Creating customer loyalty program at Airbnb to drive growth

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About Airbnb

➢ Airbnb was born in 2007 when two Hosts welcomed three guests to their San Francisco home and has since   grown to 4 million Hosts who have welcomed more than 1 billion guest arrivals in almost every country across the globe.

➢ Every day, Hosts offer unique stays and one-of-a-kind activities that make it possible for guests to experience the world in a more authentic, connected way.

5.6 M+ listings worldwide

100K+
cities and towns with active Airbnb listings

1B+
Airbnb guest arrivals all-time

$9.6K
average annual earnings per Host

User Personas

	Raj	Ariana	Kane
Demographics	29 years old, living in Delhi, Is a travel influencer	31 years old, lives in New York, works as a manager	45 years old, lives in US, Is looking for a side income source
Airbnb usage	Takes a short vacation at least once every 3 months	Books places with good Wi-Fi connectivity	Likes to interact with people and share his place for guests
Motivations	Loves to travel low budget	Likes to work from mountains, beaches. Looking for a place for staycations	Connect with people from various cities and show them around
Pain points	Disappointed in Airbnb for not recognizing his dedication towards the brand over the years	Does not want to bear the 100% charges of the workcation	Finds the customer service of no use for refund and rescheduling of stay, finds it difficult to contact guests

Goals and How do I achieve them

Goals

→ Increase customer satisfaction

→ Reduce the churn rate

→ Make customers feel appreciated for choosing Airbnb

→ Increase referrals

Solution

✓ A program that would include a combination of **loyalty points reward system** and **software features** for hosts and guests

✓ A **subscription-based model** via corporate tie-ups for people who are looking for staycations.

✓ **Gamification** through the introduction of a leaderboard for the '**superhost**' across the cities.

Guiding principles for loyalty program

❖ Building a loyalty program based on shared values would present an opportunity to develop a deeper relationship with customers.
❖ Loyalty program can help build trust between my brand and customers
❖ Customer surveys* have shown that-

➢ Including a loyalty program can potentially increase an online store's average order value by 319%.
➢ 73% of consumers are willing to recommend brands with a good loyalty program.
➢ Less than 8% of consumers say rewards don't influence their buying decisions.
➢ 75% of consumers say they'll readily make another purchase if they get a reward for buying from a brand.
➢ 62% of the Gen-Z demographic are highly influenced by loyalty programs

❖ It encourages continuous engagement with your brand, increasing conversions.
❖ Drawing more customers is expensive than keeping the existing one.
❖ Emotions evoked by the customer experience combined with the organization's strong reputation.

*Data source- https://adoric.com/blog/customer-loyalty-program/

Incentives in Loyalty Program

Solution 1: Loyalty card program for guests

- Customers are offered product discounts, coupons, points towards bookings, or
- some other reward in exchange for their voluntary participation in the program.
- Birthday, anniversaries, special occasions discounts via emails
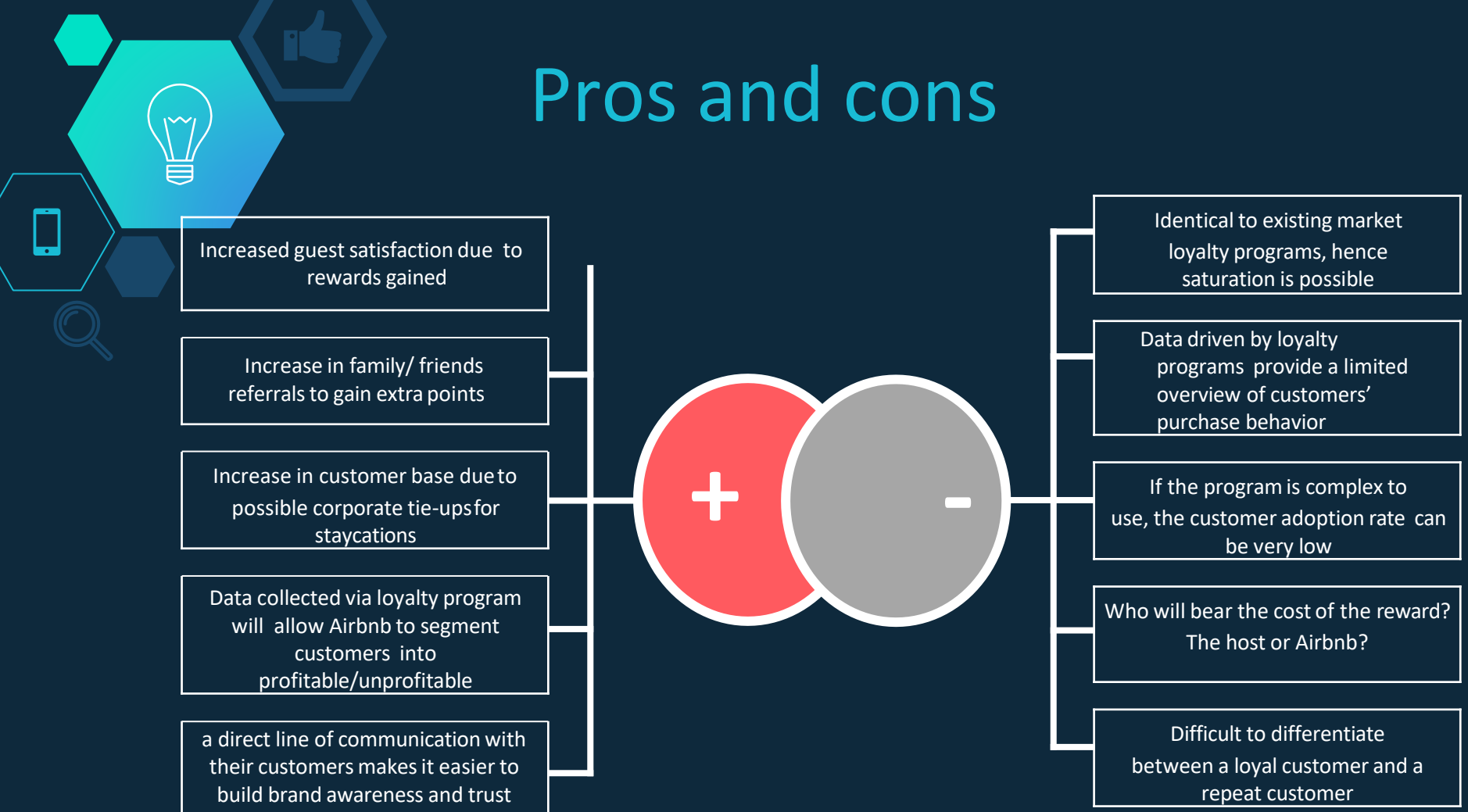

Solution 2: A subscription-model

- A subscription program offered by corporates tied up with Airbnb. People will get yearly workcations packages.

Solution 3: Gamification of superhosts

- Gamification through the introduction of a leaderboard for the 'superhosts' across the cities.
- Yearly recognition certificates for hosts that had maximum bookings and highest ratings.

Pros and cons

Increased guest satisfaction due to rewards gained

Increase in family/ friends referrals to gain extra points

Increase in customer base due to possible corporate tie-ups for staycations

Data collected via loyalty program will allow Airbnb to segment customers into profitable/unprofitable

a direct line of communication with their customers makes it easier to build brand awareness and trust

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Identical to existing market loyalty programs, hence saturation is possible

Data driven by loyalty programs provide a limited overview of customers' purchase behavior

If the program is complex to use, the customer adoption rate can be very low

Who will bear the cost of the reward? The host or Airbnb?

Difficult to differentiate between a loyal customer and a repeat customer

Is it the right thing to do at this stage?

Yes, Because-

- Growth in travel over past decade for tourism or business has raised the number of competitors in the lodging industry.

- Because of covid travel restrictions, a backup program could be built for people interested in workstations. Corporate tie-up with Airbnb to give employees benefits in terms of Airbnb packages could help retain existing customer base

- Due to unpredictability of the pandemic, countries are seeing a rise and drop in travel depending on the scenario in that country at a particular time.

- To retain customers, loyalty programs for guests and hosts would help keep existing customers satisfied and get new ones via referrals as well.

Impact on Brand

- The impact on brand will be long term as well as immediate

- In the long term, customer satisfaction will help create a buzz about the brand.

- They are an opportunity to gather information about customer shopping habits and preferences

- Loyalty programs would help generate more revenue as:

  - ➢ It is less expensive the retain existing customers than acquire newer ones.
  - ➢ The costs of serving loyal customers is less.
  - ➢ Loyal customers are low price sensitive.
  - ➢ Loyal customers pass on positive recommendations about their favorite brands to them friends and relatives.

Adoption amongst customers

- Building a robust and effective customer service team is critical to fostering customer loyalty as it provides the right amount of education, support, and prompting to get users engaged.

- These teams can check up on customers to make sure they're on the right adoption path.

- Offering hints, support, training, and via their customer interactions, they're a unique source of input to the product team regarding any barriers customers are encountering that might delay or derail their long-term loyalty.

- With the help of digital marketing, the incentives given by loyalty programs could be effectively marketed.

Risks and Mitigation

Lack of reward relevance, rigid reward structures, and poor- quality customer service.

- Create simple to use and clear reward system, assisted by effective customer support

Loyalty program data breach could significantly impact brand impact

- Customers should not be asked for sensitive information unless absolutely necessary
- Frequent checks for data breaches

Unethical use of loyalty program rewards by customers

- Assuring the identity of the person redeeming reward and the customer who received the reward.

Thanks!