

Lesson Demo: Next Lodge Case Study

Context

The Business

Next Lodge is a vacation house rental platform. It operates a two-sided, online marketplace with lodge owners and lodge guests. Lodge owners post their available house listing on the platform. Lodge guests use this platform to book stays at common travel locations. The main type of listings on the Next Lodge platform are large, entire houses featuring family-friendly amenities such as fully-equipped kitchens, playrooms, and family movie rooms.

The Platform

Next Lodge has a web platform where Lodge Owners can

- Sign up for account
- Post house listings
 - Listing content includes pictures, description of city, location, amenities, etc.)
- Set rates
 - Can be set manually on a daily, weekly, monthly basis
- Manage availability calendar
- Accept / decline reservations from Lodge Guests
- Receive payment details from Lodge Guests

Next Lodge has a web and mobile platform where Lodge Guests can

- Sign up for account
- Search for house listing by location and dates
 - Additional filters around price, house types, amenities can be added
- Browse house listings
 - Lists are based on the search results
- Reserve house listings
 - Send in reservation requests and receive confirmations
- In app (both mobile and web) chat with the Lodge owners

For visitors who don't have an account, they can search and browse for house listings, but an account is needed to reserve house listings, chat with lodge owners, or become a lodge owner and post a house listing

The Business Model

Next Lodge is a medium-sized tech company that has found a product-market fit with a specific segment in the traveller market: offering lodging arrangements for families planning for vacation. The business has a steady stream of users and has established itself as the go-to platform when it comes to arranging family-friendly vacations.

As a service platform, Next Lodge generates revenue from both Lodge Owners and Lodge Guest

- Lodge Owners:
 - Can sign up for accounts and list their houses for free
 - Charged a service fee 5-7% of the entire reservation cost for each successful booking transaction that happened
- Lodge Guests:
 - Charged a service fee of 10% to 20% to cover platform transaction costs

Problem

Next Lodge has built a reputation on being the best place for families to find their vacation staying plans. While the existing Next Lodge owners and guests are active on the platform, it has recently reached a growth stagnation on the Guest side. There is minimal growth in new Lodge Guest users signing up for accounts and booking lodgings through the platform. The current business goal is to grow the number of new Guest users by 10% in the next quarter.

As a vacation rental marketplace, the value of the product lies in successfully connecting owners who have resources to offer with guests who need the resource. The high quality, relevant, curated house listing information is what distinguishes Next Lodge. The business is looking for ways to continue to cultivate and develop new users by connecting them with the high quality house listing information that is on the platform.

Growth Components and Metrics

In a two-sided marketplace, it's important that we track user behaviors for Guests and Owners. For this exercise though, since the business goal is to grow new Guest users, we'll focus on the metrics related to Guests.

Here are the key Guest growth metrics at Next Lodge, typically measured on a monthly basis:

- Monthly New Visitor Sessions
 - A unique visitor who visits the website but is not a user yet
- Acquisition Channels Distribution
 - For all new visitors who came to Next Lodge's landing page, we have acquired them from multiple different channels:
 - Online ads
 - Search engine results
 - Social media sharing
- New Visitor Conversion Rate
 - Among the unique visitors who visit the website for the first time, the percentage that signed up for an account to become a user
- Monthly New Guest Users

- The number of Guest users that sign up for an account on Next Lodge and completed their first booking
- $\# \text{ Monthly New Users} = \# \text{ Monthly New Visitors} * \text{New User Conversion Rate}$
- Monthly Active Users
 - For all users that have a Next Lodge account, that that visited the site at least once a month and had one of the following action
 - Search for house listing by location and dates
 - Browse house listings
 - Reserve house listings
 - Chatted with Lodge owners via in app chat
- Booking Conversion Rate
 - Of all the users who started a reservation process on Next Lodge on the platform, the % that actually ended in a successful booking of a lodge

User Research

The user research and analytics team has shared the following research on trends that has been heavily validated and the business has shown high confidence in it

Findings

- Lodge Owners
 - The typical owners are folks who are treating this as a side-gig to earn extra income. They describe themselves as invested in this rental business via Next Lodge because
 - "I enjoy adding a personal touch and connecting with my guests"
 - "It is rewarding to create the experiences for families - I have a physical guestbook where my guests leave notes, and I read it all the time"
 - "The extra income is always helpful"
 - "Interacting with travellers in person and showing them the local community is the best part"
 - "It's extremely rewarding when I get feedback from my guests on how much they enjoy their stay"
- Lodge Guests: As mentioned in the initial context, the majority of Next Lodge guest users are those looking to plan for family vacations. Based on an online survey conducted on the web/mobile site, we've learned these key sentiments from Guests based on these three groups
 - Potential Users (Visitors)
 - "The site is user friendly and I love modern the layout looks"
 - "The listings have helpful info and the pictures are nice, but what if it doesn't look like that in person?"
 - "I am looking for something other than an entire house for a family - single rooms or even shared room might make the price more affordable"

- "I've only stayed at hotels, and I'm nervous about trying out Next Lodge - I'm not sure what to expect when I show up"
- Active Users
 - "I enjoy searching and browsing the site to look for next vacation spots or some time just to fill time"
 - "Being able to search, filter by dates and location, and completing the booking entirely online is so easy"
 - "It feels like an adventure every time I stay at a new Lodge"
 - "I enjoy the personal connection to the Lodge host and to the community - it feels like you're visiting a new place, but you already know someone there who is ready to help"