



airbnb

final presentation
mba 642: prof. sharma

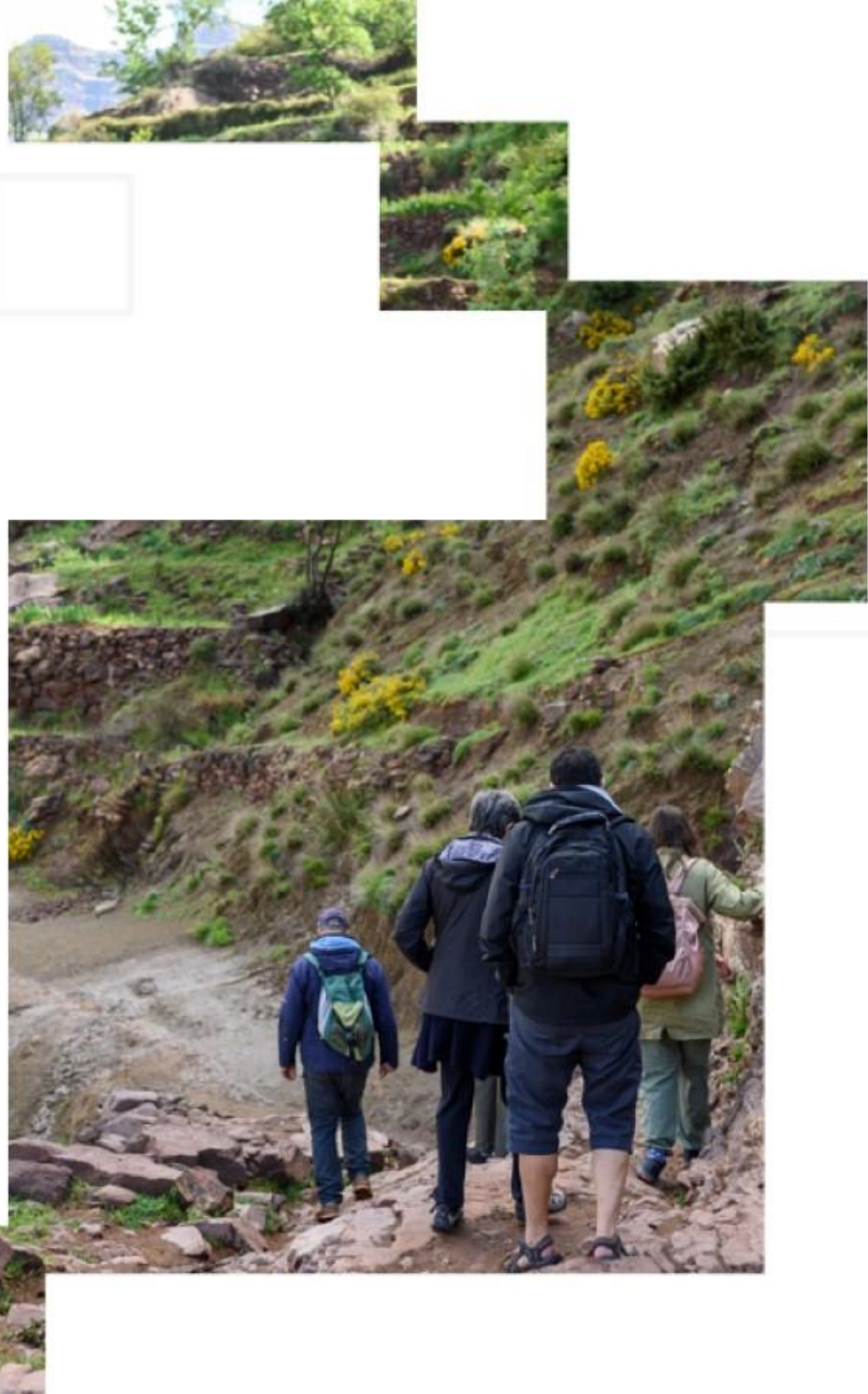


Patrick Murphy – Lamisa Kabir – Alex O'Neill

overview

This presentation will review the current positioning of Airbnb in the online hospitality services market. A proposed three-year marketing plan will be presented, which will be focused on expansion of Airbnb's competitive advantages in experiential and corporate travel.

- 1) Industry Analysis (Patrick)
- 2) Competition Analysis (Alex)
- 3) Situation Analysis (Alex)
- 4) Market Segmentation (Lamisa)
- 5) Marketing Strategy (Lamisa)
- 6) Brand Communication & Messaging (Lamisa)
- 7) Timeline (Patrick)
- 8) Financial Strategy (Alex)
- 9) Conclusion (Patrick)



Industry Analysis

travel and lodging



Background & Mission

"Airbnb is one of the world's largest marketplaces for unique, authentic places to stay and things to do, offering over 7 million accommodations and 50,000 handcrafted activities, all powered by local hosts."

Airbnb's mission is, "to live in the world where one day you can feel like you're home anywhere & not in a home, but truly home, where you belong."

- Started due to high rental prices – the founders put an air mattress in their living room and essentially started a bed and breakfast
- Has served over 9 million travelers within five years of its creation, with 250k properties listed



SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none">➤ Wide range of lodging services➤ Wide range of experiences & adventures➤ Cheaper alternative to traditional hotels➤ Global recognition➤ Easy to use interface➤ Social Media Presence➤ Great customer service	<ul style="list-style-type: none">➤ Laws & regulations violations➤ High cost structure➤ Easy to replicate business model➤ Poor hosts damaging company's reputation➤ The objectivity of guest reviews
Opportunities	Threats
<ul style="list-style-type: none">➤ Expansion into emerging markets➤ Expansion of product mix & offerings➤ Mobile App usage➤ Target niche markets	<ul style="list-style-type: none">➤ Unpredictable changes in regulations➤ Lawsuits➤ Competition➤ COVID-19



4 Ps

marketing mix

Price

- Economy pricing
- Cheaper per night than other options, however, requires guests to pay full price upfront
- Pricing also depends on whether it's part of regular Airbnb offerings, Airbnb Plus or Airbnb Luxe

Product

- Lodging available for a variety of travelers, from regular houses to castles and windmills

Place

- Almost everywhere in the world
- No single city has over 1% of total listings

Promotion

- Targeted online ads for people looking to travel



Competitive Analysis

online hospitality services

competitors

Airbnb's main competition for its primary service can be broken into two subcategories (hotel brands & private).

• Hotel

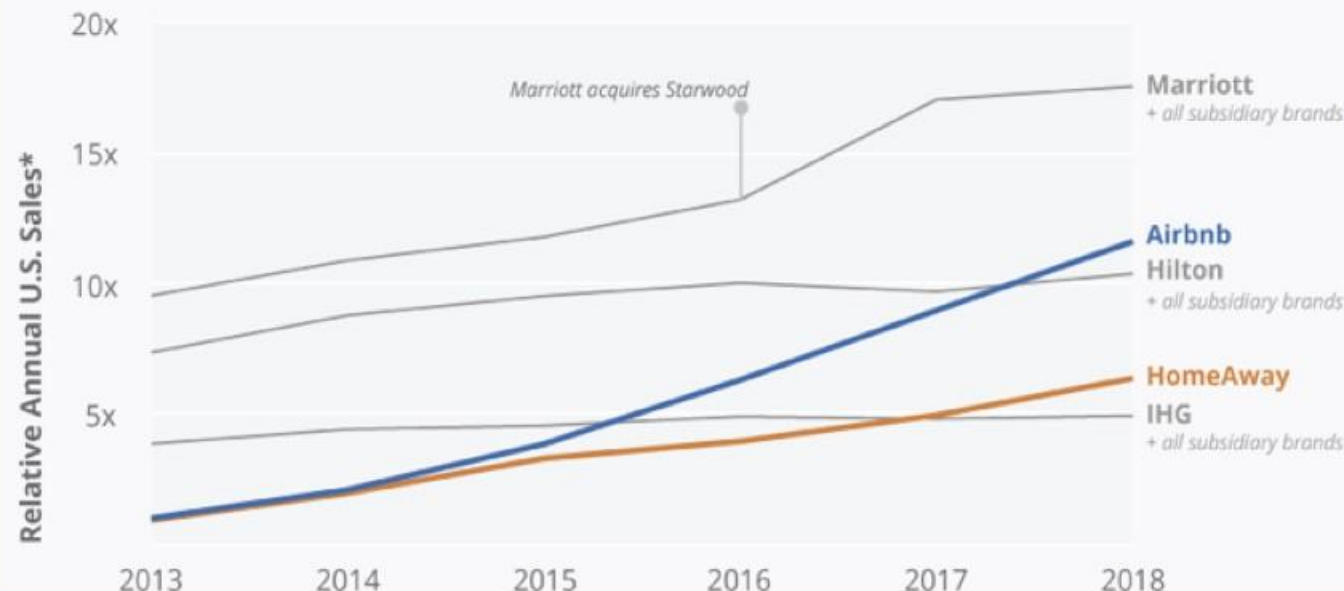
- Hotel rentals are the biggest category of hospitality services. Hotel brands have massive geographic coverage and have the benefit of providing brand consistency.
- Typically these rentals are limited to single room or suite rentals.

• Private

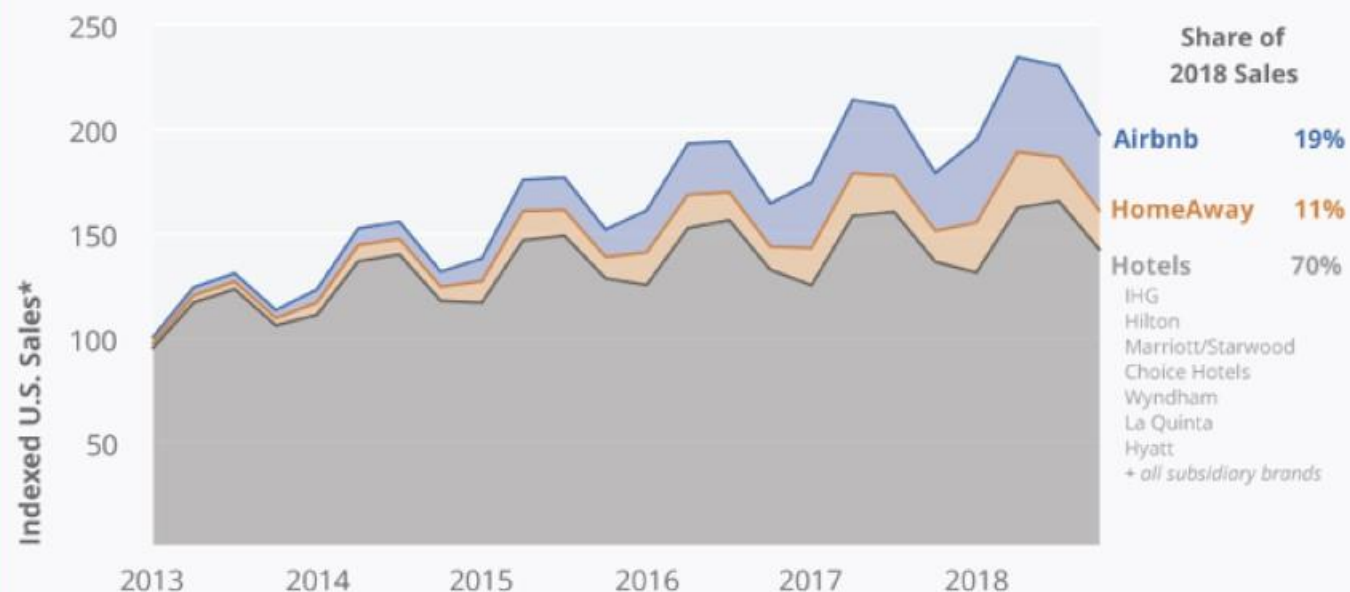
- Private rentals allow guests more flexibility—particularly with full home rentals.
- HomeAway is Airbnb's biggest competitor in the private rental sector. HomeAway has many subsidiaries including Vrbo.

Data & Charts by Second Measure; www.secondmeasure.com

Airbnb - U.S. Sales against Industry Competitors



Airbnb - U.S. Market Share against Industry Competitors



airbnb advantage



Competitive Advantage

- Lower rental cost compared to hotels
 - real-estate & facilities operating costs may not be passed on to the consumer directly
- 7M + rentals worldwide in 100K+ cities
- Combines lodging + experience
 - traditional hotels are often one-sided and simply provide lodging



Point of Difference

- Rentals are mutually beneficial to the private individuals
 - lower cost to guest & income to property owner
- Boutique hotels
 - targets guests "seeking thoughtful hospitality" and lifestyle specific lodging
- Community Oriented
- Can facilitate the entire trip "experience"

Situation Analysis

elevating lodging with experiences



Technology

Airbnb's Loss Nearly Doubles in Fourth Quarter, Before Virus

By [Eric Newcomer](#) and [Olivia Carville](#)

March 12, 2020, 3:00 PM EDT *Updated on March 12, 2020, 3:57 PM EDT*

- ▶ Revenue rose 32% in the period, according to a person familiar
- ▶ Startup's plans to list on stock market could be at risk



- While there are a lot of positives for Airbnb, the company is hoping to file for an IPO this year and is spending large amounts of money on IPO marketing, safety enhancements, and technology upgrades.
- Airbnb does face lots of competition in the travel booking category, and it needs to maintain status by continuing to gain new customers while retaining its current ones.
- Airbnb can do this by offering a different "experience" for travelling guests.

Articles from Bloomberg and Yahoo Finance

2. Booking Holdings Is a Formidable Competitor

Booking Holdings reported during its fourth quarter earnings call that it did \$3.1 billion in 2019 revenue from alternative accommodations. If Airbnb did roughly \$4 billion in revenue in 2019, then you'd have to consider that Booking Holdings is in the competitive conversation with Airbnb. That's especially true when you consider that Airbnb's revenue also includes some hotels, experiences, and tours.

3. Airbnb Isn't as Different as It Says

Airbnb has long made the argument that it has a brand advantage over its online travel agency competitors in that it draws more direct traffic to its websites, and hence won't have to spend the gazillions that Booking Holdings and Expedia Group pay to Google. But Bloomberg's report said \$276.4 million in fourth quarter losses were driven by heightened marketing spending in preparation for its presumptive public-market debut in 2020.

4. Airbnb Won't Be Able to Get Into the Black Until 2021

With \$276.4 million in losses in just the fourth quarter and an overall 2019 loss, according to Bloomberg, it seems highly unlikely, given the severe downturn that Airbnb and all of its peers are experiencing because of coronavirus, that Airbnb will be able to get into the black in 2020. That isn't necessarily a negative, however. Airbnb's competitors obviously face a highly challenging 2020, as well.

- As Covid-19 has virtually ceased all global travel, Airbnb is hoping to expand on and generate awareness of Airbnb Experiences.
- The desktop and mobile websites highlight "Online Experiences" to foster engagement and generate revenue during quarantine. These are live-streamed, small group, experiences designed to be engaging and educational that build on the foundations of experiences that were previously offered in person.

We may be apart but we'll get through this together.



Online Experiences

Unique activities we can do together, led by a world of hosts.



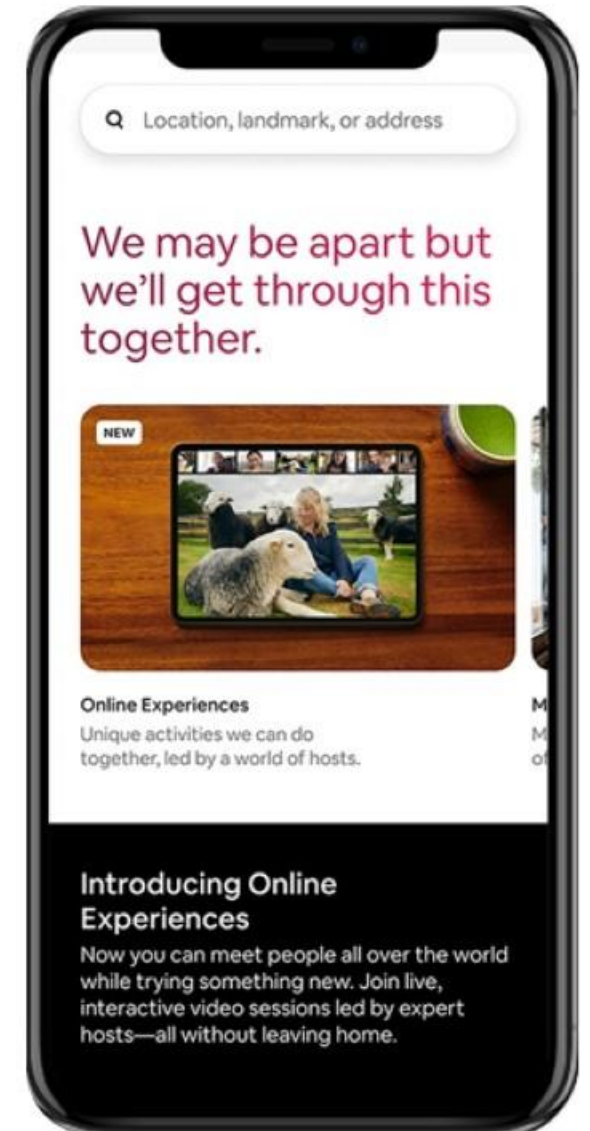
Monthly stays

Make Airbnb your home, for stays of a month or longer.



Frontline stays

Find or provide accommodations for COVID-19 responders.



ONLINE



UNITED STATES

Taste Wines with a Certified Sommelier
From \$20/person · 1.5 hours

CZECH REPUBLIC

Follow a Plague Doctor Through Prague
From \$15/person · 1.5 hours
★ 4.96 (278)

HANAIEI · MUSIC LESSON

Group Ukulele Lesson for Beginners!

1 hour · Equipment included



INDIA

Bring the Flavors of India to Life at Ho
From \$11/person · 1.5 hours

UNITED STATES

Secrets of Hollywood Sound FX
From \$39/person · 1 hour
★ 4.98 (92)

UKRAINE

Meet the Dogs of Chernobyl
From \$52/person · 1 hour



curated & professional

By providing professional experiences that capture the unique interests and lifestyles of the curious traveler, Airbnb can stimulate excitement and a desire to "experience" something new through travel.



Market Segmentation

an overview of the target audience

2M+

people staying in an
Airbnb per night

- There are over 650,000 hosts worldwide
- Over 150 million users worldwide

Target Audience: 3 Segments

- Guests
- Hosts
- Experience Facilitators



Guests:

- Individuals vacationing alone, or with a partner, family or friends
- Individuals staycating in their own city
- Individuals or groups on business trip

Hosts:

- Homeowners who are willing to rent out their place (room, unit, house)

Experience facilitators:

- Individuals, groups and companies willing to provide guided tours, classes, or help facilitate other experiences and adventures

Primary Audience

- The individuals exploring the site & making the booking
- The homeowner looking to host
- The experience facilitator willing to teach or guide

Secondary Audience

- Family, friends, partner, colleagues who will also be travelling
- Family, friends and colleagues who the individuals seeks advice from

Niche Audiences that the competition isn't necessarily focusing on:

- Frontline workers
- Business travelers



Accommodations

Experiences

Demographic	Age	18-45	18-60
	Gender	54% Females & 46% Males ^[1]	Males & Females
	Life-cycle stage	Bachelor Stage Newly Married Couples Full Nest I Full Nest II Full Nest III Empty Nest I Empty Nest II	Bachelor Stage Newly Married Couples Full Nest I Full Nest II Empty Nest I
	Occupation	Students, employees, professionals,	Students, employees, professionals, senior manager, executives

Psychographic	Social class	Lower class, working class, middle class, upper class	Working class, middle class, upper class
	Lifestyle ^[2]	Resigned, Struggler, Aspirer, Explorer, Reformer	Mainstreamer, Aspirer, Succeeder, Explorer, Reformer



Marketing Strategy

a leader in the industry



Goal: Expand geographically and into untapped markets

current strategy

Benefits:

- Guests: More variety & better prices
- Hosts: An added source of income (higher than renting out traditionally)
- Experience Facilitators: An added source of income and a platform to explore their craft and passion



Online Experiences

Unique activities we can do together, led by a world of hosts.



Front line stays

Find or provide accommodations for COVID-19 responders.

Multi-segment positioning: Airbnb uses multi-segment positioning to target more than one subset of guests with different service packages.

- **Airbnb** lists cost-effective apartments for cost-conscious guests
- **Airbnb Plus** package targets guests who value advanced quality and design and are willing to pay more
- Recently, the platform also launched its **Airbnb Luxe** line of premium apartments that has been positioned as 'extraordinary homes with five-star everything' targeting the premium guests

How to further increase brand reach

- Continue using content, behavioral targeting, search targeting, retargeting, Google AdWords and insights to target the different segments and personas
- Suggest stays, experiences and online experiences based on preferences and past behavior (by accounting previous stays and adventures)
- Capture **Micro Moments**, and be there throughout the consumer journey, even when consumers aren't directly searching. Give them the "full experience"
- Two key micro moments to capture are: "**I-want-to-know**" & "**I-want-to-go**"



When an individual searches for "things to know before renting out your place"

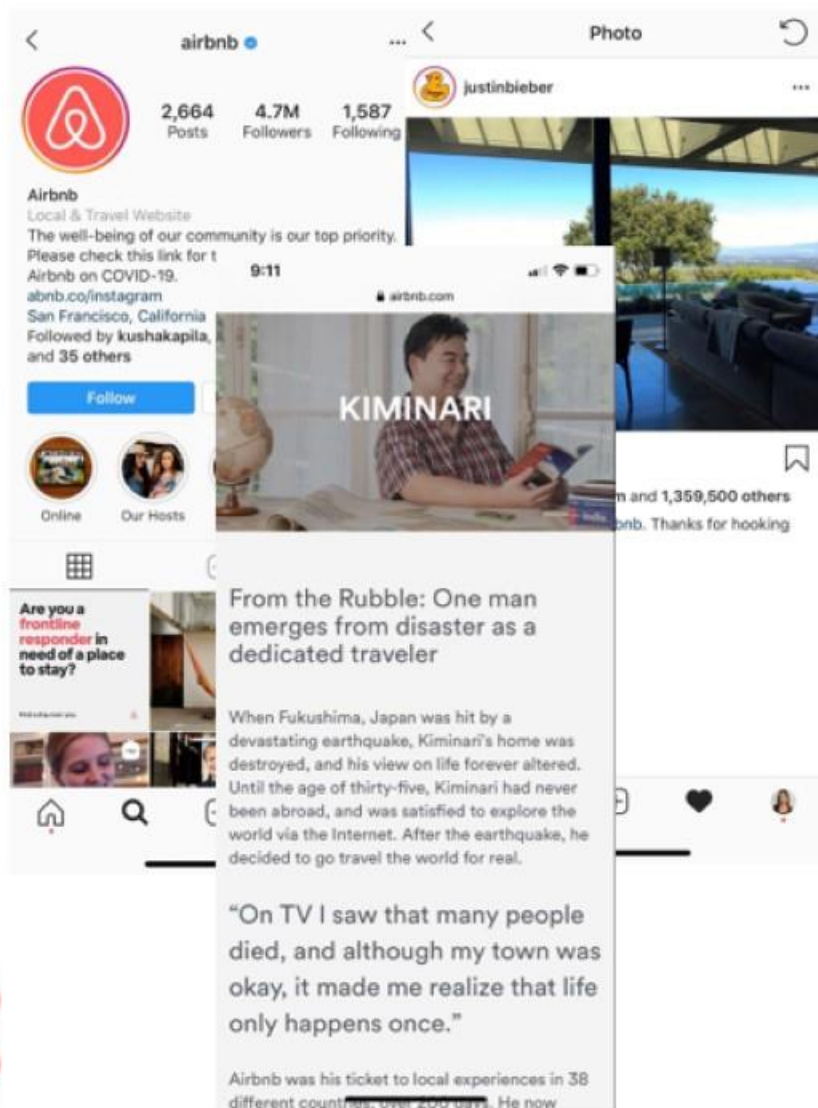


The Art of Receiving: A host transforms his home, his work—and his life

Jonathan is a single dad raising three kids in Echo Park, Los Angeles. For years he worked 60-80 hour weeks at a job that was unfulfilling, scrambled to care for his three children, and had let his own ceramics studio fall by the wayside. When his schedule was cut back at work, Jonathan decided to list an extra room in his home on Airbnb. His first guest gave him such a positive review that more lined up, and he was soon renting out a second room as well.

When an individual uses search commands "I want to go to India" or "Indian restaurants around me" (during COVID-19)

How to further increase brand reach



- 52% of travelers look for recommendations on social media when planning a trip. With COVID-19, more people are spending time online, so digital presence is extremely important.
- Partner with influencers, bloggers, vloggers to generate content on blogs, Youtube, Facebook, Instagram, etc.
- Create more **user-generated content** that's shareable and ever-green
- Share personal stories from Airbnb's user-base. The raw stories (that aren't as highly produced), from someone's personal experience, tend to connect with people on a much deeper level.
- Share city and country guides, reviews of local restaurants and attractions
- Instead of transactional relationship like one with a hotel, Airbnb is more about **community**. Create community groups on social media where individuals can connect and talk about their experiences
- **Website:** 360 degrees virtual tours on the website, a checklist/map for each user showing all the places they've travelled to, a rewards program for booking different stays and experiences

How to further increase brand reach

- Airbnb should also increase focus on converting the **business traveler** to the platform (niche). Already, there's early signs of growth: More than 300,000 businesses have worked directly with Airbnb on their business travel needs
- Airbnb can focus on team offsites or retreats, **team-building experiences**, and relocations
- Experiences, such as cooking class or volunteer classes, are good for team-building as a group, such as cooking classes or volunteer projects. Most of Airbnb's experiences don't exist on other platforms (point of difference)
- Partner with schools for conferences, seminars and school trips
- Airbnb can **change its narrative** from being just an alternative accommodations company into being a hospitality company that serves anyone's needs, from travelers to teams alike.

Everything you need to do your best work



Top-rated homes & boutique hotels



Team-building experiences



Collaborative spaces

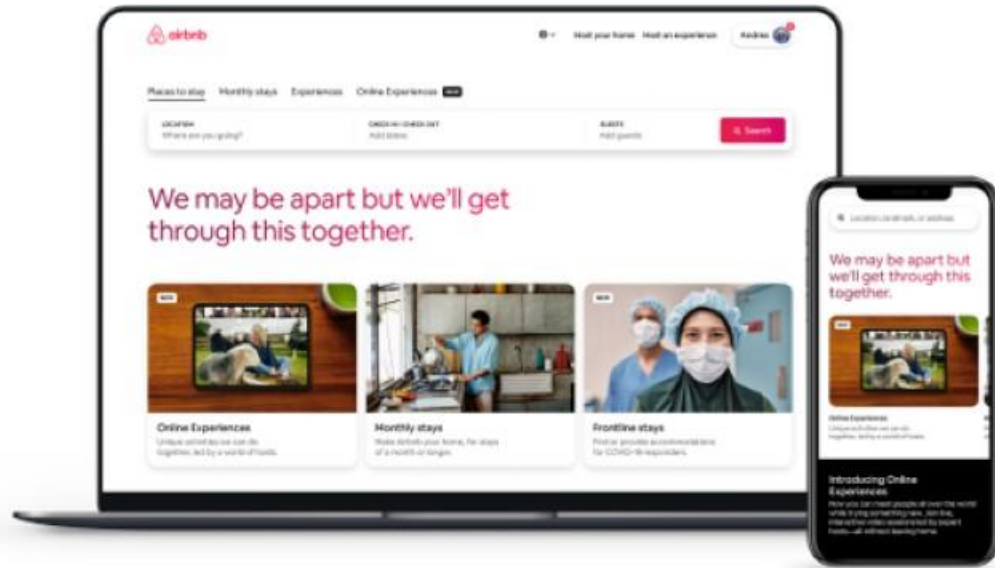
Team-building made easy

Brand Communication Strategy

an integrated approach



Brand Communication Recommendations



- Maintain Airbnb's strong brand presence & personality
- Understand the different target segments and create unique messages for each segment
- Maintain trust & honesty
- Create conversations & grow the community
- Push user-generated content
- Take part in important conversations & issues

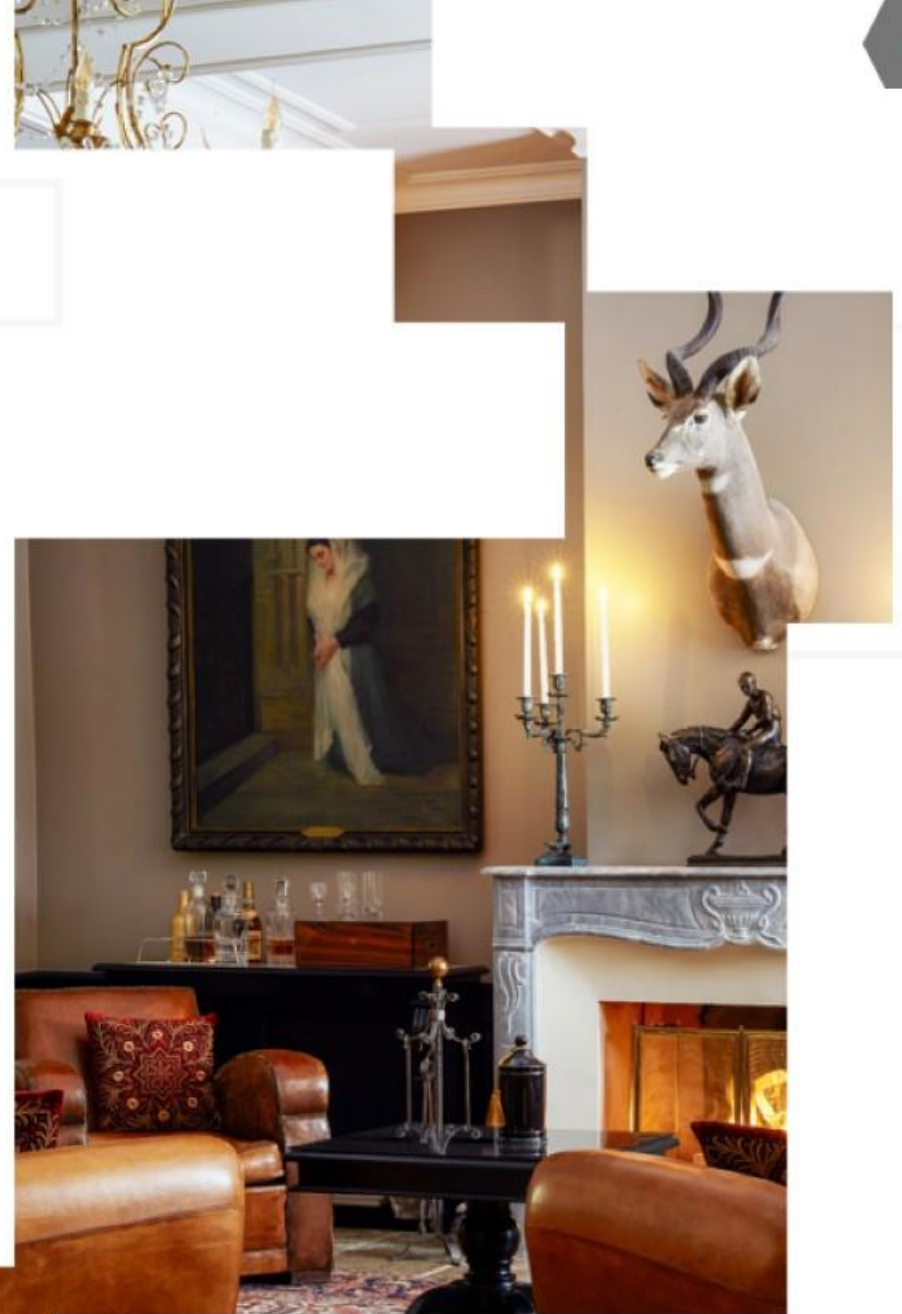
Timeline



2020	Due to COVID-19, focus on promoting online experiences and front-line stays via social media & blog promotions, online display ads, etc., and partner with influencers and celebrities to keep promoting the brand in general.
2021	Launch a website and app update. Roll out advertising and promotions for Airbnb business travelers and team-building experiences.
2022	Continue all promotions and advertising introduced in the first two years. Research and tap into newer markets.

Financial Strategy

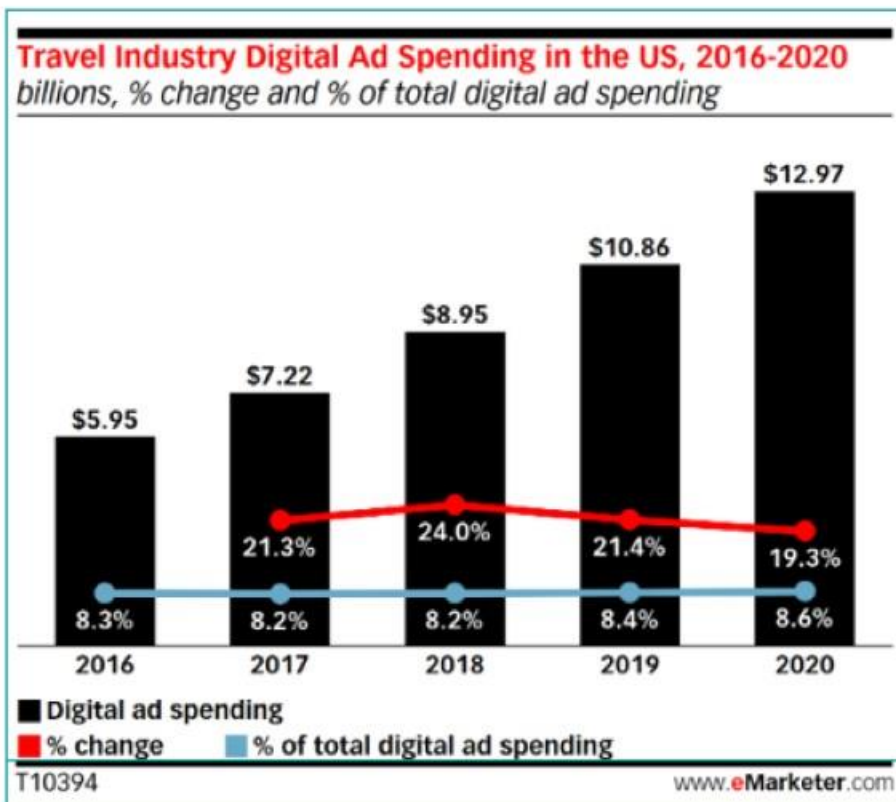
marketing plan



industry norms vs. airbnb

Travel Industry

- According to skift.com, Airbnb rivals Booking Holdings and Expedia Group spend around \$10B annually for marketing.
- For US digital ad spending, the Travel industry makes up just shy of 10% of the total spending.



Airbnb (Proposed)

- Airbnb was originally expected to spend about \$2B on marketing in 2020. (www.skift.com) Due to coronavirus, Airbnb has suspended all marketing spending as the company hopes to stash an additional \$800M in cash.
- With an original increase to the marketing budget to bolster awareness in an expectation of filling for IPO, we propose releasing around 25% (\$400M) of the original budget.
- This can be targeted towards experienced based travel to leverage consumers newly found "curiosity" during quarantine.

Experiential Travel

\$300M
(Digital)

Corporate Experiences (local)

\$75M (Print/Billboard)

Corporate Travel

\$25M (Business Channels)



Conclusion

Industry:

The private travel services industry makes up about 30% of lodging bookings. (Airbnb ~20 %)

Competition & Situation:

HomeAway and traditional hotel chains are direct and secondary competitors. Airbnb has been growing experience-oriented travel.

Segmentation:

Guests + Hosts + Experience Facilitators

Strategy:

Present targeted experiences to guests & guide guests towards travel. Expand on corporate travel and work-related experience.

Implementation:

Three-year plan; consistent discussion-based communication. Budget for targeted experiences and corporate events/travel.