WeWork Marketing Strategy for Studio Square, Astoria

Juer Song, 2/17/2016

Key Insights:

Target market:

- Overall, Queens-based small businesses, entrepreneurs and freelancers

    - Target segment 1: business in art & entertainment sector, espeically film production related business

    - Target segment 2: local small businesses and early-stage startups

Distinct market characteristics compared to other WeWork locations:

- Highly local. Most customers will be based in Queens

- Multicultural. We expect to see customers with higher ethinic diversity

- Smaller-size business, and earlier-stage startups

- Regular and ad-hoc customers from production industry

Implications:

Marketing campaigns:

- Use location as a feature to optimize SEO and SMO, attract Queens-based customers

- Build strong brand awareness with surrounding production studios

Space design:

- Prioritize small- and medium- size offices

- Install more bike racks for local people who bike to work

- Create a multi-cultural feel to make sure customers with all ethnical backgrounds can fit in

- Fully make use of the terrace and beer garden, create an artistic feel

Community focus:

- Offer events and workshops that help small business get started and grow big

- Host events featuring visual and performing arts

Analytical framework:

To deternmine the target market and understand potential customer profiles, the analyses compare the Astoria WeWork location with the other WeWork locations in the following four aspects:

1. Where do potential customers live?
2. What are potential customers' business industries?
3. What are potential customers' business growth stages and financial level?
4. What are the unique cultures and how can we build value propositions accordingly?

Methodology:

1. Where do potential customers live?

Locals and people who are with a short commute time are most likely to be interested in this new location. For small businesses, at least one of the team members need to live nearby and commute conveniently. Here we consider short travel times to be 20 minutes or less by walking, biking or subway[1]. Although Queens locals may also drive, driving to work is considered a less likely option since WeWork currently does not provide parking spaces.

The map below can be used to estimate the geographic boundary of the potential customers. Using the Studio Square WeWork location as the travel destination, subway travel times are calculated for elsewhere in the city. Red, orange and yellow hexogons represent areas that are within 10-, 15- and 20-minute transit times to the WeWork location. These neighborhoods include Astoria, Long Island City, Sunnyside, and Midtown East. If we increase the potential travel times to 30 minutes, penetration market will expand to cover Steinway and inner Queens neighborhoods like Elmhurst and Flushing.


---
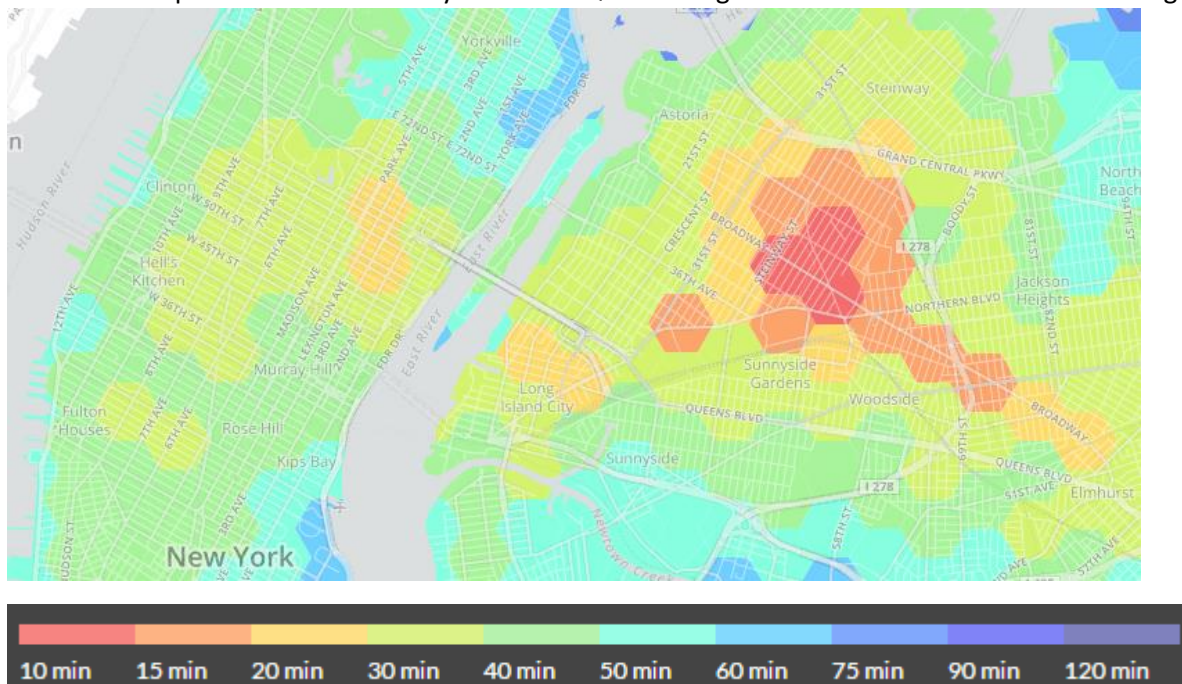
[1] Average commute time in New York City is 39.2 minutes. Source: The American Community Survey (ACS), published via New York Open Data Portal.

Implication:

- The SEM of this new location should target the people living in the geographic area as target audience for the new location.

- Segment email content so that emails sent to those people would list this location at the top of the list.


2. What are potential customers' business industries?

Kaufman-Astoria Arts District is the film production hub of New York City, and attracts many companies and talents in the film industry to the area. I wrote a script that uses Yelp search API to explore the categories of local businesses around the Studio Square location. As expected, there is a cluster of businesses in the Video/Film production category, including lighting, music recording, audio and video post-production.
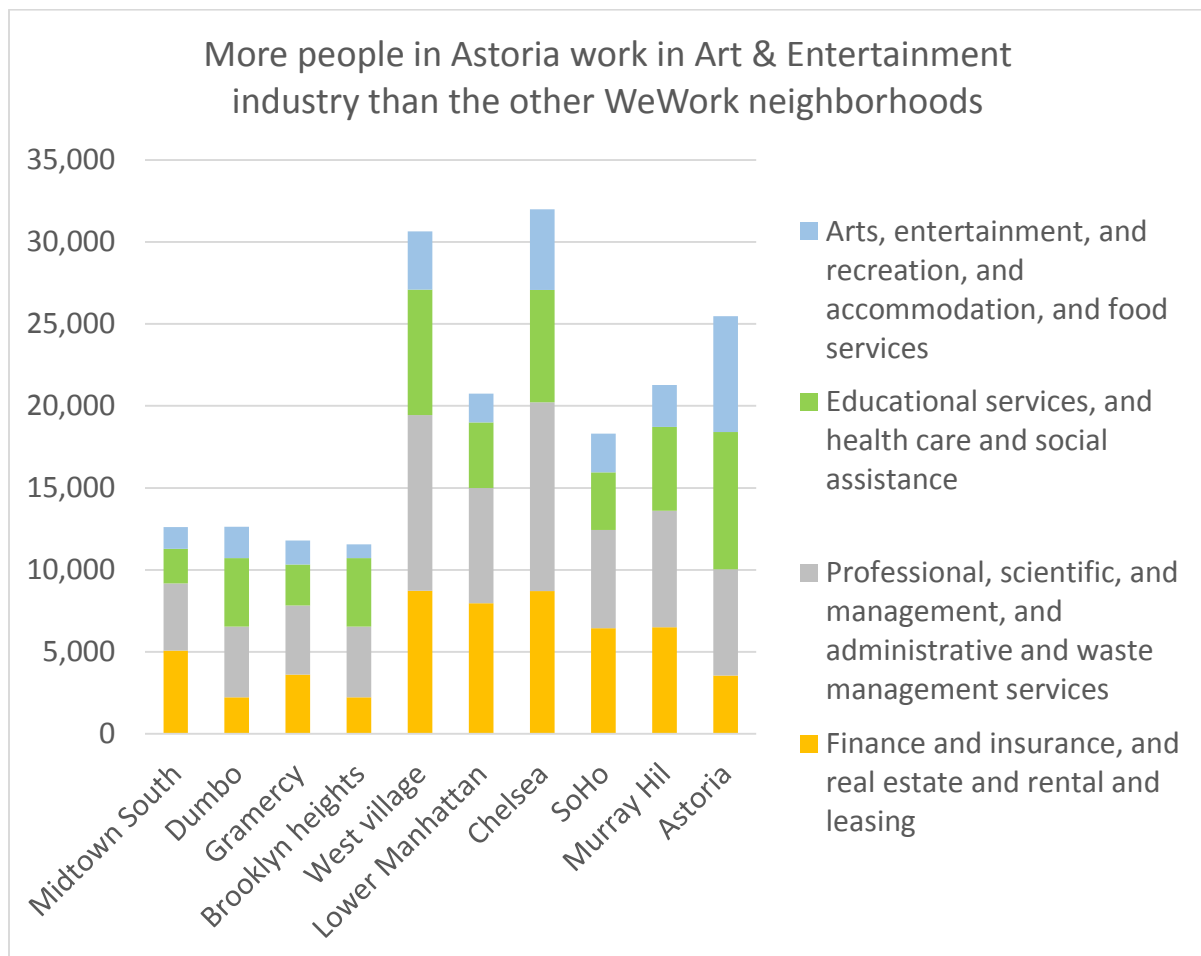
At the same time, residents' occupations allign well with the local business scene. As shown in the graph above, across all the other WeWork neighborhoods, the top industry sectors fall consistently into the same three categories: (1) Finance, insurance, and real estate (2) Professional, scientific, and

management; and (3) Educational services, health care and social assistance. The order of these top three categories vary across neighborhoods (for example, Midtown see more finance than scientific and management, whereas Dumbo serves more people with occupations in scientific/management than finance). Astoria stands out by having 16% of residents with occupations in the category of Arts, entertainment, accomodataion and food services. This percentage is significantly higher than the average of New York City (10.4%), Manhattan (10.7%) and Brooklyn (9.9%).
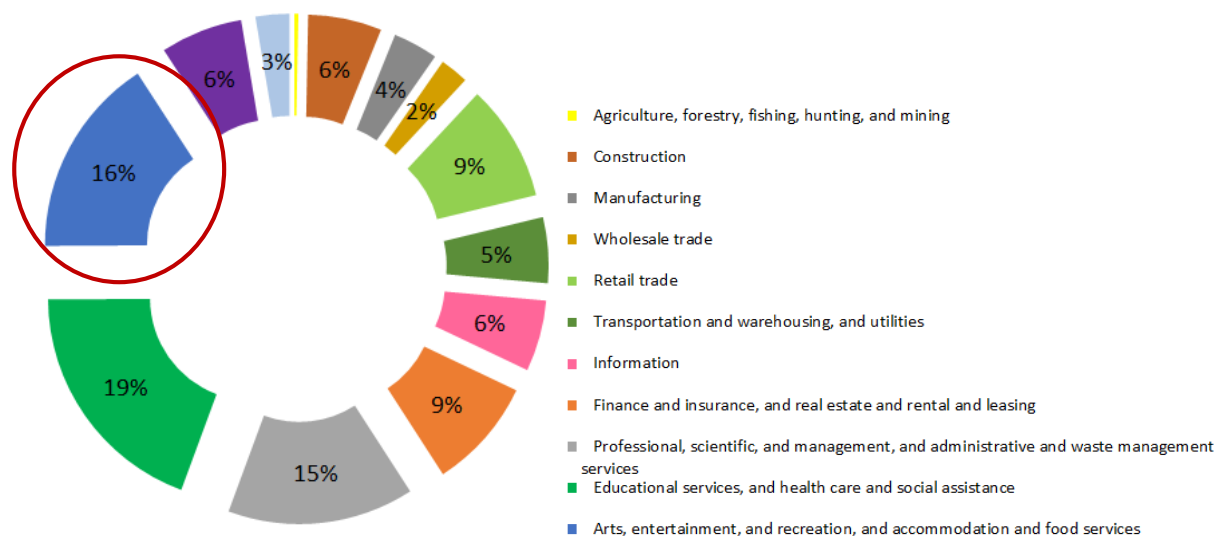
Graph 2. Residents' industry sector, Astoria, Queens, based on the Annual Household Survey of New York City, 2010

Implications:

- If the tech clusters in Dumbo suggests a tech-centric environment at WeWork Dumbo, and the financial focus in Midtown suggests more spacious office rooms for clients meetings, the production scene around Studio Square suggests creative labs and workshops alike, such as photography and video editing.

- Several types of jobs in this industry are highly mobile, for example, out-of-town screenwriters and producers would come in town for a particular production. These people would need a temporary workstation within a certain timeframe. Located in this production hub, WeWork Studio Square would offer a high value to these people with its month-to-month subscription. Therefore, **key potential customers include screenwriters, producers, small production companies, and marketing and design companies.**

3. What are potential customers' business growth stages and financial level?
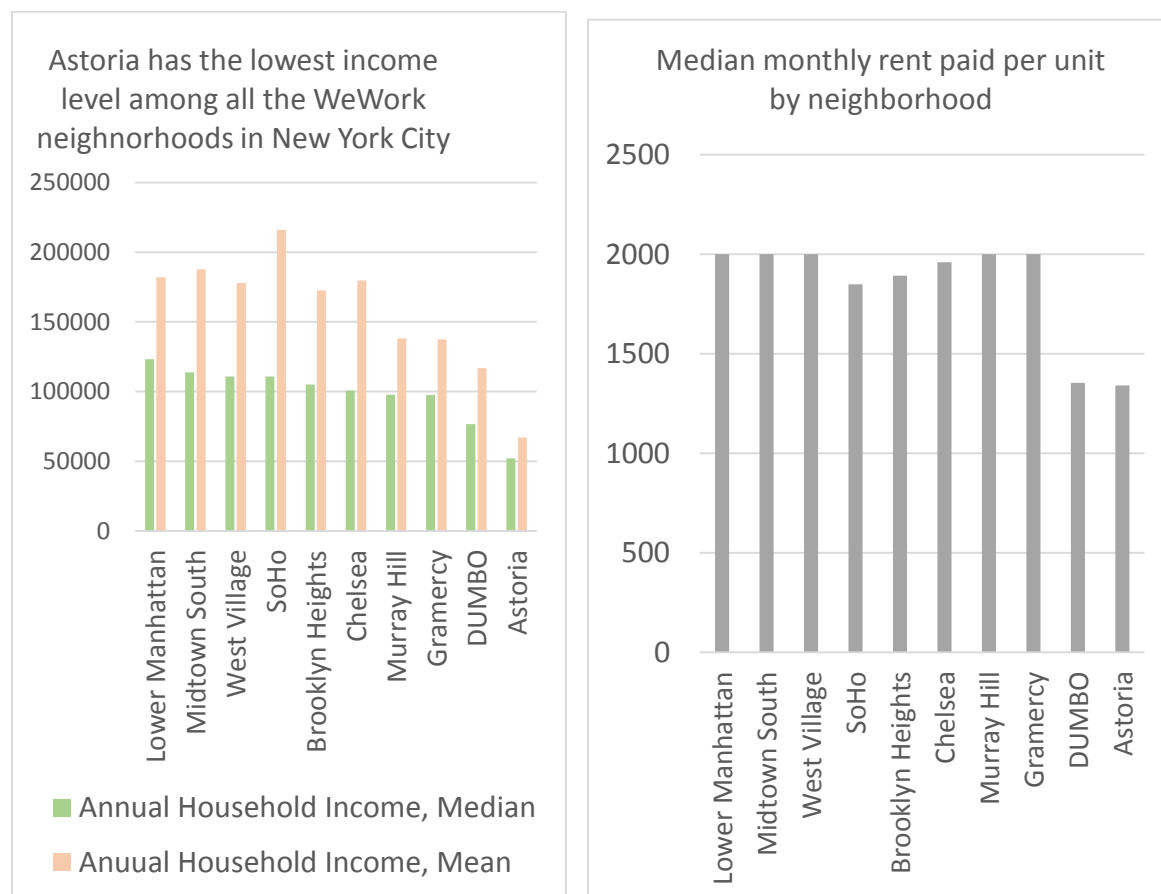
To answer this question, I analyzed the socioeconomic indicators including mean and median household income and monthly rent for each of the neighborhoods that have WeWork locations. As shown in the

graphs below, Astoria has the lowest household income among all the neighborhoods. A median-level household has an annual income of $52,000, less than half of the annual income of a median-level household living in Midtown, Soho, Financial District, or Brooklyn Heights. The analysis on the monthly rent paid per unit by neighborhood also reveals that Astoria is the most affordable neighborhood among all WeWork neighborhoods.

Implications:

Since Astoria is more affordable than all the other WeWork neighborhoods, the prospect customers in the Studio Square location are more likely to be smaller businesses. Startups and enterpreneurs are more likely to be at very early stages. This suggests:

- Assign more spaces for small and medium offices

- Marketing efforts can feature more on the benefits that WeWork provides to smaller business

Astoria has the lowest income level among all the WeWork neighnorhoods in New York City

Legend:
- Annual Household Income, Median
- Anuual Household Income, Mean

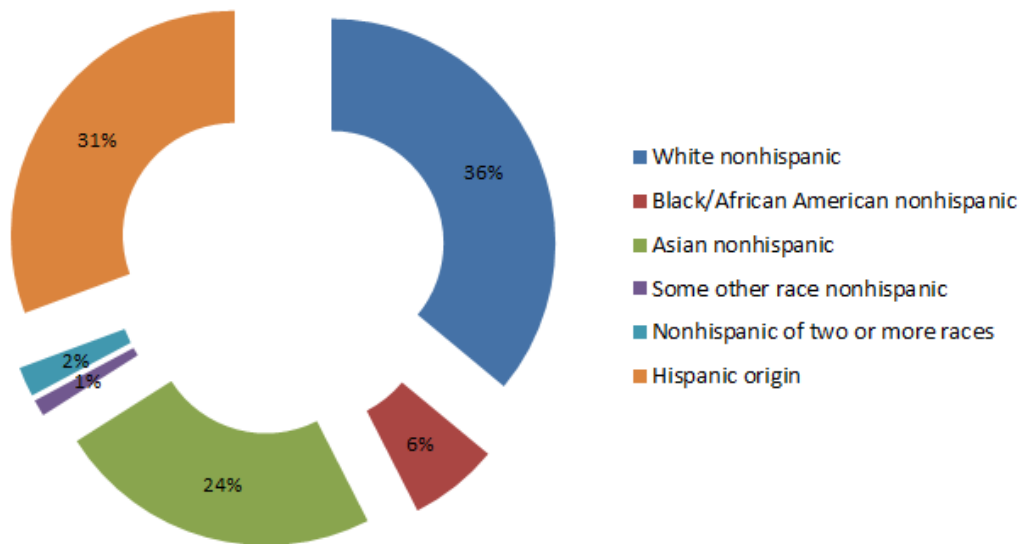Median monthly rent paid per unit by neighborhood

-

-

4. What are the unique aspects demographically and culturally?

Based on the demographic and socioeconomic characteristics, ESRI divided US residential neighborhoods into 67 distinctive segments. The map below provides an overview of the distribution of different households profiles within target areas that WeWork locations cover. The circles represent approximately a 10-block radius around various WeWork locations. The blue blocks represent a dominant customer persona as "Laptops and Lattes", and the orange blocks reparesent profiles labeled as "International Marketplace", with high proprotions of immigrants, including recent arrivals, live in these neighborhood. Clearly, Studio Square WeWork location resides in a much more diverse neighborhood than other locations.
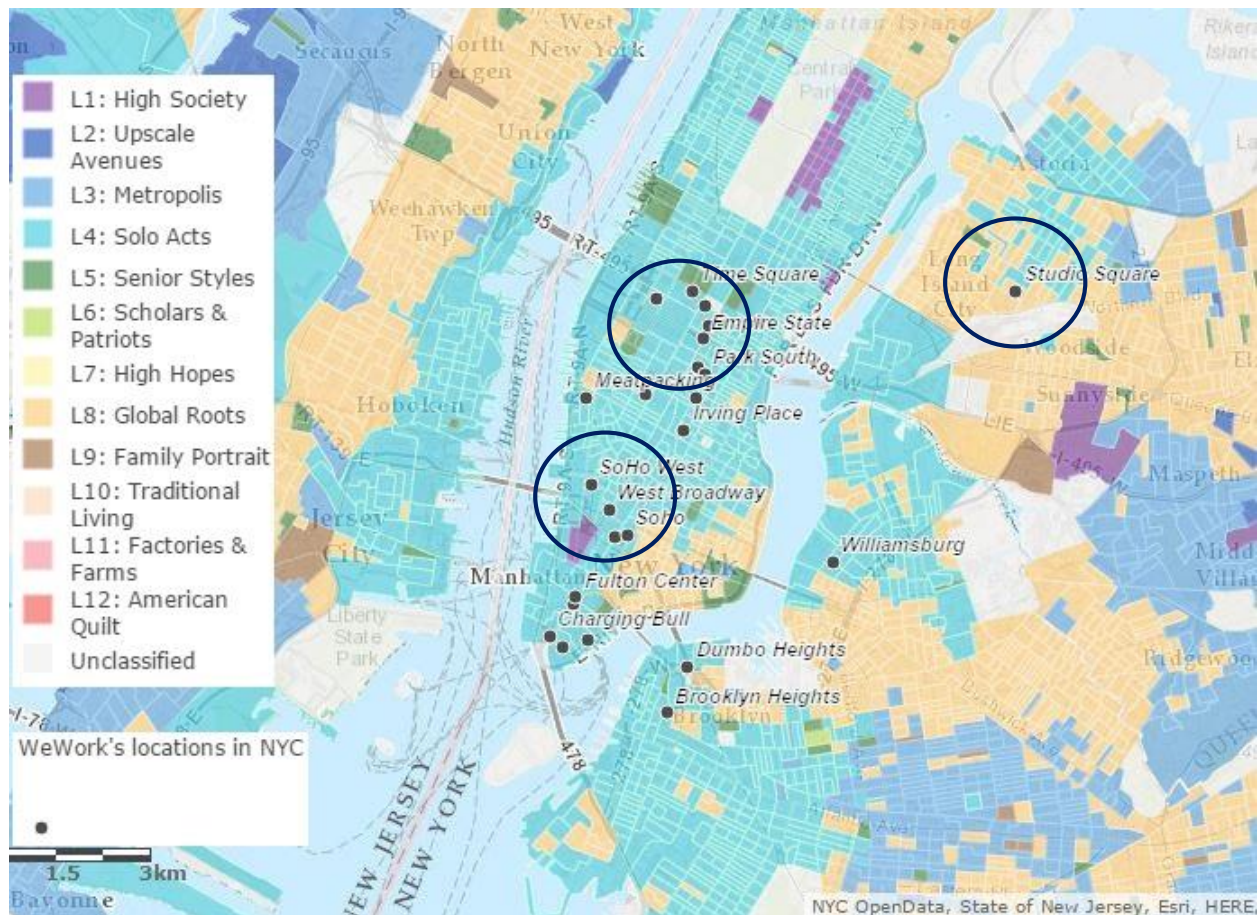
I conducted a quantative analysis on demogrpahic statistics of Astoria and the two closet neighborhoods - Long Island City and Woodside. The results (shown below) substantiate the abovementioned segmentation tapestry. The area has approximately 31% of Hispanic popultaiton and 24% of Asian population. Compared to other WeWork locations, we would expect more a more diverse culture. Therefore, both the interior design and marketing efforts of this new location should emphasize the multi-culture environment.

Legend:
- White nonhispanic
- Black/African American nonhispanic
- Asian nonhispanic
- Some other race nonhispanic
- Nonhispanic of two or more races
- Hispanic origin

5. Other analyses:

A heatmap of Twitter feeds with hashtag #coworking:

https://ceceliasong.cartodb.com/viz/7d326a42-d5a5-11e5-8699-0ecfd53eb7d3/public_map

Additional Analysis:

Here are a list of additional analyses that I would like to do with WeWork's internal database:

Questions	Analysis
1.How does commuting time to WeWork locations matter to customers?	- Analyze the distribution of traveling time of current WeWork members, to determine an optimal threshold on traveling time to better target audience geographically.
2.What is the most effective marketing channel to reach customers in the production industry? What are the conversion paths of customers in this industry?	- Segment customers based on business indutry and size; - Explore and monitor customers' conversion paths from attribution models - See if there is a correlation between customer's business indutry/size and attribution. Especially, explore if the production-industry customers are acquired through any unique channels (like Art Activity or Meetup Groups?)
3.What is the retention rate of each customer segment? What is the profit margin of business of different sizes?	- Correlate the average membership period with each customer segment, see whether there is a correlation and whether the correlation is significant or not.

4.Is there any early-adopters bias? For example, WeWork offers discount to a location's first members, are these members going to stay long?

Use the historic data on members' entry time and the length of time they stay with WeWork, to see if there is a correlation

5.What is the industry distribtution of current WeWork members, and how does the industry at different WeWork locations vary?

To see how well a neighborhood's industry can predict the industry of WeWork customers, to better allocate marketing resources

Data source and scripts documented on:

https://github.com/csong21/marketing/tree/master