**Executive Summary**

During the past decade, the business travel market has become an immensely profitable sector; projected net worth of US$1.6 trillion by 2020. Since July 2015, Airbnb has taken advantage of the increased number of business travelers through the “Business Travel Ready” (BTR) program. Despite its success in North America and Europe, the company has encountered difficulties expanding into the Asian market. In particular, Airbnb approaches Asian consumers with its North American strategy, which prevents them from properly catering to local consumers. To succeed in the long-term, Airbnb must narrow its choices to specific countries and consumer segments.

There are twenty different alternative guest segments that can be targeted based on the five countries1 and the four archetypes2. The optimal solution is to focus expansion efforts in Asia on Chinese “Service Seekers” and Indian “Stereotypical Suits”. Each archetype is unique, and must be handled in a tailored fashion.

In order to initiate sustainable growth in China, it is essential to take advantage of China’s promising economic growth and partnering with the country’s manufacturing and energy sectors. Airbnb (locally known as Aibiying) must reach out to key corporate clients from each industry and leverage “premium” service offerings customized to fit the priorities of Chinese business travelers. Aibiying should continue its efforts and strengthen relationships with government officials to overcome regulatory issues; in return, the company will stimulate the local economy by partnering with small and medium sized enterprises to provide ancillary services to consumers.

To boost supply, Aibiying must expand accommodation services outside of Tier 1 cities to locations near the manufacturing and energy sectors’ work sites. To best address expanding in a culturally-aware manner, Chinese-centric sales teams will be created to identify underserved areas3; they create awareness of Aibiying’s BTR services and increase the number of accommodations.

Above all, China’s Service-Seeking archetype values award-winning services; hence, the company must establish an exclusive “premium” Aibiying standard, by making all suggestions for ABTV mandatory2. Moreover, hosts will be recommended to provide face-to-face services, with an incentive of receiving a premium rating. To further promote the “premium” label, the company will maximize the impact of the mobile app.

To address mobile-savvy demands of Chinese travelers, Aibiying must integrate all services into their mobile app; recommendations, reservation and expense billing. This will facilitate ancillary services needed by guests into one streamlined platform, providing convenience both for the guest and the corporate clients. Aibiying will partner with specialized service providers in close proximity of accommodations, allowing guests to use the app to select ancillary award-winning services. Aligning with our premium customer experience, a call option will be provided in the app, which will ensure that the client’s inquiries are addressed promptly.

To target the Indian Stereotypical Suit, Airbnb must leverage its existing partnerships including Google, Citibank and Morgan Stanley. Since this archetype often found in the head offices and business districts of Indian cities, Airbnb must focus on providing accommodations which are closer to these workplaces than business hotels. Along with focusing supply in business districts, the company should incorporate technology to create seamless integration of all aspects of business travel, and create higher service levels.

The Stereotypical Suit prizes convenience as its main priority. A BTR-friendly Airbnb app will provide travelers with valuable consumer needs5. Hosts will be required to equip their property with high-speed Wi-Fi, wireless printers and scanners, and ergonomic desk and chairs. Furthermore, hosts will display exemplary services by allowing for a 24-hour check-in period and by addressing guest issues and concerns within three hours of the request.

Conducting business in China and India pose many uncontrollable risks. China has a communist government that has barred countries from conducting business in the past. Similar government regulation can be detrimental to expansion. India has also faced independence issues with neighboring country Pakistan. There has been constant tension, and political backlash can pose problems to business in India. If these issues were to arise, conducting business within the respective country will prove impossible, and Airbnb must temporarily divest from the country. Chinese consumers are already exposed to competition who strive to provide the same services we do. Underexamined consumer loyalty preferences may pose issues for expansion plans into China. India also has a caste system. Lack of attention for the implications of the caste system may pose issues. To deal with these cultural issues, rebranding and restructuring would be needed.

This strategy will focus on attracting large and influential segments of business travelers that will come to demand Airbnb’s services for its culturally-synced processes. In China, this will be sustained by providing a greater variety of service options across underserved locations while empowering Chinese local businesses to facilitate these services. In India, this will be sustained by competing on the efficiency and convenience of the Airbnb app platform that takes the hassle out of business travel like booking and tracking ancillary services. These customized strategies will become frameworks for building a stronghold for Airbnb in other Asian markets.

**Appendix**

Figure 1: major countries to be targeted within the Asian market

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| --- | --- | --- | --- | --- | --- |
|  | **Singapore** | **India** | **China** | **Indonesia** | **Japan** |
| **Growth** | **0** – N/A | **9** – 11% | **10** – 11.4% | **0** – N/A | **2** – 1% |
| **Market Size** | **0** – N/A | **2** – $30B | **10** – $291B | **0** – N/A | **4** –$62B |
| **Market Environment** | **0** – N/A | **0** – N/A | **-1** – Local regulatory issues | **0** – N/A | **2** – Open to shared accommodation |
| **Competition** | **0** – N/A | **0** – N/A | **-3** – Local competitors established earlier (-5)  Opportunities in Tier 2 and 3 cities (2) | **0**­ – N/A | **-3** – Brand loyalty to local companies |
| **Corporate Relations Within Country** | **2** – Citibank alliance set up | **0** – Unknown | **3 ­**– Relationships with local corporations, government officials | **2** – Planned partnerships; Citibank in Singapore | **0** – Unknown |
| **Total** | 2 | 15 | 19 | 2 | 8 |
| **Growth:** 0 = least attractive/unknown growth, 10 = most attractive growth;  **Market Size** 0 = least attractive/unknown market size, 10 = most attractive market size;  **Market Environment:** -3 = least attractive/unknown market environment, 3 = most attractive market environment;  **Competition:** -5 = competition creates high barriers to entry 5 = competition creates low barriers to entry;  **Corporate Relations Within Country:** 0 = weak/unknown corporate relations, 5 = strong corporate relations | | | | | |

Figure 2: Archetype distribution for chosen countries

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| **Archetypes** | **India** | **China** |
| **Stereotypical suit** | **4** – 38% of Indian Market | **3** - 32% of Chinese Market  80% of Airbnb users in China are under 35 and this segment is 61% over the age of 35. |
| **Service seeker** | **3** – 31% of Indian Market | **4** - 47% of Chinese Market  52% of Asian service seekers < age of 35  80% of Chinese Airbnb users < age of 35 |
| **Belt tightener** | **2** - 20% of Indian Market | **2** - 11% of Chinese Market |
| **Point maximizers** | 1 - 11% of Indian Market  Brand loyalty is a barrier to entry as they have collected points/built relationship. | **1** - 11% of Chinese Market  Brand loyalty is a barrier to entry as brands have built long relationship with consumer |
| **Decision** | “Stereotypical Suit”. Largest Market. | “Service Seekers”, invest in younger generation travelers; age < 35. |
| **Decision Factor**: Market size; 1 = smallest segment within country; 4 = largest segment within country | | |

Figure 3: Sales teams

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| **Role** | **Value Provided** |
| Scout and identify convenient locations for customers, specific to each country | Both archetypes value proximity of location to workplaces and meetings. To provide exceptional services, it is vital to focus efforts of Airbnb in specific areas depending on segment, whether in the Chinese outskirts or walking distance from business districts. |
| Provide incentive for landlords to participate in Airbnb’s services | - Indicate that unoccupied properties may bring high profitability, especially when business travelers are not price-sensitive.  - Send scouts to assess properties for potential |
| Report and coordinate information with the marketing team | To align the new information in the market with the marketing efforts for Airbnb |

Figure 4: Premium Service Offering Inclusions for Chinese Consumers

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| --- | --- |
| **Previously Included BTR Requirements** | **Newly Included Premium BTR Requirements** |
| * Smoke-Free * Pet-Free * Wireless Internet * Laptop-Friendly Workspace * Self-Check-Ins * Smoke Detectors * Carbon Monoxide Detectors * Toiletry Essentials * an Iron * Clothes Hangers * Hair Dryer | * Charging stations for smartphones * High-speed Wi-Fi * Wireless Printer and Scanner * High-Pressure Shower * Adequate Shaving Facilities * Shoe Polish * Clothes Steamer * Mini Sewing Kit * Work Desk * Chair and Lamps * White Board * Coffee Machine * Airport Transfer * Laundry |
| **Value Preposition: Consumers**  Chinese consumers desire value from the products they purchase. They are willing to pay the extra dollar to have a better experience. They prefer award winning services rather than cheaper alternatives. They are more receptive to a premium service that will serve them to the highest degree. These preferences along with the family-centric atmosphere provided by a property will be of the highest value to consumers when compared to hotels. | |
| **Value Preposition: Suppliers**  Corporate consumers value rental areas that provide a good location near work, award winning service and value for money. These consumers are willing to pay for extra utilities so long as they are value-adding. This means that suppliers will receive greater profit margins from setting up premium BTR homes. Suppliers will also receive high ratings, which will attract more consumers in the future. The trade-off of having to invest in the home is greatly countered by the price and the recurrence of return clients. Along with these benefits, premium BTR home owners will be subject to longer bleisure stay, lower seasonality, lower likelihood of property damage, and will also receive company tools and assistance; smart pricing, company support in order to manage requirements, and dashboard tools. | |

Figure 5: Features to be included in the Airbnb/Aibiying App

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| **Features** | **Description** | **Value-Added** |
| **Services** | | |
| **Transportation** | Partnerships with local taxi and ridesharing services | Seamless one-stop service that facilitates transportation and dining for guests; also streamlines travel expensing operations by storing online receipts in one place |
| **Cuisine** | Find restaurants and book reservations, as well as order food delivery |
| **Local Destinations** | Find local tourist places to visit; option to book tours through the app as well | Increase customer satisfaction by having a platform that caters to the “bleisure” aspect of work-travel |
| **Other Features** | | |
| **Weather Updates** | Include local weather updates | Customer-centric feature will add to the extensive customer-appreciation approach |