Airbnb Case Study

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Executive Summary

Airbnb is a company promoting renting the houses and apartments of others while abroad. This is done through their website where pictures, videos, reviews and chats with the owner take place. This allows the customers to understand what they’re renting and where they will be staying on their trip. However, Airbnb doesn’t hold a strong advertising presence. Currently, they have YouTube videos and a few television advertisements. Considering Airbnb is apart of the the travel industry, which is one of the most competitive industries in the world, more advertisements would allow them to gain customers and make people aware of their company. A major problem that Airbnb faces is the lack of “reliable” reviews and credibility. Reviews play a large role in Airbnb’s reputation and essentially holds the company together. A positive review makes the company credible, however, a poor review can make it equally incredible. If Airbnb became more active on social media and more involved in modern advertisements, more loyal, frequent customers would follow. We’ve brainstormed multiple social media suggestions that would help in this manner.

Background Information on Airbnb

Airbnb is considered a pioneer business in the sharing economy. In this economy, owners sell or share services or items through peer- to- peer consumption, cutting out the middleman. These transactions take place mostly through online communities. This is a relatively new economic trend that is considered both an economic and cultural movement. Joe Gebbia, Brian Chesky, and Nathan Blecharczyk founded Airbnb in August of 2008. It Gebbia and Chesky found themselves struggling to pay rent in a San Francisco apartment. In 2007, they had come up with the idea to rent out rooms to guests for $80 a night, provide air mattresses, and prepare them breakfast in the morning. After creating a website and successfully
renting out three spots, the two realized that their idea had potential to become something more. By 2008, Airbnb was officially founded in and is still based out of San Francisco (Salter, 2012).

To date, Airbnb has been extremely successful in the travel industry. On their website, they boast of 60+ million guests, 34,000 cities, 190+ countries, and 2 million listings worldwide. Their success can be attributed to their review system. The way the website works is hosts, those who provide the place to stay, are required to provide pictures of the house or apartment, a description of the space, amenities, prices, rules, and availability. After someone has finished their stay, they can give a one through five star rating and a review of their stay. These reviews are important to Airbnb because, essentially, they are the glue that holds the company together. Reviews by customers are not promotions and are not paid by any means, which gives them a trustworthy feel. The realistic quality of the reviews is what draws future consumers in.

Airbnb can attribute their success to Youtube videos and word of mouth. They promote themselves through Youtube videos that showcase different benefits of choosing Airbnb, such as discovering a city from a local’s perspective rather than a tourist’s and meet the hostess. These videos truly emphasize the fact that Airbnb gives travelers the chance to experience the world through a local’s perspective. Airbnb has not invested much into advertising or marketing, so they rely heavily on word- of- mouth.

Although the reviews are the biggest asset to Airbnb, they are also one of the biggest downfalls. As much as the good reviews make the company credible, the bad reviews make the company equally incredible. Maybe a bad experience occurred or things just didn’t go as planned. These elements could attribute to a bad review when, in reality, they have nothing to do with the place. In the field of customer service, different things can be satisfying to different
customers. What one customer may like, another may not. Therefore, reviews are unreliable which makes the very foundation Airbnb is built on unreliable.

**Background on Industry**

Airbnb finds themselves in one of the most competitive industries: the travel industry. The travel industry is one of the largest industries in America making up for one in eleven jobs. This industry is projected to grow as the Millennial generation continues to grow toward their highest earning years. The biggest and most important trend in the travel industry is mobile services and social media. Mobile travel services allow the customer to have easy access to all information and can help to differentiate a travel experience. Social media is also a prominent trend because it allows businesses to engage with their customers and boost brand loyalty (Travel and Hospitality Trends for 2015, 2014). In order to be a strong force in the travel industry, Airbnb must stay on these trends. Especially since their competitors are just about every other hotel chain. Competitors that offer similar services are Windmu, HomeAway, and 9 Flats. Mobile travel services and social media will be what sets Airbnb apart from the rest.

**SWOT Analysis**

**Strengths:**

- 24/7 Customer Service
- Gives guests the opportunity to mingle with locals in their environment
- Cheaper prices in comparison to hotels
- Large selection of listings
- Large number of users and continual growth
- Trust and safety
- Broad market of potential customers

**Weaknesses:**

- Backlash on the concept
- Rental prices are increasing, causing the available housing in cities to decrease
Airbnb acts as the liaison between host and tenant, causing potential problems and additional costs

- Competitive Pricing
- Bad hosts can create a bad reputation for the company
- Hesitation to use the service due to lack of information on measures taken to ensure tenant safety
- Perception of reviews as being “unreliable”

Opportunities:
- Tap the college student market
- Partnership with other companies or organizations
- Social media marketing
- Potential growth in areas where hotels are expensive or unavailable
- Potential to expand Airbnb’s services, including user suggestions, travel tips, restaurant recommendations, etc.
- Endorsement from celebrities and key figures
- Growing number of people looking to travel and have authentic cultural experiences
- Global growth
- Improve “review” system

Threats:
- Growing competitors, such as travelrent.com and 9flats.com
- Lawsuits and fines
- Technology limitations
- Increasing number of issues

Situation Analysis

Airbnb has distinguished itself amongst other corporations providing similar services (like HomeAway, Roomorama, CouchSurfing, etc.) as the frontrunner of the “home sharing” industry within the current sharing economy (Weiner, 2015). It is regarded by key publics as a reputable business that is easy to use and is considered a relatively safe option when seeking accommodations while traveling. Most consumers or “guests” have a positive impression of Airbnb and consider it a more affordable option than traditional hotels. However, there are specific groups within Airbnb’s key publics who remain critical of the corporations’ influence on the local community.
Airbnb has become the “face” of the “home-sharing” industry and has revolutionized the way the current generation (particularly the Millennial generation) coordinate their travel plans. Despite the existence of numerous other corporations trying to do the same thing, Airbnb is a familiar name that consumers recognize and associate with “home-sharing”. Much like how consumers think of Uber when thinking of cheap and quick transportation, Airbnb’s established presence on the home-sharing marketplace since 2008 has made Airbnb a corporation consumers feel comfortable trusting.

Some city groups and governments have protested Airbnb’s activities and claim that the revenue brought in by these listings is illegal because they do not pay the appropriate taxes and negatively influence local economies, both domestically and internationally (Helm, 2014). City governments have also attempted to eliminate Airbnb’s clout on local funds by citing Airbnb’s violations of zoning laws, health and safety laws, and international tourism laws. Some cities still maintain policies against Airbnb listings as a result. Some cities have begun to legalize and tax Airbnb and the corporation is adjusting its policies and operations accordingly. However, there are still groups and even consumers who even express their dissatisfaction claiming that rental prices are going up as a result of how Airbnb is reducing housing inventories.

The overarching consensus by the primary consumers of Airbnb is that home sharing has changed the modern perception of travel accommodations. Airbnb is one of the first corporations to offer this type of service. Although the concept of home sharing might deter some from making use of it and there are definite liabilities in participating, Airbnb offers precautions and protocols to ensure that bookings are appropriate and suitable for both hosts and guests. Each listing is insured 1 million dollars for any damages that might occur (Helm, 2014.) Rather than
dealing with the logistics and miscellaneous fees that more formal accommodations might incur upon guests, Airbnb provides a personal connection between homeowner and guest, eliminating the need for a middle man.

In comparison to other corporations within the growing number of home sharing corporations and websites that are being created, Airbnb definitely stands out as the more well-known, reputable and trustworthy corporation. Other newer and less established corporations, like HomeAway or Roomorama, differ from Airbnb in that they market themselves and their services as more specific home sharing experiences. For example, HomeAway promotes itself as a “vacation rental” service. The global coverage provided by Airbnb is also more extensive than other corporations like Roomorama, who offer little more than e-mail support. Airbnb also facilitates and processes all financial transactions done on their site through their own payment system without the need for codes of any kind, making payments simple and timely.

Airbnb’s quality photos, affordable prices, and variety of rentals available are some of the main motivations for consumers to book with Airbnb. Other consumers have cited that the more personal look at local life through the help of their hosts was also a reason why they decided to select Airbnb to search for travel accommodations. Hostels are a popular option for travelers, especially those abroad, but consumers have noted that hostels can be cramped or in poor quality locations. Airbnb’s options to rent spaces range from single rooms to entire houses/apartments.

Reading the reviews that can be found on each of Airbnb’s many listings has also helped consumers determine whether to book with Airbnb. Airbnb’s review system allows for hosts and guests to both leave comments about each other. This provides potential consumers a chance to
get an understanding of what their stay at a certain listing might be like from both perspectives. All reviews on Airbnb are submitted into their own approval system, so each review is guaranteed to be legitimate.

**Goals and Objectives**

Goal: Our goal for this campaign proposal is to attract the attention and interest of college age and bring consumers to Airbnb. Primarily those looking to study abroad or to travel abroad during winter break or spring break, and to increase the number of those college age consumers who actually book a stay through Airbnb. The popularity of Airbnb has garnered interest and use by a wide range of consumers, but we aim to create a highly specified campaign that can target this demographic of consumers, using platforms like social media and tactics that cater to their interests to bring in more loyal customers.

Objective 1: To increase the awareness of college-age consumers, specifically to improve consumer’s attitudes towards the credibility of Airbnb.

Objective 2: To encourage students to save money on hotel rooms abroad by showing them other housing options.

Objective 3: To increase the number of bookings by students during winter break, spring break, and summer vacation.

**Target Audience**

We plan to target college students and young adults wishing to travel abroad. These individuals can be any ethnicity, either male or female with an age range or 18-25. Most, if not all, colleges in the United States offer study abroad programs. Airbnb is typically used when
traveling abroad. Therefore, our focus will be on students and young adults with future plans to travel or study abroad to any country.

At the University of South Florida alone, there are over 75 study abroad programs available for students right now. They range from the United Kingdom to Asia to Africa. Most study abroad trips have housing arrangements already set in place that are mandatory for all students. However, from personal experience, students travel to other countries before, during, and even after the initial study abroad experience. Airbnb allows these students to provide themselves with alternate living arrangements for their additional travels during their time abroad.

Many students in this age bracket are planning summer trips, in addition to their study abroad trips. According to USA Today, 8% of leisure travelers fall into the age range of 18-24. We plan to target the leisure travelers as well. Our plan is to market to individuals who dislike the often high-priced hotel/motel experience and offer them a cheaper, more authentic alternative.

We know that while abroad, most time isn’t spent in the room. Our target audience will also be focused on the adventurers who plan on spending their time outside of their living quarters, rather than inside the room. While abroad, days aren’t typically spent inside. They are spent exploring and seeing what the new country has to offer. Airbnb allows the guest to select the living arrangements most suitable for them and their plans abroad. We will target the adventurers by focusing on the low prices of renting from Airbnb, which allows the saved money to be spent on experiences and memories.
However, of these study abroad students or young adult leisure travelers, there are still some individuals who enjoy staying in and relaxing. We will target them as well. Showcasing the different housing options available on Airbnb will let the individuals who wish to stay indoors and relax the option to pick the most comfortable, peaceful home to stay in. Airbnb offers pictures and even videos of the housing options, which allows all guests to see and understand their options before they settle on a home.

To summarize, our target audience for Airbnb consists of individuals between the ages of 18-25 of all genders and ethnicities. We will have two segments: study abroad students and young adults who are wishing to travel abroad. Within the latter segment, it will be broken down into two more segments, the adventurers and the ones wishing to stay in and relax.

**Strategies and Tactics**

Since our audience is college age students, it is imperative to use social media in this campaign. This is the digital age and there is no better way to reach the Millennial generation than through social media. This platform is one of the most effective ways to reach college age students, as well as engage with them.

Instagram is one of the most prominent social media platforms among college students. Nearly 53% of college students find themselves on Instagram (Duggan, M., 2014.) Airbnb can utilize Instagram in a few ways that can reach our target audience in the most effective way. One way Airbnb can utilize Instagram is to post a weekly vacation spot that provides a description of the location and the house and hostess. A link would also be provided that would give more information such as cost and a more in-depth description of the place and host. To add to their
presence on Instagram, Airbnb can also create the hashtag, #MyAirbnb. This will allow guests to be able to share their experience and learn about others.

Another useful tactic would be to post a weekly success story of a customer who has used Airbnb before. This would help the credibility of the company as well as give a more honest and realistic perspective of the Airbnb experience, since it is from someone who has actually used the company. This will allow hostesses and Although the website uses reviews, this would be a more unique way of displaying a review. Airbnb can also use Facebook and Twitter in similar manners to reach college age students.

Another way of using social media is to use Facebook. Facebook can be used in the same manner as Instagram, as mentioned before, but it can also be used as a place for guests to describe their stays with different hosts. Although the Airbnb website provides a place for customers to place reviews and give star ratings, it does not give them a chance to discuss among each other. Airbnb can create a review Facebook page where guests can discuss their experiences with each other as well as give recommendations and suggestions. This page can help college students to get a real grasp on where they are planning to stay and ask questions. This page can also add the credibility of different hosts and places.

YouTube is already heavily used by Airbnb to get their message across. The company can further their message and credibility by having hosts upload a home tour video of their house. This gives hosts a more realistic way of displaying their house to potential customers. It also gives customers a better idea of what the house looks like and if it suits their needs. This would be beneficial in gaining a college crowd because it would ensure credibility and also what the host is like.
Airbnb can also garner the attention of college students by doing a nation wide event. It can tour different colleges to educate students about their program, show the credibility of the company, and the benefits of traveling with Airbnb. The company would especially emphasize the fact that this is a cheaper alternative to other living arrangements while traveling abroad. Airbnb could also team up with colleges to do a promotion and offer discounts to students willing to sign up after hearing about the company, such as one night free when you book. These angles would be especially beneficial to students because some are already in poor financial situations, but still wish to travel. This would give them the perfect opportunity to do so.

All of these strategies and tactics would be useful in educating college age students about the benefits of using Airbnb for future travel plans.
Measurement Plan

To see that our campaign has been effective, a measurement plan will be used to see how effective our strategies were. This evaluation will measure the number of shares, comments and “likes” on social media. Facebook analytics will be used to measure the audience engagement on comments. We will keep track of the hashtag #MyAirbnb and the number of times it has been shared.

Currently on Instagram, Airbnb is doing a campaign showcasing people’s stunning photographs of their Airbnb locations. Airbnb has a link on Instagram that takes people to the top
photography picks. From there, they can find more information about the Airbnb that correlates to the picture. Most of Airbnb’s hashtags are used over 3,000 times. The hashtag #MyAirbnb will be a better way to know how many people post their personal Airbnb story on social media.

To measure the increase of bookings in the respective months of winter, spring, and summer break for college students we will do an analysis of the bookings within those months. Airbnb will be able to see how many coupon codes were used. We would then compare the statistics of previous years to see how bookings have increased. Using this measurement, will see if we reached our target of a 65% booking increase.
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