Redefining the business strategies to recover lost revenues of Airbnb NYC business post COVID

Target Group : Head of Acquisitions and Operations, Head of User Experience

Agenda

- Objective

- Background

- Key Findings

- Recommendations

- Appendix:
  - Data Sources
 - Data Methodology
  - Data Assumptions

Objective

- Improvise business strategy to generate more revenue and to get optimal traction to all the types of properties.

- Providing early recommendations to expand the business by onboarding new hosts and acquiring new properties.

- Understand and Enhance the customer preference and user experience in order to increase customer satisfaction level.

Background

- For the past few months, Airbnb have seen A major decline in revenue.

- The decline in revenue is partially because of pandemic and partially because of some internal factors

- Now the restrictions have started lifting and people have started to travel more, Airbnb need to be fully prepared to capitalize this change and recover the lost revenues.

Business expansion in Queens, Bronx & Staten Island
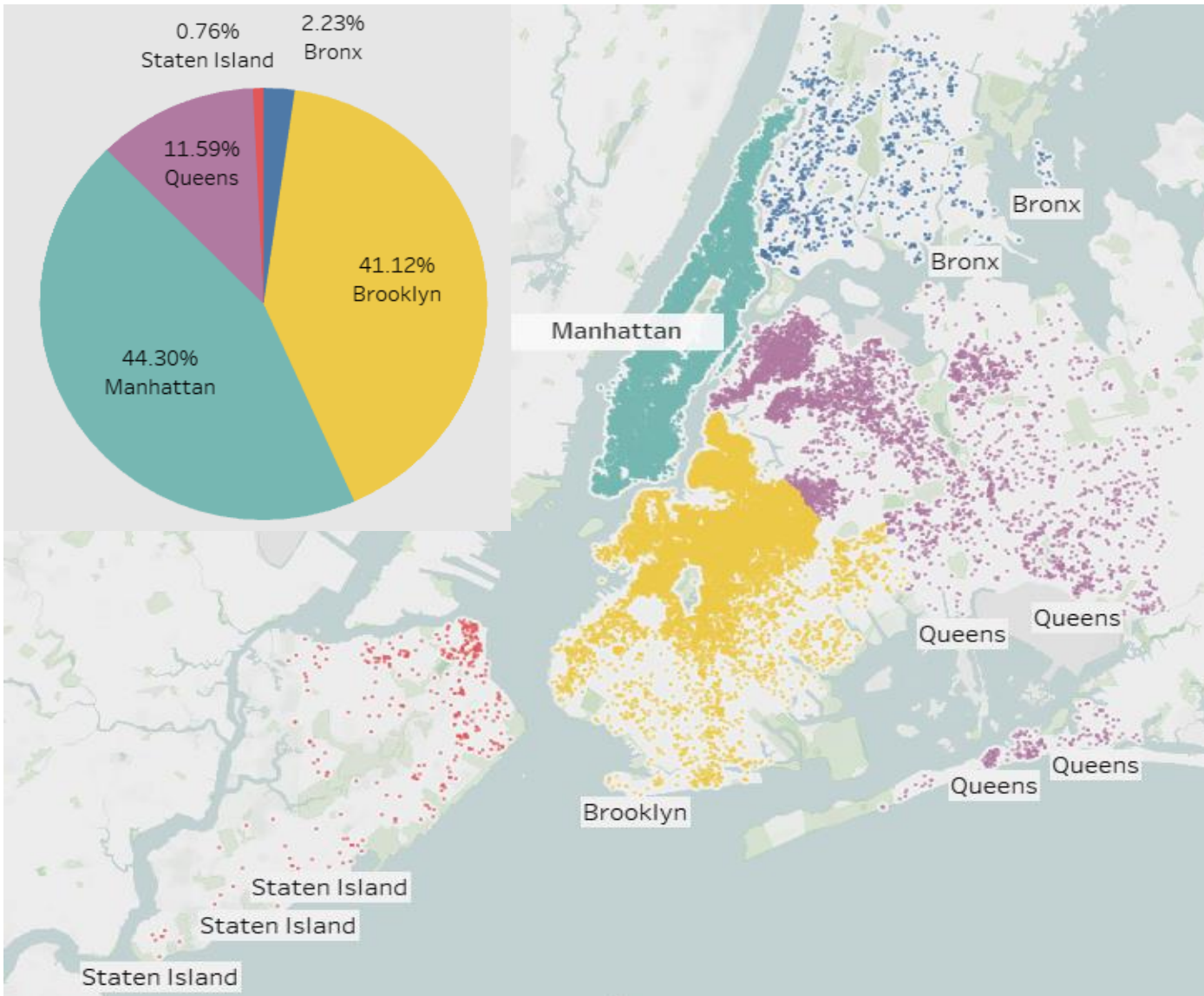
- Queens, Bronx & Staten Island still have huge potential to acquire new properties for business expansion.

- Manhattan and Brooklyn contribute to almost 85% of the listings.

- So for business retention in these locations, we must cater to the need and requirements of host and try to enhance user experience at properties as well as on booking platform.

Affordable properties are mostly preferred by customers
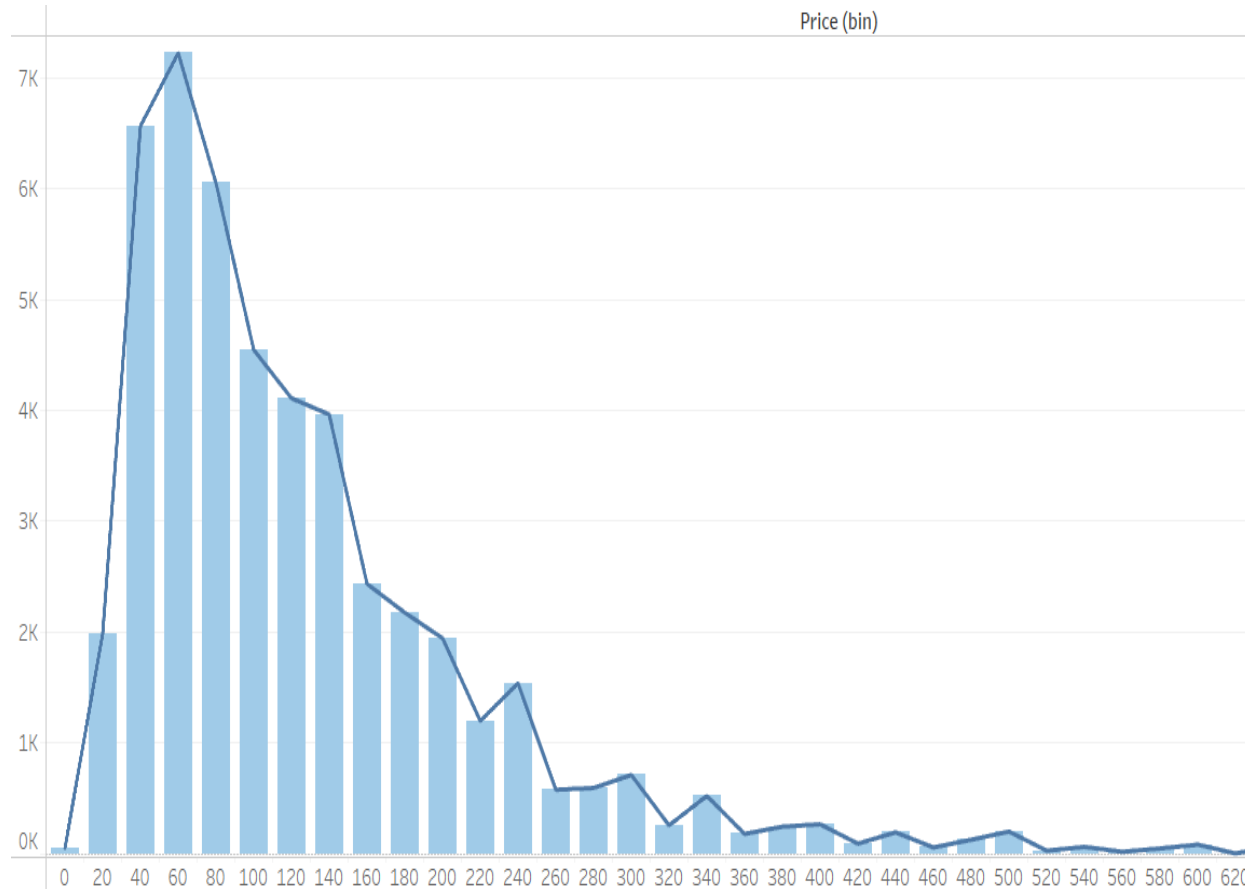
| Segment	Price
Affordable	Less than equal to $69
Reasonable	More than $69, Less than equal to $106
Premium	More than $106, Less than $175
Luxurious	More than $175

- Majority of the listings falls under the price bracket of $20 to $240.

- Out of total listing prices, only 1.2% of the listings are above $700.

- $60 seems to be the most preferred price by the hosts to list their property and 40% of the total listings belongs to $40-$60.

# Entire apt and private room must be targeted to boost rentals
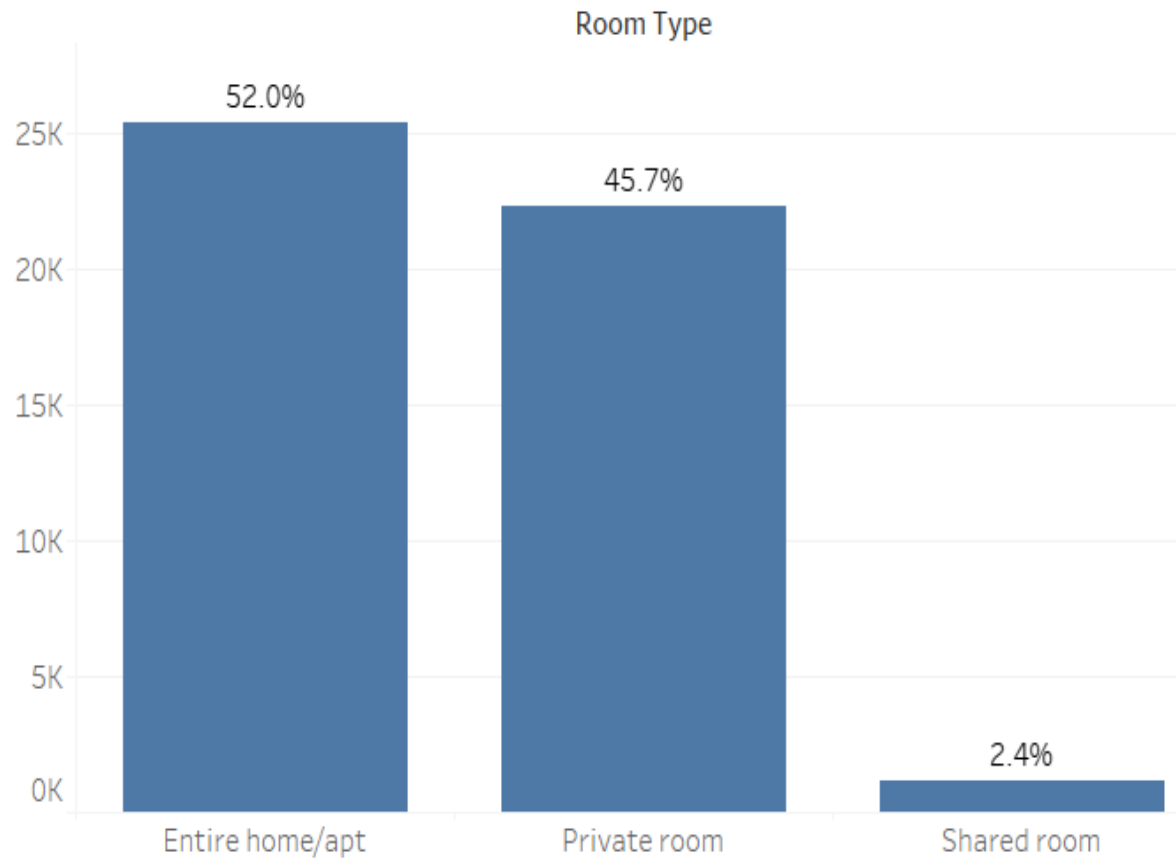
- Entire apt and private room contributes to almost 97.6% listings
- Shared rooms only accounts for 2.4%.
- Privacy could be a major reason for majority of customers preferring entire apt or private room.

# Customers prefer shorter trip/vacation
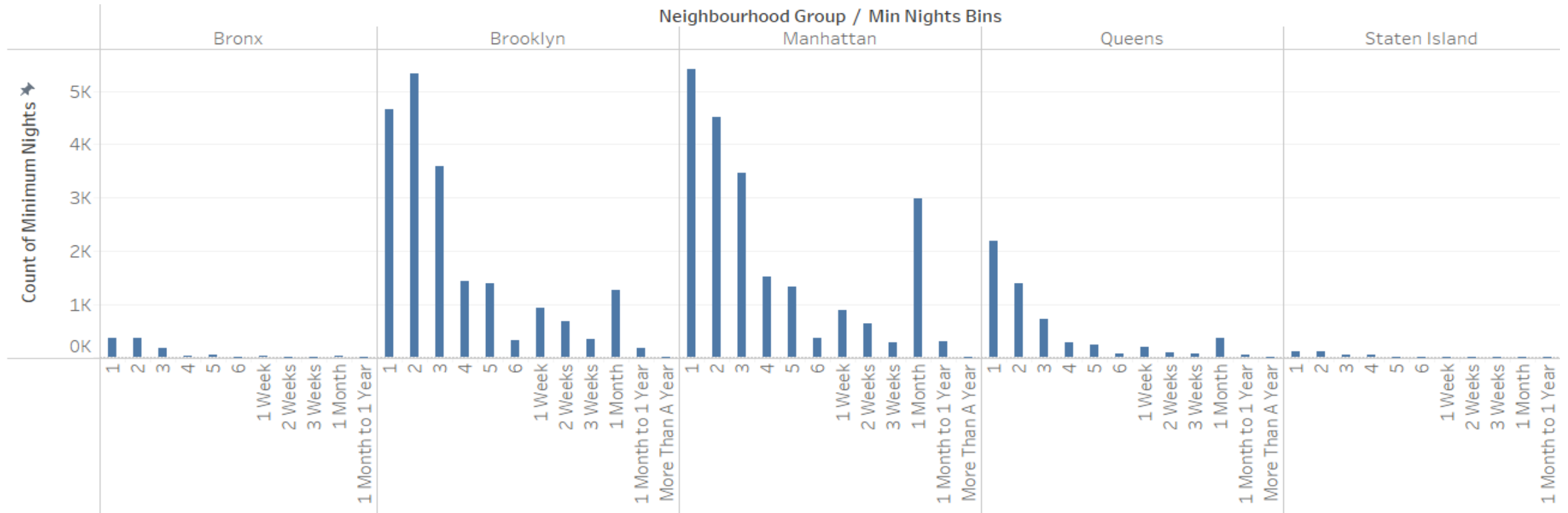
- Most of the listings are for 1 to 5 nights.

- Majority of the customers prefer 3 or less nights stay.

- In Manhattan, Brooklyn & Queens, the spike at 1 Month could be because of customers staying on monthly basis

Streamlining processes at the start of Q1 could result in higher revenues
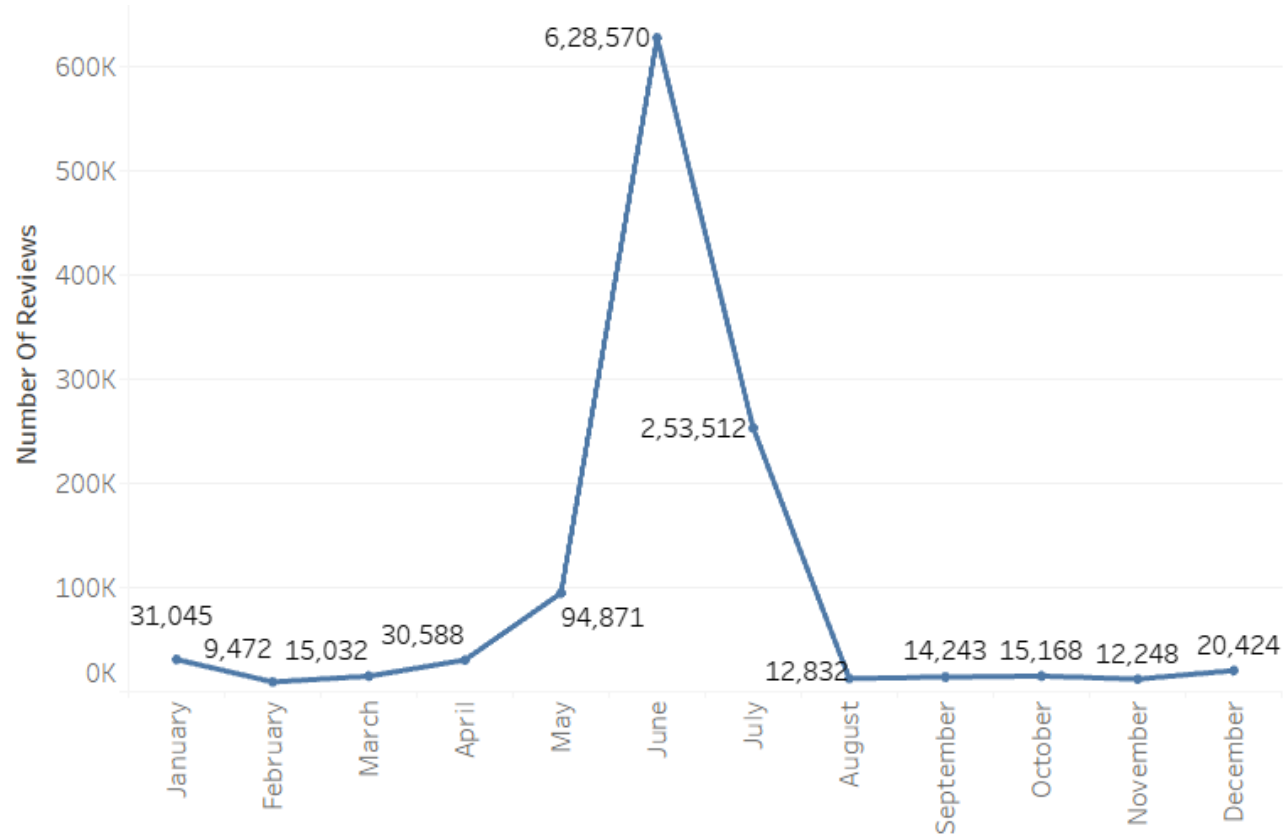

- Assuming that the customers post a review in the same month of booking, May, June and July are the peak months of vacation.
- June is the highest traction month and February is lowest traction month.
- Strategy planning for the peak season could be done in February.

User experience is getting affected for last minute planners or at peak season
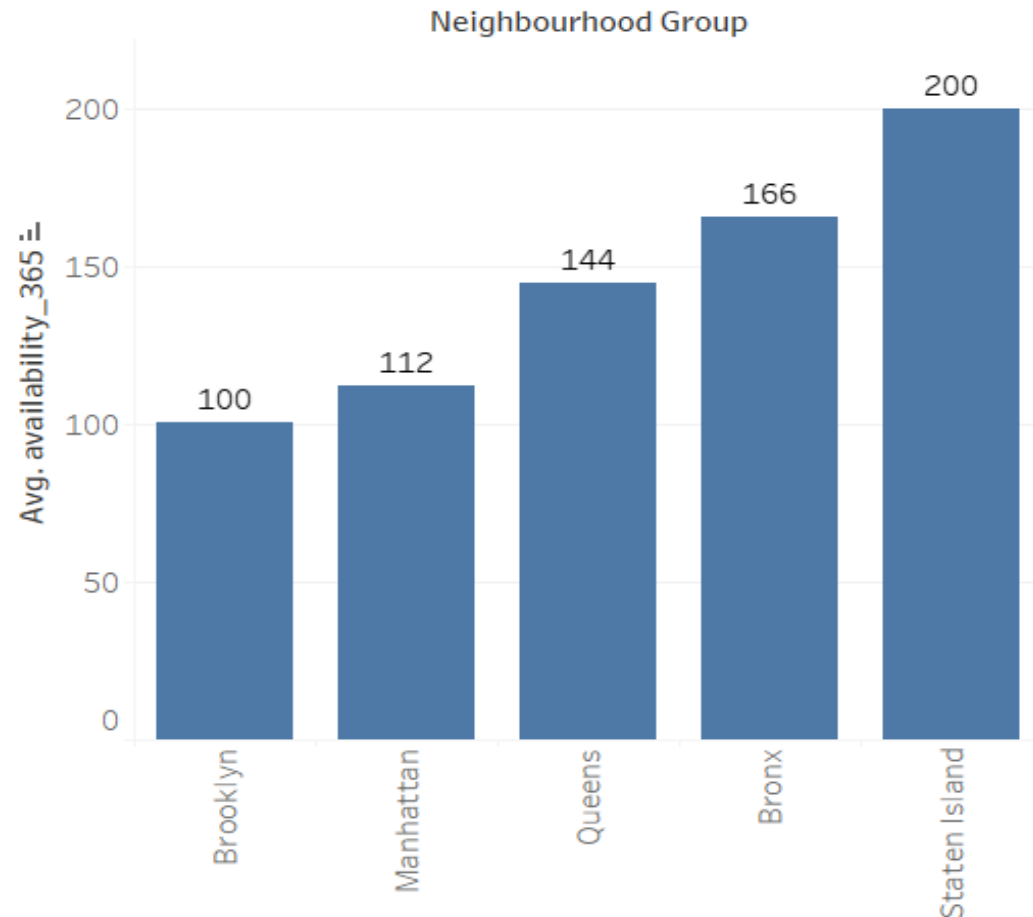
- Brooklyn and Manhattan belongs to one of the lowest available location on average, 100 and 120 days respectively.
- Staten Island is most available location on average.
- Users might need to browse a lot to finalise a property of their choice because of low availability, or they might give up and look for competitor's properties.

Non Performing properties need special attention
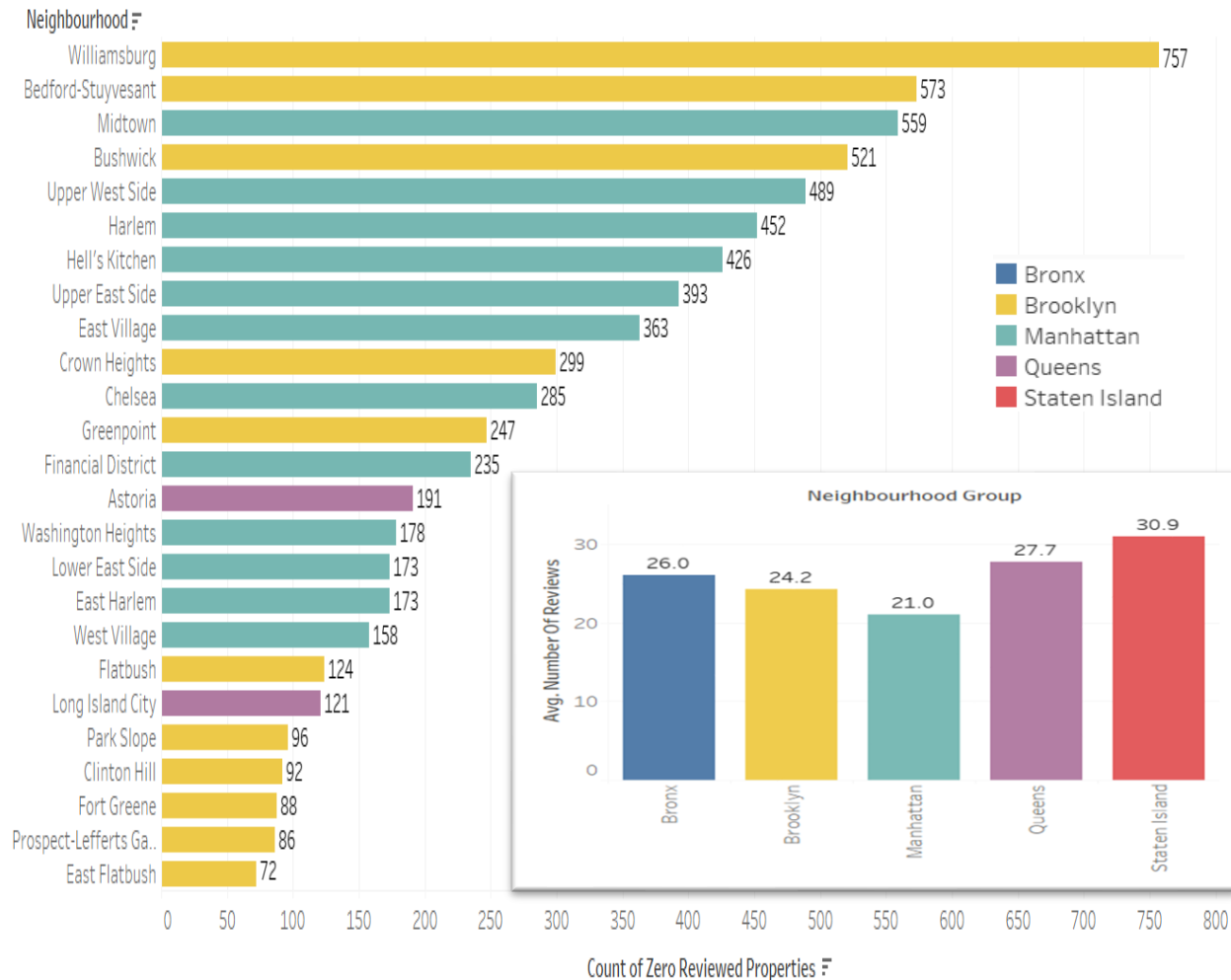
- Assuming no review means no booking, there are 10051 properties which have not been reviewed by any customer till date which accounts to approx. 20% of the listings.

- It is surprising that the top 30 properties which haven't received any review from customers are from neighbourhood groups Manhattan & Brooklyn, where we have high market penetration and high demand.

- Even though being least dense location, Staten Island has highest average number of reviews, which could aid in expansion of business in the long term.

Recommendations

- Entire apt and Private rooms are major source of revenues. Emphasize on privacy on booking platform to improve conversion rate of entire apt or private room

- Incorporating attractive incentive scheme for hosts based on availability and ratings could influence hosts to take ownership for maintaining availability and ratings on higher side.

- Appointing executives to personally meet property hosts with zero reviewed property or very low availability and try to overcome the pain points for optimal resource management. Priority should be given to location wise popular areas. E.g. Private rooms from Brooklyn, Entire apt from Manhattan etc.

Recommendations

- Create some sort of interaction between the Top 5 hosts to share their experience with the rest of the community for better improvement and value-generating ideas.

- Incorporating a tier system for hosts having considerable number of listings, e.g. platinum, gold, silver etc. and additional benefits should be passed on based on the tier.

- Referral scheme should be launched in order to acquire more hosts. The referral bonus should be higher where market penetration is low, e.g. Staten Island, Bronx.

Appendix

❖ Data Sources :

    1) Here is a snapshot of the data dictionary

        ➢ Host listing information like host name, id, neighbourhood, latitude and longitude etc.

        ➢ Customer preference information like number of reviews and number of reviews per month

    2) The provided data is captured from the CRM tool used by Airbnb. (till date 08-07-2019).

❖ Data Methodology : *(*detailed methodology is attached in a separate file. Methodology Document.pdf)*

    ➢ Checked and Cleaned the data for any duplicate, insignificant values.

    ➢ Capped price field at 99 percentile to handle outliers.

    ➢ Used Tableau for visualization of data and created appropriate calculated fields to get the insights.

❖ Data Assumptions :

    ➢ Number of reviews assumed to be a base measure to find customer preferences.

    ➢ The reviews are assumed to be positive.

    ➢ Null values in "number of reviews" column are assumed to be 0.