



Media Plan Recommendation for 2019

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Media Plan

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SITUATION ANALYSIS:

Airbnb was founded in August of 2008 in San Francisco when Brian Chesky and Joe Gebbia could not afford the rent for their loft apartment. The duo came up with the idea of putting an air mattress in their living room and turning it into a bed and breakfast. Today, Airbnb has over 3,000 employees and had a net income of \$93 million last year in 2017. Airbnb's success represents the effectiveness of their marketing strategy and their media placement. Airbnb is changing the way people travel. In the past, few years Airbnb has helped millions of consumers find short-term lodging options based on their preferences and price points. This is done by helping people who are searching for living accommodations connect with people who may have a living space that they are not currently using themselves.

Airbnb has many filters that allow consumers to book unique accommodations based on their terms. From villas in Japan, castles in Ireland, apartments in the upper east side and small cabins in Wisconsin, Airbnb has it all. Airbnb has been expanding at an exponential rate since it launched ten short years ago. For Airbnb to continue at this momentum, Airbnb has decided to expand their services to offer and create a unique experience amongst consumers that goes beyond just living accommodations. This includes providing recommendations on delicious foods and helping travelers engage in activities that they may not have otherwise been aware of. In addition, Airbnb also wants to promote tourism in places that people may not have considered as a travel destination.

CURRENT EXPENDITURE:

Airbnb currently allocates over \$18 million to advertising each year. Designating 44% of the advertising budget on national magazines, this amount was spent during the first, second and

third quarter of the year. This budget was used in the development of their magazine. Airbnb designated 30% off their budget on digital advertising, which was the second most significant piece of the budget. Of the 30% spend on digital media, over 64% was spent during the first quarter of the year, with the remaining amount distributed throughout the year.

Airbnb also designated 11% the next most substantial part of their advertising budget to TV spots, followed by outdoor advertisement at 7% and national cinema at 6%. Interestingly, none of Airbnb's competitors invest money in advertising on those mediums. Airbnb also invests less than 1% of their budget advertising on Spanish language cable TV during the first quarter of the year. Unlike any competitors, Airbnb also spends on advertising on radio stations.

COMPETITIVE ANALYSIS:

Broadly speaking, Airbnb has appealed to a younger audience of millennials looking for fast and less expensive booking options, while Homeaway has remained the optimal platform for families renting entire vacation homes. They both spend comparable amounts of money on their advertising, however, Airbnb has the most variety in their platforms used by far. VRBO, a subsidiary company of Homeaway, spends significantly less on advertising and solely in the digital space, presumably relying off of Homeaway's extensive advertising.

All three of the companies only co-exist in the digital space. Both Airbnb and Homeaway place a hefty amount of their budget in the digital platform, however, that still comes in second to National Magazine, for Airbnb, and Cable TV, for Homeaway. Presumably, National Magazine took the bulk of Airbnb's budget as they created their own magazine in a joint venture with Hearst this past year. While Cable TV was Homeaway's largest advertising investment, Airbnb spent drastically less in this platform. Similarly, Homeaway placed a large amount of

their budget into Network TV while Airbnb didn't even advertise on this platform at all. Another noticeable difference can be identified within the cinema category. Airbnb chose to advertise in the National Cinema at the same time as Homeaway placed their advertising in the Regional Cinema.

SEASONALITY:

The most popular travel months extend throughout the summer, peaking in July and August. According to Forbes, "Millennial Travel Trends," most millennials tend to plan and reserve their trips four to six months ahead of time. Therefore, it's important Airbnb saturates the market with their advertising in the first few months of the year in order to reach consumers as they are booking their summer vacations.

OBJECTIVES:

Our objectives can be broken up into three buckets: marketing, advertising, and media. For our marketing objectives, we plan to increase revenue by 10% in the 2019 calendar year. We feel Airbnb already possesses a great amount of awareness, therefore, in terms of advertising, we aim to increase consumer's selection of Airbnb over their competitor companies. Finally, in our media bucket, we determined reach and frequency goals, striving to obtain a 95% reach with a 24 frequency.

TARGET AUDIENCE:

The target consumer for Airbnb is millennials. Based on research from the 2017 GFK MRI study the key ages of Airbnb consumers are 18-49 (VERT:72%, INDEX:130). However, the largest percentage of that audience is driven by millennials (18-34). 46% of people who said they stayed in an Airbnb were between the ages of 18-34. They were also 152% more likely to

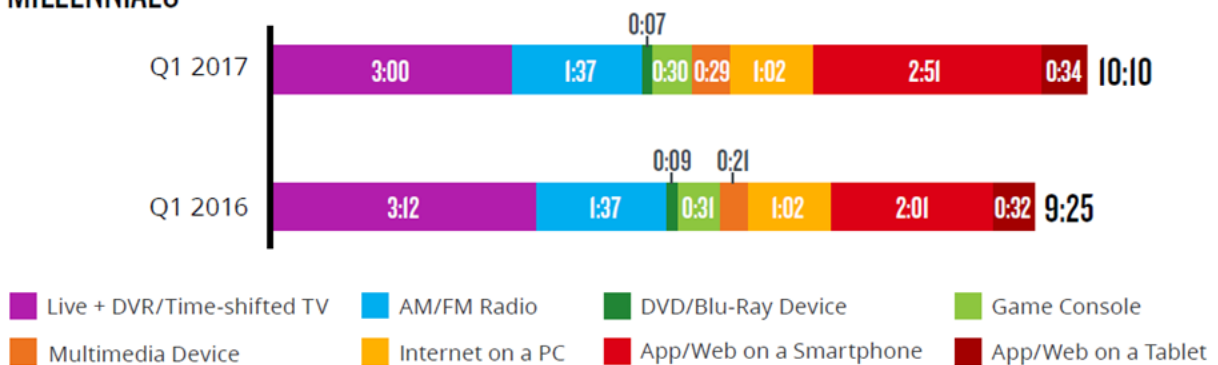
than the rest of the general United States population. Airbnb services pride themselves on providing a variety of pricing options for consumers, which is likely why they still skew towards to younger millennial audience vs. an older audience. In addition, Airbnb is booked through an app. Millennials lead consumption habits when we look at their time spent with different media. Airbnb consumers skew slightly more female (55%), which is likely due to the nature that women tend to book travel more often compared to men. 60% are college graduates leading to 95% of them having a household income over \$30K. At least 30% of them have claimed to have a household income over \$150K, these consumers are 105% more likely to book a stay with Airbnb. 64% of people that use Airbnb work full-time and People who work part-time are 133% more likely to use Airbnb. Nearly 80% of Airbnb and consumers are white. According to the U.S. Census Bureau, this is roughly in line with the national average which is 76%. Although this is in line with the national average, Airbnb does have an opportunity to develop a marketing plan that reaches multicultural populations that are continuing to grow year over year in the U.S. As a travel company many multicultural populations may be willing to travel back to their home countries to visit their families. Multicultural populations are also more likely to travel in larger groups or with their extended families which can provide a unique proposition for Airbnb, an area that the competitive set has not fully tapped into yet. Hispanics are 11% more likely to use an Airbnb, Asians are 150% more likely and gay/lesbians are 210% more likely. In addition, African Americans are 18% more likely to use Airbnb's competitor, HomeAway.

MEDIA CONSUMPTION:

Millennials are continuously becoming more digitally savvy consumers. Every year Nielsen releases their Total Audience Report, which provides information on media consumption

data of specific advertising buying demos. In their Q1'17 report, Nielsen reported that Live+DVR/Time-shifted TV reached 83% of millennials. This is compared to 50% on the internet on a PC and 55% on App/web on a smartphone. The other highest media channels were AM/FM radio reporting a 93% reach and App/Web on a Smartphone at 94%. While TV still reaches a large percentage of millennials it is important to be cognizant of the time that millennials are spending on media platforms. Millennials spend nearly 26 hours every week on the internet. This is the highest of any other media platform. The next highest was TV at 18 hours per week. In Nielsen's Q1'17 Total Audience report the average time a millennial spends daily with live+DVR/time-shifted TV is three hours, that is a 12 minutes decrease compared to the Q1'16 report. Despite the decrease TV still represents the largest portion of time spent in a day by millennials (Chart 1).

MILLENNIALS



What this means for Airbnb is that a mixed media plan is essential to ensuring the highest reach of the millennial audience. It also is important to remember to be on the channels that are more relevant to them. Here are some of the top performing media companies by platform...

- TELEVISION: Fox, Adult Swing, Univision, ESPN, ABC, CBS, Univision, Telemundo, NBC, Nick, and NBC

These are just some of the top TV networks. Univision and Telemundo are two Spanish language broadcast networks. They popped within the top 10 networks millennials watched, which showcases the growing Hispanic space that Airbnb should be playing in.

- SOCIAL: Facebook, Instagram, and Snapchat
- WEBSITE: YouTube, Amazon, NBC, PayPal, and Turner
- MAGAZINES: Cosmopolitan, The New York Times, GQ, and The Wall Street Journal

The plan that we have put together aims to ensure a high reach of our audience, innovation for Airbnb to break through the clutter, and a diversified mix of options so Airbnb can be in contextually relevant environments.

MEDIA RECOMMENDATIONS:

Media One - Social

Our first media platform recommendation is for social. Millennial audiences, as mentioned previously, spend a majority of their time online. Airbnb is currently doing well in this space. We believe that there is an opportunity for them to increase their visibility through social platforms by promoting content posted by their current clientele. This is an interesting angle because it not only is paid media, but also earned media. The earn comes from the posts people are already making, but Airbnb going out of their way to recognize those posts also brings a paid, but authentic feel to the media approach. We would also make sure that this was an inclusive approach. We would diversify the content we promote through the people we choose and the locations we promote. This would help angle the multicultural audience as well.

Media Two - Book/Contest

For the second media recommendation we are proposing the idea to make an Airbnb book that is filled with photos of individual's posts at their Airbnb stay. Airbnb's CEO, Brian

Chesky, has openly stated the company's appreciation for print. We believe this would be a natural next-step for the company, as well as a new form of media they have not touched on yet. The book will consist of a brief description of the photo, where the photo was taken and credit to the individual that took the photo. This book will be a way to help showcase how unique Airbnb location is. It will also be beneficial for Airbnb and their clients when trying to rent out their homes. The only way an individual can enter the 2019 Airbnb's book is through a contest that will run on social. First, entrants must tag the official Airbnb pages in the photo that is to be posted on a social media platform (Facebook, Twitter, or Instagram). Second, they will have to include a special hashtag that Airbnb will create for this contest. The book will only have the top photos, that Airbnb's content team will pick out. In choosing the ultimate winner, Airbnb's content team will select the five top photos and post it on their website for people to vote on. The photo that gets the most votes will be the cover of the book. To incentive the contest, the winner will also get Airbnb credits for future stays. The contest will be promoted on all of Airbnb's platforms, but ultimately will end on their website in order to drive traffic to the site. It will also get the audience involved by making it interactive. To spread the news about the contest, it will be promoted by micro-influencers in the different markets of the social media world. By having micro-influencers, it will bring a more authentic touch to the audience's perceptions. The main goal of creating this contest is that it will drive more people to select Airbnb when they are thinking about places to stay on their vacations.

Media Three - Local Experiences

For the third media, the recommendation is to localize the media. The goal is to hit the target multicultural audience by targeting high-density multicultural cities. For this media,

Airbnb will create an interactive experience by using 4D pop-ups shops on the streets of New York and Los Angeles. 4D is an interactive experience that uses all the senses; the individual will be able to feel, smell, see, and hear, making this experience hard to forget. An example of this would be in February, where Chicago is still in winter, Airbnb would create a pop-up shop on Michigan Ave. The pop-up shop would be a beach in Hawaii. The individual will be able to feel the sand in their toes, the warmth of the sun on their skin, and a light mist from the ocean. There will be trained sales representatives to inform people about Airbnb's services, and how easy it is to use the platform. Visitors will also have the opportunity to look at listings in the featured locations and have the ability to book stays as well. We will also film this and have photographers on site in order to use the content to push out through Airbnb's owned and operated platforms.

BUDGET RECOMMENDATION:

With an overall media budget of \$20 million, we understand that there are many moving parts. For our media proposal, we would set aside 10%, or \$2 million, for social. We believe this will allow us to put paid behind posts most efficiently and give us the ability to hit the multicultural audience we want to target. This also allows for other social assets Airbnb may choose to use. The book would be 15%, \$3 million. This will allow for the creation and distribution of the content. We will also use this budget to help fund the contest and the Airbnb credits for the winner. We would then set aside 25% (\$5 million) for the localized experiential launches. Since we are choosing to target multicultural audiences this year, we believe this will be the best opportunity to do so. We would like to visit at least 3 cities in order to increase our reach. Since these are experiences, the budget will be higher due to execution and production

costs. These media platform recommendations utilize 50% of the overall budget and leaves 50% for Airbnb to continue spends in areas they are already present (ex. cable TV, digital). These spends are broken out in our flow chart.

FLOWCHART:

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
1	Media	Q1			Q2			Q3			Q4			Total	Percent of Budget	
2		Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec			
3	SOCIAL															
4	Paid promo posts	[Grey bar across all months]												\$2,000,000	10%	
5	Contest			[Purple bar]											Comes from book budget	
6	PRINT															
7	Book											[Purple bar]		\$3,000,000	15%	
8	National Magazine	[Green bar]			[Green bar]			[Green bar]			[Green bar]			\$4,000,000	20%	
9	OOH															
10	Transportation Advertising	[Yellow bar]												\$1,000,000	5%	
11	DIGITAL															
12	Programmatic	[Yellow bar across all months]												\$1,000,000	5%	
13	TELEVISION															
14	Cable	[Red bar]						[Red bar]						\$4,000,000	20%	
15	EXPERIENTIAL															
16	Pop-ups		[Grey bar]									[Grey bar]		\$5,000,000	25%	
17	GRAND TOTALS													\$20,000,000	100%	

The flowchart featured above outlines our media budget recommendations and the timeline, broken out by months, each platform would run throughout 2019. We focused a lot on Q1 because this is prime booking season. Putting paid behind posts in social will run year-round because this is where the target audience likes to engage with content. The contest for our book will be budgeted from March to May for promotion. This creates awareness for the contest, then people will be able to submit during peak travel season, and the book creation will occur in November/December. The magazine will run once every quarter and release 1 edition, totaling to 4 per year. Advertisements on buses, in trains, and on billboards will run from January to March, which is peak booking season. Programmatic advertisements will run straight through Q1 to Q4. Cable will run in Q1 and Q3. The local experiences will run from February to April. If those perform well, we will run again in November and December.

PLAN ALTERNATIVES:

We also thought about other way to approach this campaign with different circumstances. If we had less money in our budget, we would have recommended less markets for our experiential approach to bring down the costs. We would also suggest spending less time in Q4 due to the holiday season and retail competitors. Retail owns Q4 and since Airbnb is not a retail company, we would suggest cuts here.

We also thought about the idea of reaching a different audience. For broader reach, we would suggest spending less money in digital media and more in traditional media. This would help broaden the span to an older audience, as this is where the majority of that audience consumes media.

CONCLUSION:

Airbnb has changed the landscape of the hospitality industry in ten short years. We want to assure that Airbnb continues with this same momentum. Through an in-depth analysis of the target audience, we found that Airbnb can have exponential growth by focusing on multicultural communities. In addition, though Airbnb is currently doing a great job with reaching audiences on a variety of platforms, we found that consumer media consumption habits are continually changing. Our suggested media plan implements these findings and targets consumers in their most used mediums.