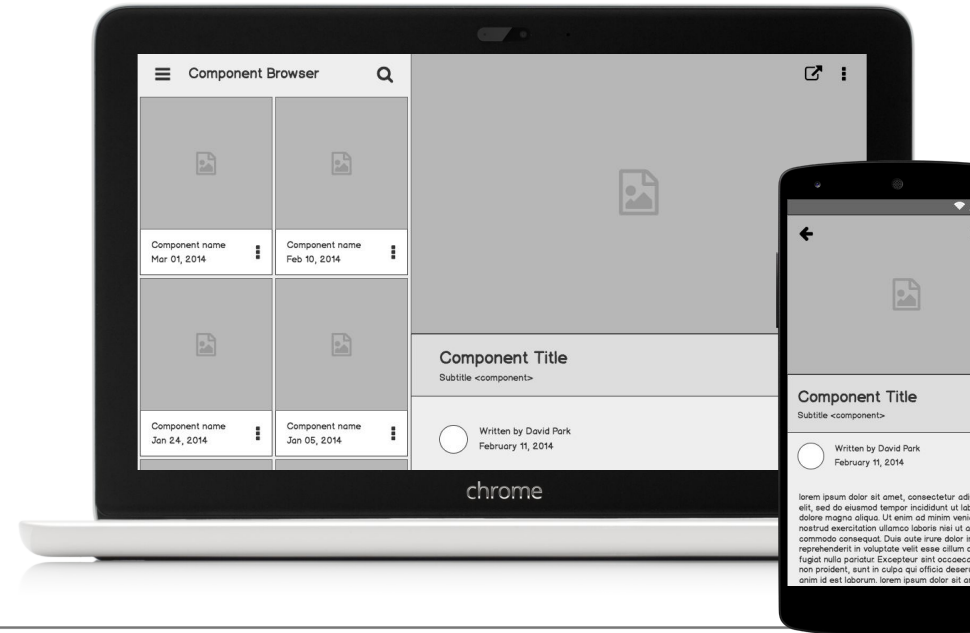


Airbnb Loyalty Program



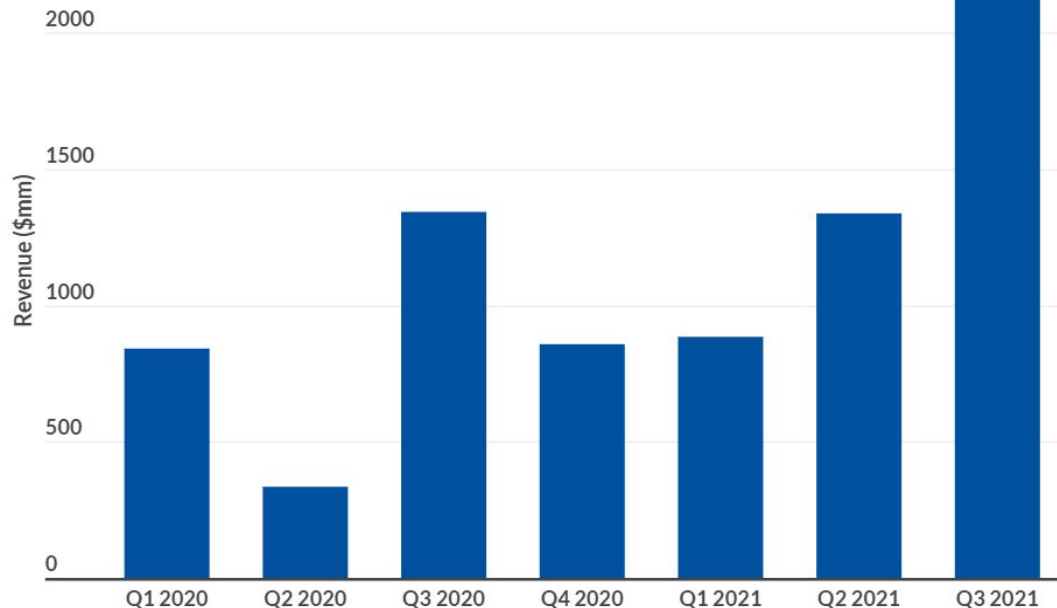
About Airbnb

Airbnb, is an American company that operates an online marketplace for lodging, primarily homestays for vacation rentals, and tourism activities. Based in San Francisco, California, the platform is accessible via website and mobile app.

Airbnb's mission is to help create a world where you can belong anywhere and where people can live in a place instead of just travelling to it

Airbnb is reporting its strongest quarter ever in the third quarter of 2021, with revenue topping **\$2.2 billion** – a 36% jump over the same pre-pandemic period in 2019. The revenue figure also beats Q3 2020 revenue of \$1.3 billion by nearly 70% year-over-year.

Airbnb revenue



Case Brief : A loyalty program for the customers of Airbnb.

- **What:** Businesses offer rewards, discounts and other special incentives as a way to attract and retain customers.
- **Who:** All potential customers (new users as well as existing users) who can add value to the business should be targeted.
- **Why:** A loyalty program's main purpose from organisation's point of view is to attract and retain new and old customers respectively. Hence making more money from it..
- **Impact to the business:** A loyalty program allows businesses a direct line of communication with their customers. This makes it easier to build brand awareness and increase loyalty..

Loyalty Program

A loyalty program is a marketing strategy designed to encourage customers to continue to shop at or use the services of a business associated with the program

Guiding Principles :

- Objective of the Loyalty Program.
- Sufficient data to drive the program.
- Target Users.
- Demographic regions.
- Impact on the business.



Pros And Cons Of A Loyalty Program.

Pros

- Customers retention.
- Increased CLTV (Customer lifetime value) value.
- Better customer communication.

Cons

- Difficult to differentiate b/w loyal and frequent customers.
- Inconsistent profit.
- Market saturation.

Is the loyalty program the right thing to do at this stage?

- At present Airbnb's aim is to expand its user base and serve one billion customers in the upcoming years. This program will help to acquire new customers and retain the existing ones. Ultimately, it will help in fulfilling the aim of the organisation.

Loyalty Program (bnb points)

- Target User : All potential customers in Airbnb's user base.
- Demographic region : not specific
- Objective : Customer retention in Airbnb's ecosystem. As a result, growth in business.
- Impact on the business : It will help to understand the customers loyalty, need and psychology towards the product. This will help in the business growth as well as betterment and advancement of the product in the competitive market.

Incentive offered to a customer in this program. (Tiered incentive)

New Users/referral	1-9 nights/year	10-25 nights/year	>25 nights/year
Flat 10% discount on the booking subtotal.	Credit point = 5% of booking subtotal that can be redeemed in the next booking	Credit point = 7% of booking subtotal that can be redeemed in the next booking	Credit point = 10% of booking subtotal that can be redeemed in the next booking

Impact it will have on the brand?

- Airbnb signifies the brand value of simplicity, trust and comfortable stays. Loyalty program will encourage travellers to stay with Airbnb rather than any other product. Thus impacting the brand value.

Adoption of this program amongst their existing customers?

- Push Notifications.
- In app Notifications.
- Emails.
- Social Media Notifications.

What are the risks foreseen?

- Less customer engagement in the program.
- Market saturation of the program.
- Fraud. (Customers with higher number of bookings will help their relative/colleagues/friends to book through their account to avail maximum discounts)

Plans to mitigate the risk?

- Deep analysis of the data to gain insight of customer behaviour, experience and interest and then build proper communication accordingly.
- Brand should offer unique rewards to the customers so that they can differentiate easily and do not use any other product available in the market.
- The person whose account is being used for the booking must be present with a valid ID proof.