online marketplace** that connects people who want to **rent out their homes** with people who are **looking for accommodations** in **specific locales**. At present, there are over **7mn** listings on the platform run by **4mn** hosts. In 2021, 300mn bookings were made, a whopping 55% increase from 2020. With its launch of experiences during covid and introduction of the concept of workcation, Airbnb was able to significantly **reduce its losses** from **4525mn** in 2020 to **352mn** in 2021.

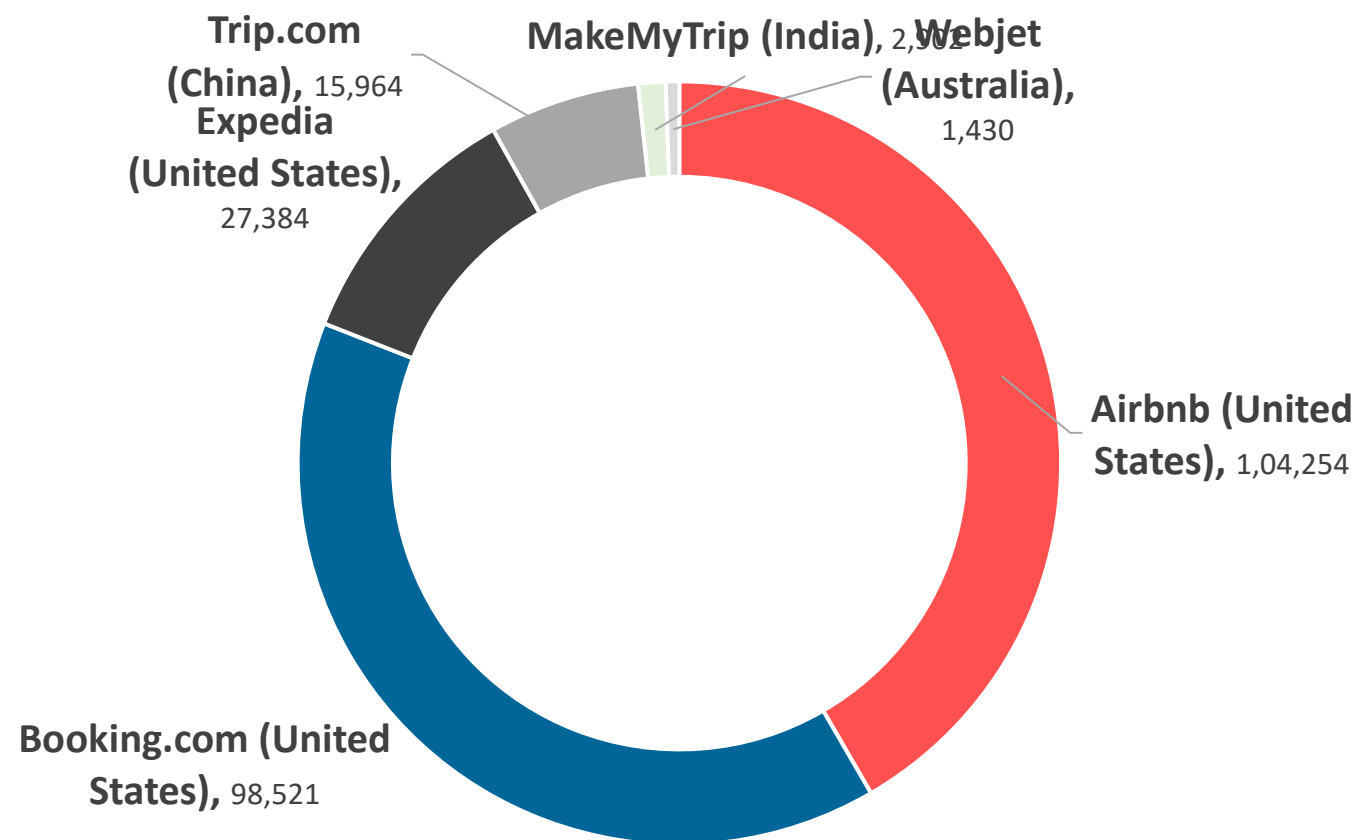
Objective

Airbnb saw a whopping **reduction in its losses by ~92%** from 2020 to 2021. Addition of new features by gaining a deep understanding of customer needs allowed Airbnb to achieve this. Airbnb has successfully leveraged these new features and can continue this growth **by adding revenue streams** adjacent to its current business model, aiming for **profitability**.

Airbnb:

Competitors and Market Share

Market cap of leading online travel companies worldwide as of December 2021 (in billion U.S. dollars)



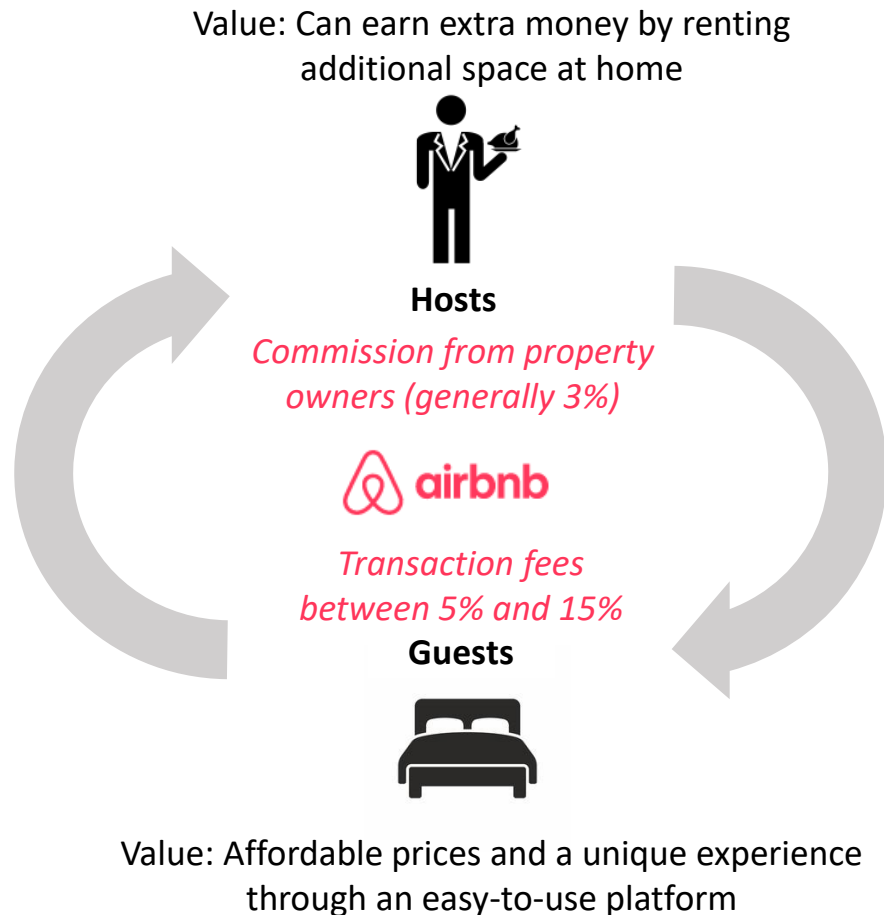
Major Competitors:

- Airbnb - United States
- Booking.com - United States
- Expedia - United States
- Trip.com - China
- MakeMyTrip - India

Airbnb:

Current business model

Airbnb is a **platform business model** and makes money by **charging guests a service fee** between 5% and 15% of the reservation, while the **commission from hosts** is generally 3%. The platform also **charges hosts who offer experiences** with a 20% service fee on the total paid amount.



For example,

On a \$100 booking set by the host,

- the host makes \$97
- the Guest pays \$116 of which \$12 is guest fees (remaining are taxes)
- Airbnb earns = \$3 + \$12 = \$15

Airbnb benefits from **network effects** – the more listings on the platform, the more users adopt it and higher the number of users, more owners wish to list their properties.

The new revenue streams should leverage these network effects.

User Personas



Sneha

Age: 30
Businesswoman,
Financially independent,
Likes going out with family
and friends, Prefers
experiences over things

Needs:

- Is a young working professional who follows social media trends
- Wants to throw a bachelorette part for her best friend
- Wants to book a villa/resort which hosts special occasions
- Wants to compare multiple properties and their prices

Pain Points:

- No dedicated platforms that list event-friendly properties
- Find properties via brokers or third party agents
- Wants add-on services such as caterers, music, decor, etc.



Neel

Age: 23
Working professional,
Frequent traveller,
Loves meeting new people
and exploring places,
Budget conscious

Needs:

- Travels for a longer duration and sees it more than just leisure or a hobby
- Wants to explore the local places, eat local cuisines
- Wants an affordable, clean place that provides home-like comfort
- Indulges in workcations and needs strong Wi-Fi and a place to work

Pain Points:

- Difficult to find affordable, quality and clean places to stay
- Eating outside food everyday is difficult as longer stays and workcations
- Wants strong Wi-Fi, home-style food, opportunity to meet diverse people and explore new places



Sanika

Age: 35
Works at an MNC,
Married, Enjoys
travelling to unique
places, Values
convenience and quality
over cost

Needs:

- Travels for leisure; Prefers unconventional places rather than mainstream ones
- Wants simplicity and prefers one-stop-shop solutions
- Willing to pay a premium for customised experiences
- Open to new and local experiences

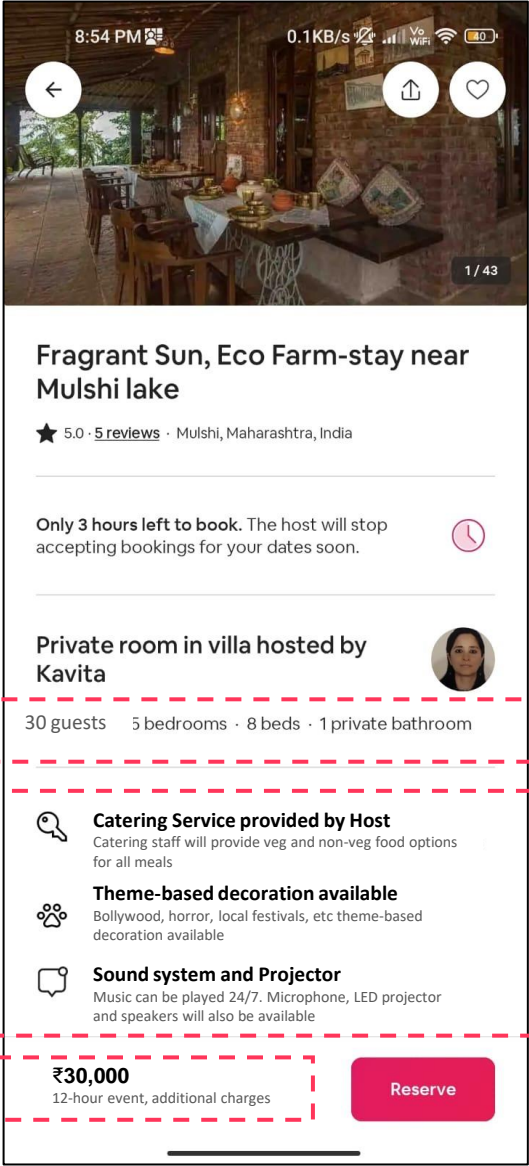
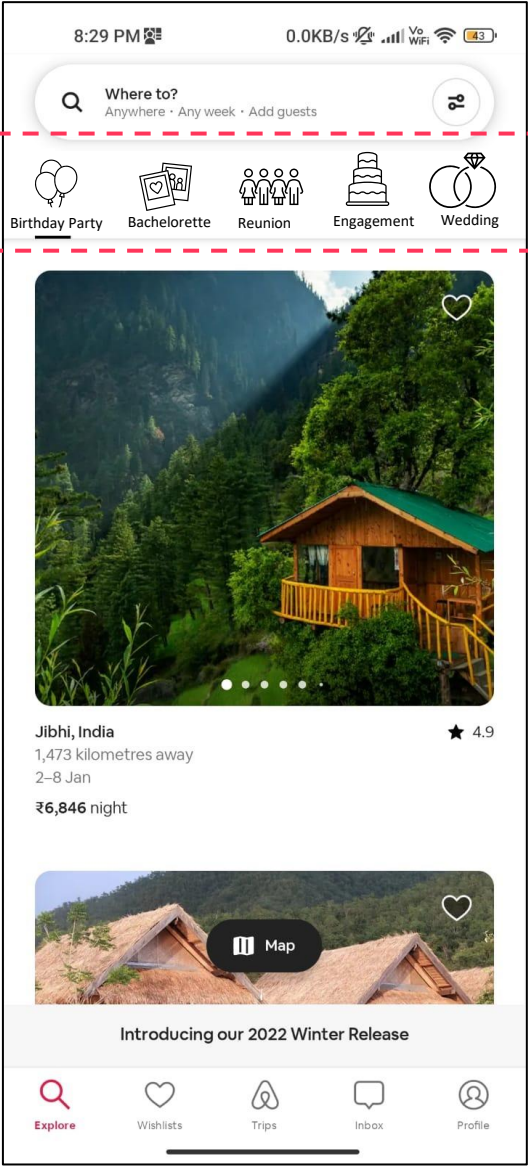
Pain Points:

- Need to go to multiple platforms for planning a vacation
- Lack of information and assistance about unconventional tourist places
- Difficulty in managing bookings made from multiple places

Feature 1: Book for occasion

- Hosts can now allow users to book their property for special occasions like birthday parties, college reunions, bachelorettes, etc.
- Add-on facilities like catering, theme-based decoration, music system, bar counter etc. can be added to provide the users with an enriched experience
- Properties can now be booked for shorter time durations like 6 hours, or 12 hours instead of night basis
- Each property page can have a special section to showcase photographs of different events conducted over there.

Select the occasion

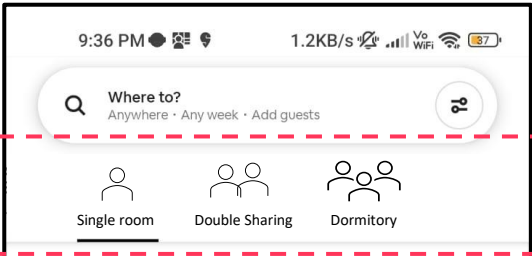


Feature 2:

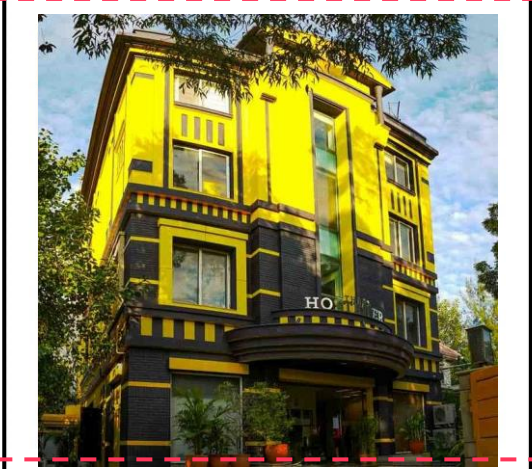
Book for workcation

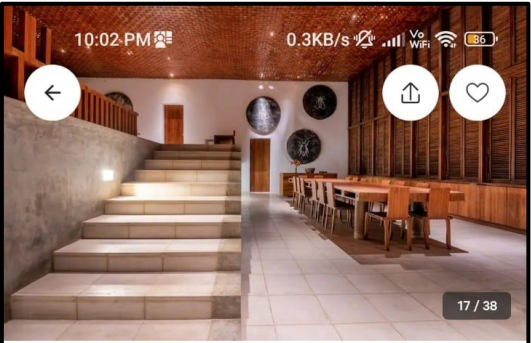
- Currently, most of the Airbnb bookings are for the group. There are no options available for individuals who would want to travel solo
- Airbnb can onboard, hostels and homestay facilities which can be used by solo travellers or urban nomads
- Currently, in India, there is no one common platform where one can check and compare hostel accommodation options.
- Within the hostel, users can be provided with the option to choose a single room, double-sharing rooms, dormitory, etc.

Select the type of hostel occupancy



Hostel: Location, types of occupancy and cost details



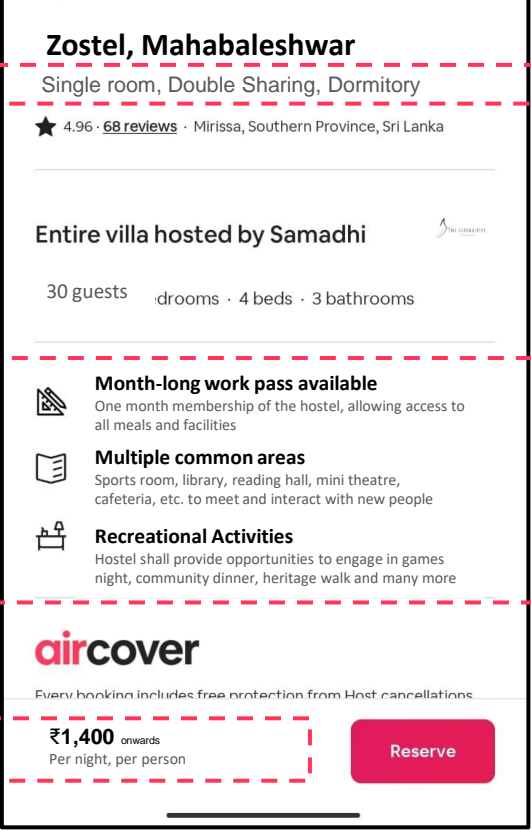


Different occupancy types

Month-long work pass available
Multiple common areas
Recreational Activities

aircover

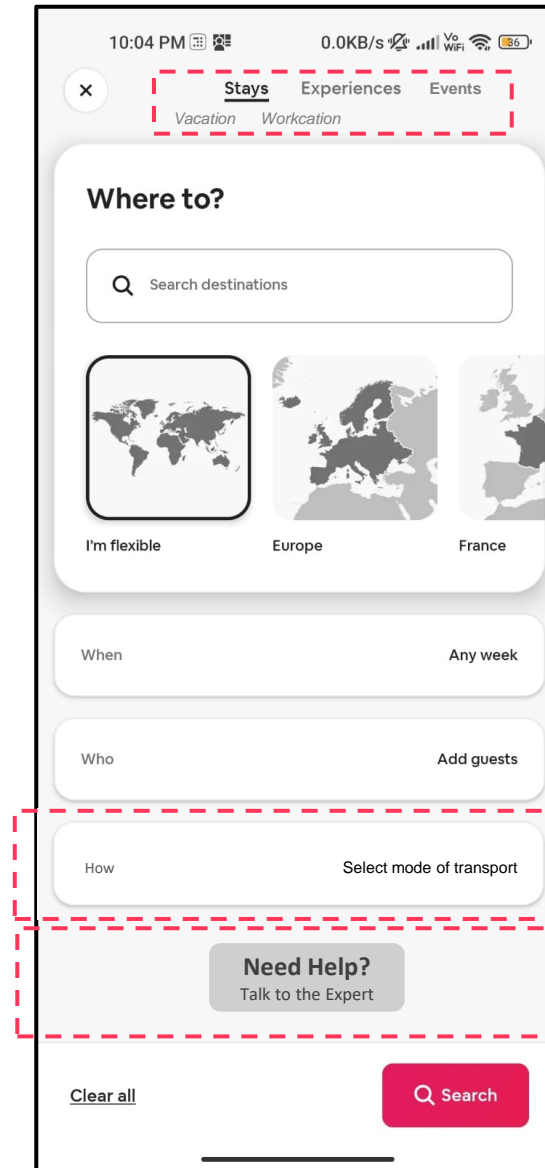
Rate to expressed as per person, per night



Feature 3:

Turn into an OTA (Online Travel Agency)

- Airbnb was a travel platform that helped you make decisions about, **When** and **Where**?
- The newly added feature, 'Experience' and the proposed feature 'Event' will answer the **What** question.
- Airbnb can become a one-stop travel platform by taking care of all different types of bookings for users and this will answer the '**How**' question.
- Transportation becomes a major part of the travel journey. Airbnb can offer flight, train, buses booking options. It can also allow users to book cabs for local travel.
- Having the option to chat with the local expert will give the users an opportunity to plan and make the trip interesting. AI-based chatbots can also be used to solve basic travel-related queries.



Different options available for type of booking

Option to chat with AI bots and further local experts to plan your travel better

Options for planning the transportation

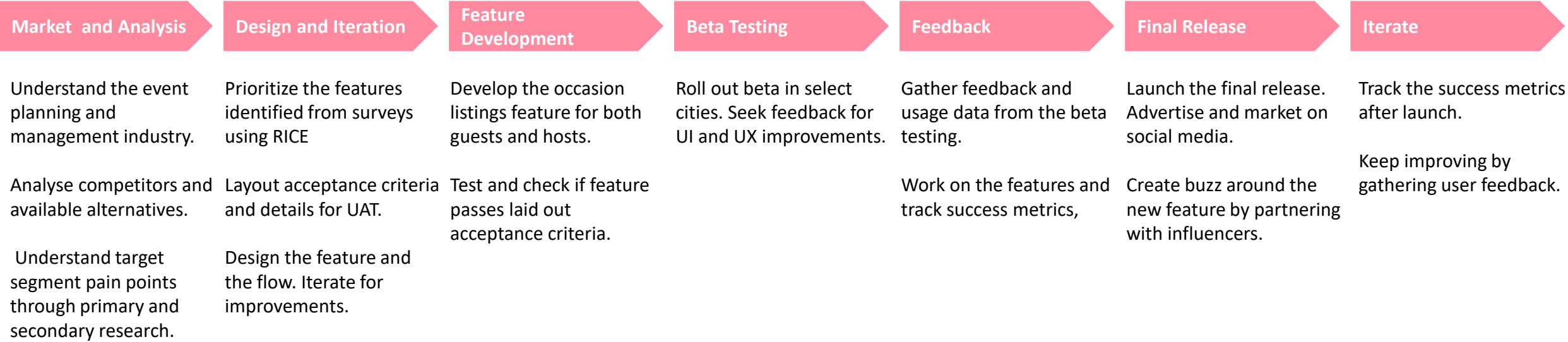
Feature Prioritization

Prioritization using RICE Matrix

Features	Reach Out of 100	Impact Out of 5	Confidence	Efforts Person-Months	RICE Score	Priority
Book for occasion	75	5	70%	3	87.5	1
Book for workcation	80	4	85%	4	68	2
Turn into an OTA	70	4.5	80%	6	42	3

Thus, ***Book for the occasion***
will be the first feature to open up new monetization sources for Airbnb

Go to Market Strategy



Success Metrics for *Book for Occasion*



Category	Metric
North Start Metric	<ul style="list-style-type: none">• Share of occasion listings booked in total booking on the platform
Awareness	<ul style="list-style-type: none">• # of visits on the occasion landing page• % of active users who click on the occasions listing button
Adoption	<ul style="list-style-type: none">• # of new and repeat customers booking via the occasion listings• % new visitors booking occasion listing• % of occasion listings with at least one booking in last month
Engagement	<ul style="list-style-type: none">• # of reviews and ratings for an occasion listing property• # of times occasion listing's link shared• % of users accessing add-on facilities after booking an occasion listing
Retention	<ul style="list-style-type: none">• % of active users who have used the feature at least twice in last 6 months• Stickiness Ratio
User Happiness	<ul style="list-style-type: none">• Net promoter score• # of 4+ star ratings for occasion listings

Note: The metrics are from the demand-side, that is from the point of view of the guests using the 'Properties for occasions' feature. These metrics will be completely different from a demand, that is the property owner point of view.

THANK YOU