The Problem

We want to increase the bookings on the platform in the city of Rio de Janeiro

1. What are the metrics to monitor the success of the team's efforts in improving guest host matching process over time ?

2. What areas to invest in to increase the number of successful bookings in Rio de Janeiro?
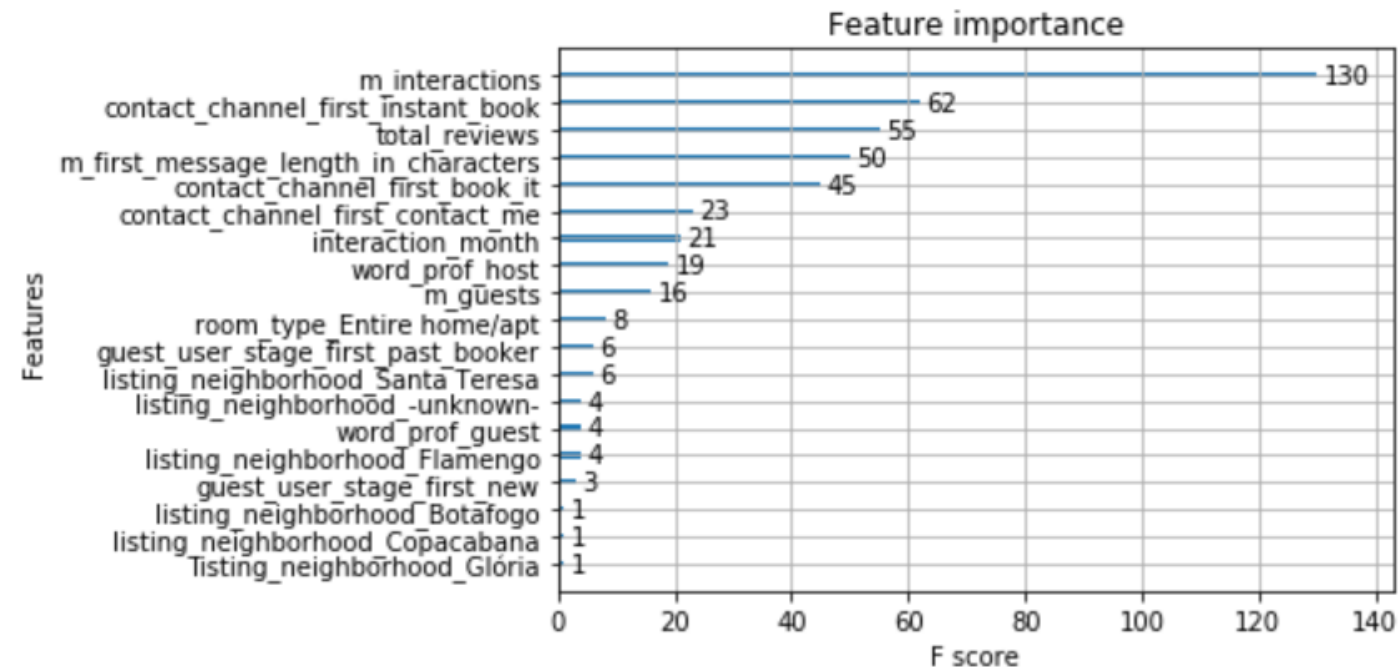
I- Metrics

- **Number of bookings:** Total number of bookings in each neighborhood

- **Conversion rate:** The ratio of the number of bookings over the number of inquiries

$$Conversion\ rate = \frac{number\ of\ bookings}{number\ of\ inquiries}$$

II – Variables selection

Parameters of a listing that have the strongest impact on it getting booked

- **Parameters selected:**

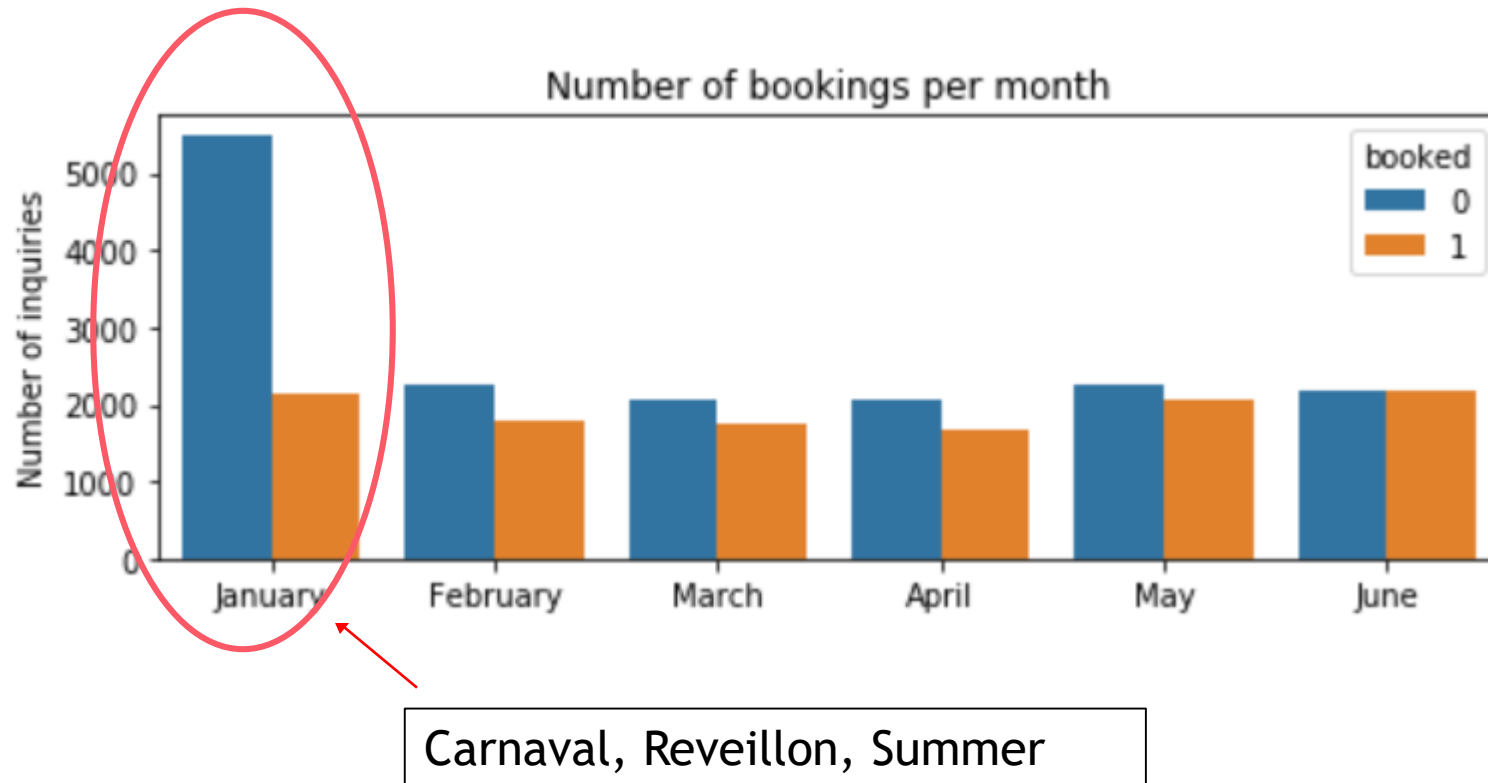**Type of booking:** instant book it or contact me

Total reviews: number of reviews on a listing

Month: period of enquiry

Number of interactions: number of messages exchanged

III – Recommendations

a- Seasonality: Increase the conversion rate in January

Number of bookings per month

Carnaval, Reveillon, Summer

- **Opportunity:** We could double profits in January
- **Action:** Lower prices on January

- **Side note:** We could seek to answer the question why the bookings do not follow the increase of inquiries in January

III – Recommendations

b- Neighborhood segmentation

3 segments:

- **high:** high number of booking (>20%) and a good conversion rate (>60%)

- **medium:** the highest number of inquiries but the lowest number of bookings. These are areas where there is a lot of unmet demand.

- **low:** few inquiries (<10). Areas where we need to grow the business
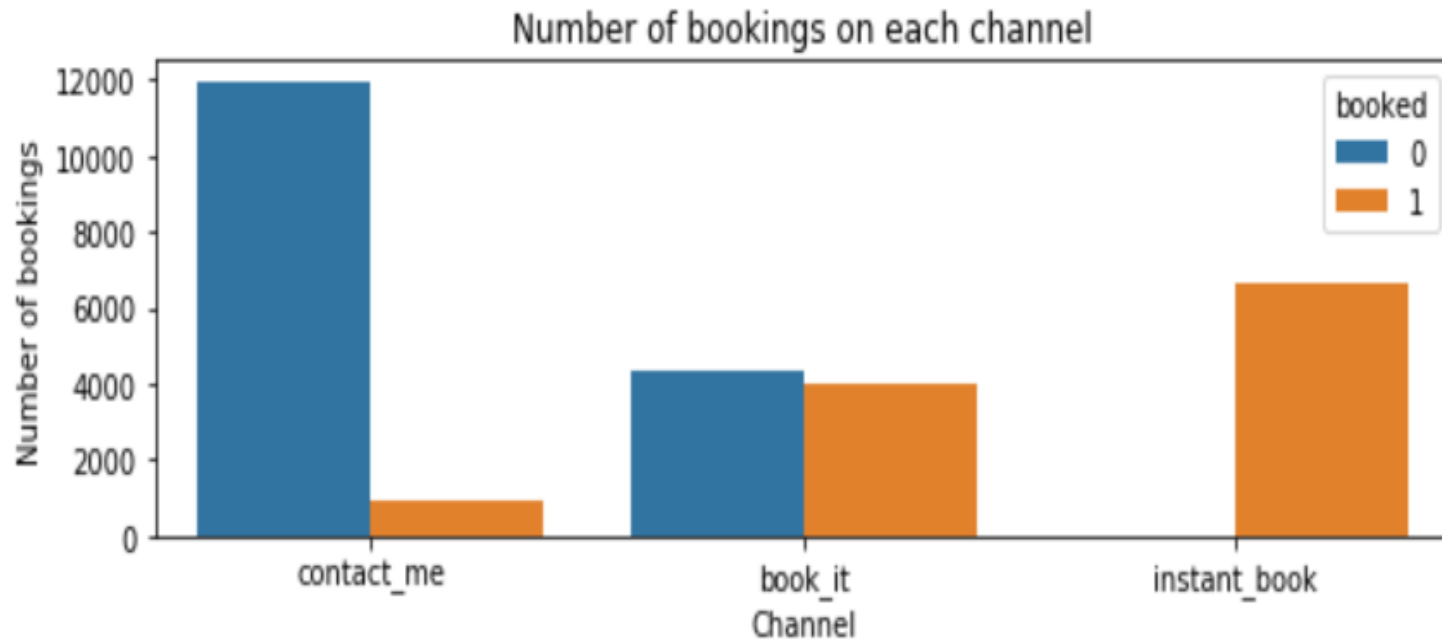
Map of Rio de Janeiro

Legend:

Red: high

Black: medium

blue: low

- We should focus on advertising in the medium area (black)

- where we already have a huge demand

- We could increase our conversion rate by encouraging lower prices

III – Recommendations

c- Booking channel

Number of bookings on each channel

Incentivize hosts to favour either instant book or book it by:

- Advertize the increase in likelihood for bookings with "book_it" and "instant_book" (up to 90%)

- Incentivize guests to review for successful "contact_me" bookings with coupon codes

airbnb