POOJA SANTOSH MAHAJAN

MARKETING STRATEGY OF A COMPANY USING SHARED ECONOMY BUSINESS MODEL. THE CASE OF “AIRBNB”

Master Thesis

Program: Marketing and International Commerce
Study field: Marketing

Supervisor: Assoc.Prof.Dr. Miglė Šontaitė-Petkevičienė

Defended: Doc. Rita Bendaravičienė

Kaunas, 2018
# TABLE OF CONTENTS

ABSTRACT ............................................................................................................................... 2
SANTRAUKA .............................................................................................................................. 3
GLOSSARY OF TERMS ............................................................................................................... 4
INTRODUCTION .......................................................................................................................... 6
I. THEORETICAL ANALYSIS OF MARKETING STRATEGY ...................................................... 8
   1.1. Definition of marketing strategy .................................................................................... 8
   1.2. Elements of marketing mix .......................................................................................... 14
      1.2.1. Product .................................................................................................................... 17
      1.2.2. Price ......................................................................................................................... 20
      1.2.3. Place ......................................................................................................................... 22
      1.2.4. Promotion ................................................................................................................. 24
   1.3. Marketing strategy of shared economy business .......................................................... 27
   1.4. Conclusion on theoretical analysis ............................................................................... 30
II. ANALYSIS OF AIRBNB MARKETING STRATEGY ............................................................ 31
   2.1. Research methodology ............................................................................................... 31
   2.2. Presentation of AIRBNB ............................................................................................. 33
   2.3. Research result ............................................................................................................ 35
      2.3.1. Qualitative analysis result ..................................................................................... 35
      2.3.2. Results of survey ................................................................................................... 38
   2.4. Conclusion of the research result ................................................................................. 52
III. RECOMMENDATIONS FOR AIRBNB MARKETING STRATEGY ........................................ 53
   3.1. Problematic aspects of Airbnb marketing strategy ...................................................... 53
   3.2. Proposition for Airbnb marketing strategy using shared economy business model ...... 56
   3.3. Recommendation for Airbnb marketing mix .............................................................. 64
CONCLUSIONS AND RECOMMENDATIONS ......................................................................... 67
REFERENCES ............................................................................................................................ 70
ANNEXES .................................................................................................................................. 77
ABSTRACT

Author of diploma paper: Pooja Santosh Mahajan
Full Title of diploma paper: Marketing strategy of a company using shared economy business model. The case of “Airbnb”
Diploma paper Advisors: Assoc. Prof. Dr. Miglė Šontaitė-Petkevičienė
Presented at: Vytautas Magnus University, Faculty of Economics and Management, Kaunas Lithuania 2018.
Number of pages: 82
Number of tables: 2
Number of figures: 44
Number of appendixes: 2

The main aim of the diploma paper is to provide recommendations for the marketing strategy of AIRBNB using shared economy business model based on the theoretical analysis and research results.

The work consists of three main parts- the theoretical, the analytical and practical. The first part of this work overviews theoretical aspects of the marketing strategy of a company using shared economy business model. In this part, marketing strategy and its elements are the main tools for a company’s growth and how the marketing of the shared economy business is done is analyzed. The second part is devoted to conduct empirical research on Airbnb marketing strategy and to analyze research data. The marketing strategy of Airbnb was chosen because it is totally a new concept in the market and booming in the world of sharing economy business. The third part of the research work shows recommendations towards the creation of marketing strategy for Airbnb so that it will become a successful shared economy business.
SANTRAUKA

Baigiamojo darbo autorius: Pooja Santosh Mahajan
Pilnas baigiamojo darbo pavadinimas: Bendrovės verslo modelio komercijos marketingo strategija “AIRBNB” atvejis
Baigiamojo darbo vadovas: Doc. Dr. Miglė Šontaitė-Petkevičienė
Baigiamojo darbo atlikimo vieta ir vieta: Vytauto-Didžiojo-Universiteta, Ekonomikos ir vadybos fakultetas, Kaunas, 2018
Puslapių skaičius: 82
Lentelių skaičius: 2
Paveikslų skaičius: 44
Priedų skaičius: 2

Pagrindinis diplominio darbo tikslas yra pateikti AIRBNB rinkodaros strategijos rekomendacijas, naudojant teorinės analizės ir tyrimų rezultatų pagrįstą pasidalijamojo ekonominio verslo modelį.

GLOSSARY OF TERMS

Adaptation – It is practiced with a different firm and business parameters relating to multinational industries (Leonidas, 1996).

Advertising - Is the customer’s paying for the indirect sale of the information promoting the product (Hoxie, 2010).

Business potential – the Business potential of another item can be hard in the production arrange, however, it is much more difficult for mediator organizations like wholesales and retailing and the diverse service ideas identified with them (Niemi, 2016).

Communication - The act of making known of information by speaking, writing, or using some other medium.

Competitor – An organization in the same industry or a similar industry which offers a comparable item or service (Business, 2018).

Distribution- it is an important element in the marketing mix, which helps in covering decisions and actions related to the movement of products from producer to consumer (Hui-Chu and Green, 2009).

External environment- is defined as the totality of forces in a given area and affect business decisions, to which a company neither individually, nor jointly cannot make a direct influence (Brown, 2014).

Hybrid marketing – hybrid marketing frameworks extend outside high-tech organizations, for example, computer to more seasoned businesses (Moran, 1990).

Integrate marketing – integrate marketing is the marketing communication but it is no longer fit for the purpose (Allen, 2017).

Life cycle – the arrangement of stages in shape and utilitarian action through which a life form goes between progressive repeats of a predetermined essential stage (Merriam-Webster, 2018).

Marketing strategy – marketing strategy shows the purposes as the total sum of the combination of segmentation, targeting, and differentiation (El-Ansary, 2006).

Marketing planning- is an integral part of the organization’s strategic planning (McNamara, 2007).

Product differentiation- production for the individual segments.

Positioning strategy - The business decided that despite understandable problems and it would target the in Segment (Brooksbank, 1994).
Planning – The way toward defining objectives, creating procedures, and delineating undertakings and timetables to achieve the objectives (Investorwods, 2018).

Portfolio – A portfolio is a gathering of monetary resources, for example, stocks, securities, items, monetary standards and money reciprocals (Investopedia, 2018).

PEST analysis – macro-environmental factors that are divided into: economic, sociocultural, political-legal, technological and natural, yet often called ecological, environments (McDonald, 2006; Schrader et al., 2010; MacLeod, 2010).

Standardization – the message for the different buyer and market to each country (Papavassiliou, 1997).

Social Media – Internet-based software and interfaces that allow individuals to interact with one another, exchanging details about their lives such as biographical data, professional information, personal photos and up to the minute thoughts.

Segmentation – A process of splitting customers or potential customers within a market into different groups (McDonald & Dunbar, 2004)

Target market- is a group of consumers, that has the same needs and wants, that the company wants to fulfill (Kotler and Armstrong, 2013).

Target Market - A specific group of consumers at which a company aims its products and services (Staff, 2018).

Resources – profitable factor required to achieve an action, or as intends to embrace a venture and accomplish the desired outcome of land, labor, and capital (dictionary, 2018).
INTRODUCTION

Today information technology, its business models, and its marketing strategy has developed in the whole world and that results in increased the competition. It even develops the marketers and provider’s business with very vast opportunity, new possibilities, and acceleration. Nowadays sharing economy has been called an idea that will change the world according to Time, 2011. Sharing business has emerged as the hot topic in the current wave of technology excitement, this phenomenon of sharing economy has a very significant growth, since 2008 crisis.

Businesses of the future will continue to be challenged by the dynamic forces of the economy in which they operate. These effects include the enhanced complexity of predicting customer demand, consumerization of digital technologies, as well as economic and environmental constraints. Therefore, firms need to adapt their business models to meet customer expectations in a more efficient, convenient, and sustainable manner. Led by the shift in customer needs, a new business model termed as the sharing economy has emerged wherein the salesforce in the traditional B2B2C sector is substituted with micro-entrepreneurs who we call service providers. This new business model is being adopted by various companies and the best example is Airbnb.

Airbnb, the leading home-sharing service, has become a viable alternative to staying in a hotel, hostel, or bed and breakfast. Airbnb has expanded to over 34,000 cities across 191 countries. Uncommonly for a sharing economy company, Airbnb transitioned into profitability in 2016, demonstrating proof-of-concept for the validity of home-sharing within the global market.

Airbnb is often considered as a homogenous unit, in fact, offers three separate home-sharing options. Many users of shared room services express concerns, “Some 48% of those who have stayed in this type of shared lodging say they worry about staying with someone they have never met before […] In addition, these users are twice as likely to have had a bad experience using home-sharing compared with other users”.

Airbnb is still new phenomena for the consumers and hence to still many of them are concerned while using such platform. Many of the customers are still not aware of this services and hence Airbnb needs a successful marketing strategy so that it can solve consumer issues and develop a strong and positive bond. Even, this new phenomenon needs to maintain its image across consumer mind so that they remain loyal to Airbnb and Therefore,

the problem of this research is how to formulate marketing strategy of a company using shared economy business model

The object of the research- marketing strategy of a company using shared economy business model.
The aim of the research- after theoretical and empirical research, to provide practical solutions for the successful marketing strategy of a company using shared economy business model.

The objectives of the paper:
- To theoretically analyze marketing strategy of a company using shared economy business model.
- To prepare a methodology for the empirical research.
- After conducting empirical research on AIRBNB marketing strategy to analyze research data.
- To provide practical solutions for AIRBNB marketing strategy helping to become a successful shared economy business.

The logic of the paper (consistency): First part of the research is the literature review which explains and define the marketing strategy of a company using its elements “4ps” and also explains the marketing of the shared economy business. The second part of the paper is about research methodology and, the result of qualitative analysis as well as customer survey. In the third part of the research project decisions and recommendation are presented.

Research methods: literature review is conducted on the basis of scientific and practical articles and books. Quantitative data was collected using online survey and qualitative data was collected through secondary data analysis which was gathered from the online sources. The projection method is used in the third part of the paper.
I. THEORETICAL ANALYSIS OF MARKETING STRATEGY

In this part of work, literature is reviewed in order to analyze the issue which concerns to the marketing strategy of a company using shared economy business model. Definition of marketing strategy and elements of marketing strategy is explained and analyzed. The element of marketing strategy includes “4p’s”, which are product, price, promotion, and place and finally the marketing of shared economy business is analyzed.

1.1 Definition of marketing strategy

According to Varadarajan (2015) defines marketing strategy as “An organization’s integrated pattern of decision that specify its crucial choices concerning markets to serve and market segments to target, marketing activities to perform and the manner of performance of these activities, and the allocation of marketing resources among markets, market segments and marketing activities towards the creation, communication and delivery of a product that offers value to customers in exchange with the organization and thereby enables the organization to achieve specific objective.”

Table 1

<table>
<thead>
<tr>
<th>Marketing Strategy Key Issues</th>
<th>Related marketing strategy constructs</th>
</tr>
</thead>
<tbody>
<tr>
<td>How should firm compete?</td>
<td>Brand/Channel Strategy</td>
</tr>
<tr>
<td></td>
<td>To determine whether it is multi-brand versus single brand strategy.</td>
</tr>
<tr>
<td></td>
<td>Branding Strategy</td>
</tr>
<tr>
<td></td>
<td>This is important too, to identify new brand versus old brand name, in the firm’s brand portfolio.</td>
</tr>
<tr>
<td></td>
<td>Entering into a new product category, by introducing new products, with an existing once brand name in the firm’s brand portfolio versus with a new brand name.</td>
</tr>
<tr>
<td></td>
<td>Channel Strategy</td>
</tr>
<tr>
<td></td>
<td>Online versus offline channel strategy</td>
</tr>
<tr>
<td></td>
<td>Distribution (intensity) Strategy</td>
</tr>
<tr>
<td></td>
<td>In distribution strategy, the firm has to choose: Intensive or selective or exclusive distribution strategy</td>
</tr>
<tr>
<td></td>
<td>Positioning Strategy</td>
</tr>
</tbody>
</table>
Positioning helps firm’s by creating a relative offering of products to the positioning of its competitors’, even it helps firm’s aids in individual market segments relative.

Pricing Strategy
In this has to choose between penetration versus skimming market price strategy.

Product Line Strategy
Wide-ranging versus slender product line.

<table>
<thead>
<tr>
<th>How should promotion strategy be allocated?</th>
<th>Promotion Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>In this firm has to decide whether pull strategy is better or push strategy.</td>
<td></td>
</tr>
</tbody>
</table>

| What overarching strategy is?          | Primary demand spur vs. selective demand spur strategy |

<table>
<thead>
<tr>
<th>What should be the relative emphasis on?</th>
<th>Radical versus incremental innovations</th>
</tr>
</thead>
<tbody>
<tr>
<td>In this firm has to develop a variety of extension of new products, replacement, competitive substitute, new to the firm, and new to the world.</td>
<td></td>
</tr>
</tbody>
</table>


According to the Mavondo (2000), since 1980s marketing strategy had been a salient focus of the educational inquiry, provides various definitions on the topic of marketing strategy in its literature which even reflects the various perspective made by the author. Authors (Orville and Walker 2003; Theodosio, Leonidus, 2003; Kotler, Armstrong, 2009) state that the traditional definition of “marketing strategy is a plan for pursuing the firm’s objectives or how the company is going to obtain its marketing goals with a specific market segment”. In another case, Brodrechtova (2008), suggest that marketing strategy is a roadmap of how firms allocate its resources and relate to its environmental activities and achieve the firms objective to generate economic value in terms of money and keep the firm in competitive position.

Li et al (2000) define marketing strategy as the company ’s nature, power, road-map, and interaction between two components which are firms marketing mix- elements and the environmental factors in that required circumstances. According to Levie (2006), explains that the main aim of the growth of a company’s marketing strategy is to create, build, defend and maintain firms a competitive advantage in the market. Marketing strategy is “the set of integrated decisions and actions by which business expects to meet its marketing objective and meet the value requirement of its customers” (Slater and Olson 2001). To understand the execution of this marketing strategy, knowledge is required of different components and nature of the objectives, strategies, and implementation. The implication of this order does not create top-down strategy process; marketing objective can be determined and accordingly can be shaped at the firm-level objective which illustrates framework that drives the strategy process.
Marketing strategy can be thought of as a game plan that outlines, often in a list form factors such as the target market, positioning, distribution channels, prices, advertising and possible research and development (Kotler 1997: 100). Kotler (2003) even argues that segmentation, targeting, and positioning, which all can be effectively performed in companies of high market orientation, is the essence of marketing strategies. He even says a good marketing strategy also defines the reason why it is unique or compelling to buyers. In a way, it should clearly explain that why a consumer should buy that product and services from that company and they should not go to their competitors for buying that product (Kotler 1997). The most significant and the important planning task which is irrespective of industry or size of the company is a marketing strategy.

According to the Pestle Analysis (2014), marketing strategy analyzes all the expectations of sales activity and together combines to know what is going on in all department and hence they define marketing strategy is the process where organization should focus on available resources so that it can be utilized in best possible manner to increase sales and have competitive advantage in the market. It even says that determining business goals and long-term objective is the first step for the successful marketing strategy.

Factors in marketing strategy are company’s position in the market, company’s mission, vision, policies, objectives and resources, company’s competitor's marketing strategies, the projected life cycle stages, a general economic condition in which company must do business. Marketing strategies analyzed by Hamperand and Baugh (1990) say that every different strategy which is set by the company must have a specific deadline in it. The arranging in time will be essential to abstain from falling into the trap of talking about expected goals or advertising activities which don't get finished in light of the fact that are not time-related. Advertising techniques must control execution. They should allot assets specifically and in a roundabout way (Dodge & L, 1995).

Shaoming & Cavusgil (2002) state’s that in a global environment, the marketing strategy of an organization should be developed around three Key dimensions which are: (1) Standardization-adaption, (2) Configuration-coordination, and (3) Strategic Integration. Sudharshan (1995), states that firm’s marketing strategy is a relationship with its stakeholders, it's offering, it's resources allocation and timing with respect to its decision and development of the firm. This dimension is future explained, where standardization-adaptation refers to same or different use of elements of marketing mix across countries (e.g., Kotler, 2000; Levitt, 1983; Zou and Cavusgil, 2002), Configuration is way in which activities such as upstream, downstream and internal value-adding are configured, Strategic Integration is where competitive battles are planned and executed (Olivier Furrer, 2006)
Kotler et al (2005) and Kotler & Kellner (2007) claims that marketing rational reasons could help organizations to achieve their goals, the organization should even decide about the marketing mix, their costs and distribution of resources with respect to the current competition and resources. According to (Michaela Hromková, 2017) there is numerous marketing strategy and others use most common and distinct marketing strategy, such as the minimum cost strategy, the product differentiation strategy, the market orientation strategy.

Marketing strategy provides a good framework for developing best marketing activities. While planning those activities firm, should consider four main key factors: 1. Organization situation- 2. Product-market situation 3. Competitive situation 4. Environmental situation. Involving customers in new product development as a firms marketing strategy is investigated paying special attention to three main facts of marketing strategy: product differentiation, competitor orientation and brand profiling emphasis (Maditinos & Zemlickienė, 2012).

Strauss (2009) the basis of the marketing strategy of an organization is to analyses the current and future situation of the market and evaluate its own core competencies and resources. For that three-phase procedure is an ideal method. The most important factors while formulating a marketing strategy is changes in customer and competitive environment. With the help of business potential and positioning
of choice, an organization can work on marketing strategy, which includes: customer’s benefits, positioning, distribution channel strategy and designing the marketing mix.

Brian (2003) marketing strategy is defined as a company having two essential gears which are: a definition of the target ‘market’, and a statement of the ‘product’ or ‘value proposition’ that aims at the target market of customers. This two gears of a marketing strategy are sufficient to differentiate marketing strategy from strategies relating to other, non-marketing functions, such as research and manufacturing, and from other non-strategy aspects of marketing management, such as planned actions. For effective marketing strategy process, factors that can affect its making process are Mediators of marketing strategy process effectiveness, the observed application of strategic marketing planning, Internal and External mediators of the effectiveness of marketing strategy making processes.

![Marketing Strategy Diagram](image)

Source: Strauss (2009).
Brian (2003), explains five-step process for achieving hybrid marketing strategy which is appropriate to both the external market conditions and the prevailing organizational culture.

- Assessing market condition- Assessing two variables such as market complexity and market turbulence company can make choices to make hybrid marketing strategy making process.
- Design Macro congruent hybrid marketing strategy making process- the organization is now able to design the sub-processes, structures, and routines that constitute the detail of that process.
- Adaptation of cultural artifact to achieve cultural congruence- with this organization can now achieve micro congruence by adapting those key cultural artifacts.
- Hybrid marketing strategy making- After hybrid marketing strategy making process, micro congruence and macro congruence, the organization can now implement the management actions.
- Testing of resultant marketing strategy- at this stage, the process is evaluated against standard criteria which are independent of market context and evaluation of result used to approve the strategy.

| Market condition assessment | Design Macro congruent hybrid marketing strategy making process | Adaptation of cultural artifact to achieve cultural congruence | Implementation of bicongruent hybrid marketing strategy making | Testing of resultant marketing strategy |

**Figure 3. A five-step process for achieving a bicongruent hybrid marketing strategy making process.**

Source: Brian (2003).

Hanssens (2002) explains marketing strategy is a means of situating our business direction, goals and the sharing out of resources that create customer value and target. It is all about three things which are: value, providing value, and of course, communicating value to customers. Every organization should create marketing strategy so that distribution becomes more efficient, establish brand image, create a product that sells so that it will help to sell the right products at the right price to the right people with the right promotion and sharing methods. Marketing strategy wants firm’s decision about specific consumers, which firms are trying to target and firm may develop suitable marketing mix to appeal that target market by positioning them it in a suitable and superior way (Kotler, 2005). And hence to have a
strong marketing strategy firm should focus and develop its strategy with the help of elements of marketing mix which are 4p’s: product, price, place, and promotion.

1.2. Elements of Marketing Mix

McDonald, Frow & Payne (2011), marketing strategy is the route to achieve specific objectives and it should specify how those marketing objectives are to be reached, the particular time of programme and the allocation of those resources. It reflects how best possible way can organization apply to achieve profitability with its skills and resources to the market-place, inevitably broad in scope. Marketing strategy is the means through which marketing objectives will be achieved, generally focused on seven major elements of the marketing mix: Product, Price, Place, Promotion.

Murshid, Mohaidin, Nee & Fernando (2016) say that marketing mix strategy elements, increase customer perceived value and customer satisfaction and these satisfaction strategies are formed by using those appropriate marketing mix strategy elements and hence it creates value for the customers. It helps to achieve goals by marketing company’s product to a particular class of customers (Cengiz and Yayla, 2007). Kotler & Keller (2009) introduced 4Ps model, which has four marketing variables: product, price, place, promotion. This marketing model has become standard in all industries (Sagar and Kalaskar, 2012). According to McCarthy (1971), this 4Ps of marketing mix satisfy the needs and wants of target customers and hence these elements help to accomplish the aims and objectives of a business.

Marketing strategy is a tool which is used to achieve organizational goals and these strategies question “how goals can be achieved?” The efficiency of marketing strategy depends upon marketing design and it is possible to determine those strategies for every marketing mix element (Susan, Hart, 2003). Marketing strategy includes different variables which organization can control or adapt itself to achieve its goal, internal facilities can be controlled, its variables are 4ps, people, assets, process and physical equipment (Sayed, Hassan & Majid, 2014).

“Marketing mix is the combination of different marketing decision variables being used by the firm to market its goods and services” (Išoraitė, 2016). After identifying the market and gathering the basic information about it, the next step is the direction of market programming, is to decide upon the instruments and the strategy to meet the needs of the customers and the challenge of the competitors (Singh, 2012). Marketing strategy has been viewed as an achievable mixture of decisions relating to the components of the marketing mix (Sengupta & Chattopadhyay, 2006).
### Characteristics of marketing mix

<table>
<thead>
<tr>
<th>Marketing Mix</th>
<th>Product:</th>
<th>Price:</th>
<th>Promotion:</th>
<th>Place:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functionality</td>
<td>List price</td>
<td>Advertising</td>
<td>Where you sell your product</td>
<td></td>
</tr>
<tr>
<td>Appearance</td>
<td>Discounts</td>
<td>Personal selling</td>
<td>Physical boundaries defining the business</td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td>Financing</td>
<td>Public relations</td>
<td>Retail space</td>
<td></td>
</tr>
<tr>
<td>Packaging</td>
<td>What you have in stock versus sold</td>
<td>Message</td>
<td>The service</td>
<td></td>
</tr>
<tr>
<td>Brand</td>
<td>Reflect brand image</td>
<td>Media</td>
<td>Kinds and location</td>
<td></td>
</tr>
<tr>
<td>Warranty</td>
<td>The period in months or years</td>
<td>Budget</td>
<td>How to handle</td>
<td></td>
</tr>
</tbody>
</table>

Source: Kotler (2003:23)

The marketing mix is explained as a set of well-regulated marketing activities which an organization make a use to form a estimated response in the targeted market. Therefore, while satisfying those consumer’s needs, the company makes decisions related to 4P’s and this 4P’s are considered as the key marketing mix elements. According to Rad, Akbari (2014) Marketing mix is a controllable piece of marketing promoting instruments that influence the demand and increases it. By mixing or combining this elements, it explains that the four P’s should be recognized and coordinated systematically in order to have an effective influence on urging the customers (Riaz, 2011).
Design the market offering and its quality control

Product

Manage cost of product and services

Create Message and choose media channel

Promotion

Marketing Mix

Price

Place

Make product and services available conveniently located

Figure. 4. The marketing mix components


Analyzing consumer behavior while purchasing goods or services is very important so that company knows their purchasing, consuming, and using pattern, at both an individual and organizational levels of consumers, this plays a vital role to understand their behavior and develop marketing mix strategy. Marketing strategies are the result of consumer behavior investigation, which helps marketers in satisfying their wants and needs, 5W’s and 1H- who, what, where, when, why and how are designed to examine consumer behavior characteristics and to analyze potential responsive marketing mix strategies (Kevin Wongleedee, 2015).

Marketing mix elements 4Ps was created in early days when the concept of marketing was a physical product, physical distribution, and mass communication was dominant. Marketing mix paradigm is becoming the object of criticism due to the new business environment created through digital context. This new dominant paradigm for the digital environment is still in progress and still far to reach that new widely accepted standard which will substitute the 4Ps. After deeper comprehension
and maturity of e-marketing research and practices in digital environment, new marketing mix paradigm probably will be seen putting traditional 4Ps to rest (Gandolfo Dominici, September 2009).

1.2.1 Product

According to Kotler and Armstrong (2013) the base of company’s international activities are product or services, which can be understood as a set of tangible and intangible elements, which distinguishes the product and services with respect to other on the market and its success depends on whether those products or services are distinguished and successfully it can do so from others on the market. It is important to know how goods are different and how to vary them from each other with respect to their composition, country of origin, packing, qualities etc. Companies often offer a huge range to the product to compete for their competitors (Chen, 2011).

According to Singh (2016), the product is defined as physical product or service where consumers are willing to pay the cost of that product or services. It includes tangible and intangible products or services. The concept related to product is very wide and it not only includes natural product and services but also it counts experiences, people and places, property right, businesses, information, and ideas. To understand it better Figure. 5 shows wider perception (Išoraitė, 2016).

According to Yudelson, (1999) product is defined as: “all the benefits through time that the user obtains from the exchange.” Product policies can gain great benefits with help of internet to engage consumer which will keep consumers connected in a long-term relationship that will lead to the
development of new products. The virtual product is a new concept which keeps consumers interactive and connected, it is seen as the union of tangible and intangible aspects which is adapted and personalized according to the consumer preference. (Dominici, 2009).

Product or services of an organization helps to create firms image in the consumer's mind, this image reflects their feelings and perception towards that product. Purchasing of product and services are basically to satisfy their needs or wants. While making product decision various attributes are taking into consideration shown in Figure 6. The most important is quality, it contributes to business profitability. Product mix, product-line decision and product elimination- there is three courses of action:

- Harvesting
- Line Simplification
- Total Line Divestment

helps organization to develop a strong competitive product marketing mix strategy (Proctor, 2000).

![Figure 6. Product buying Decision](source: created by author)

It is important to change a company’s positioning and differentiation strategy as the product, market and competitors change over product life-cycle stage. Four things explain that product has a life cycle: limited life, product sales pass through distinct stages, profit rise and fall at different stages, requires different marketing. Most of the product life cycle is of bell-shaped and this curve is divided into four stages as shown in figure 7:
- **Introduction**: This is the first and early stage in this product is introduced in the market, growth is at a slow scale, as the product is just introduced, profits are nonexistent because of the huge costs spend for introducing the product in the market.

- **Growth**: In this stage, a period of rapid market acceptance, where the product is accepted by most of the consumer and substantial profit improvement can be seen.

- **Maturity**: In this stage, growth of sales and revenue decrease due to the widely held of the consumers select a different or substitute product or due to which there is growth in marketing expenses, so that company can protect their product from its competitor.

- **Decline**: At this stage sales revenues and profit begins to declare.

The differences between two curves (sales curve and profit curve) are the essential feature. To hold the company’s image and profitability, there should be a continuous stream of new product and for that marketer plays an important role (Kotler & Keller, 2012)

![Figure. 7. Product Life-cycle](image)

Source: Kotler & Keller (2012)

The product fills the need of the society. It is the most important component of the marketing programme, it can be tangible or intangible. It is the important pillar of the marketing mix, without product, there will be nothing to distribute, to promote, to price. It supplies two kind of utility: 1) economic and 2) supplementary utility with respect to social and psychological benefits. The product is the mix of all things offered to the market, which includes: physical object, design, brand, package, label, price, etc. Product strategy helps the company for planning marketing of the product which
resolves a number of issues such as product line, product mix, packaging, labeling, branding, services after the sale, organizing, product research and improvement (Hundekar, Appannaiah, & Reddy, 2009)

1.2.2. Price

Price, it is the most vital element in the marketing mix and most of the scholars and researchers share’s the same view, it not only increases the firm’s profits but also market share. Price is the only element in marketing mix which generates revenue for the firm, create customer loyalty and satisfaction in consumer’s mind.

According to Kotler & Keller (2012), price is the total of money consumer pay for buying a product or service, or the value for give-and-take which help consumer receive a product or service after paying a certain amount. Price is defined as “the amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product and service” (Kotler and Armstrong, 2001). Dominici (2009), states that price should be redefined as “Everything given by the acquirer in terms of money, time and effort given to obtain the product”. Matlovičová (2008), explains price as a sum of financial means necessary for getting a product, it represents value attribute of individual components. Price is the value placed by the marketer on company’s product and services and hence it is defined as “the value placed on what is exchanged during the marketing process”. A fundamental aspect of marketing is setting a price for what company is offering to the consumers and to determine that there are eight stages:

- Setting objectives consistent with the short and long-term goal of an organization
- Assessing the target market’s view of price
- Determining demand for that products and services
- Analysing the relationship between demand, cost, and profitability
- Evaluation of competitors prices
- Selection of a pricing policy
- Developing a pricing method
- Determining a specific price (Dibb, & Simkin, 2004)

The organization can exert some control at a certain level to set a price, after understanding the market condition. If an organization failed to do so and lost control over the setting of pricing, the organization has to accept the pricing which is set by the market. When the market is filled with more competitive product or services, it is very hard to have a control over prices. To know in detail how the price is set there are various approaches:
- Marginal pricing- It is an important cost-oriented approach.
- Demand- Oriented Pricing- It takes place when firm determines the strength of the demand. In this approach firm usually asks for a higher price when or where demand is strong and vice versa.

Other dimensions are price squeeze- where discriminatory price may charge by the firm, penetration pricing strategy, Competition-oriented pricing and psychological dimension to pricing (Proctor, 2000).

Price is what firm charge for their product or service. It is often difficult to determine and set particular price for product and services. Pricing of products and services reflects its positioning in the market. While selecting pricing strategy shown in figure 8, the firm should consider its product, customer demand, the competitive environment and other product that firm will offer. (Ehmke, Fulton, and Lusk, 2016)

![Figure 8. Pricing Strategies](source: Ehmke, Fulton, and Lusk (2016))

Price differs from other three elements of the marketing mix; it generates revenue and when other elements are considered, it creates costs. Price related decision is often multi-functional, it is an integral part of the marketing mix and pricing effects positioning strategy which is the center of many marketing decisions (Kotler, 2003). Price tells the consumer that firm’s products are upscale, economy, status-conscious, reliable and a worthwhile purchase (Oppenheim and Mulcahy, 2013). Price of a product or services can be changed instantly but its consequences can be wide-reaching which will affect firm and its competitors too and hence basic business should have its strategy which should follow
objectives, pricing follows such pattern. To develop a successful pricing strategy, there are three key pricing strategies: 1) Market skimming, 2) Market penetration and 3) Price adaptation (Figure. 9).

![Figure. 9. Elements of Pricing Strategy](image)

Source: Drummond & Ensor (2005)

Firstly, firms pricing strategy should be compatible with the other marketing mix elements. Secondly, firms must adapt pricing according to the current market conditions and its different potential customer segment (Drummond & Ensor, 2005).

1.2.3 Place

Another important element in the marketing mix is placed. Place in marketing term can be defined as “getting the product or service to the buyer” that is, the placement with, or distribution to the consumer, which sometimes called as supply chain management. The terminology “supply chain management” point out the need to develop a strategy so that firm can fulfill the demand created by all other marketing activities (Christopher, 2011). Marketing activities mainly focus on demand creation whereas physical distribution primarily focuses on fulfilling customer demand. Today marketers have
many options, they can market directly for e.g. mail order, internet or infomercials or firm can distribute their products through wholesalers and retailers (Oppenheim and Mulcahy, 2013).

Place expresses the location where the firm’s products are distributed; it picturizes the quality level of the product in consumer’s mind (Matlovičová, K., 2008). It is the process of delivering products or services to the customer in a sufficient way and minimizing transportation cost so that customer can enjoy them in the best place and in the best manner. Functions of distribution channel are: 1) Collecting information, 2) Advertising and broadcasting information, 3) Contacting and finding the potential buyers, 4) Adapting products according to the buyers’ taste and wants, 5) Negotiating price. (Sayed, Hassan, Majid, 2014).

Martin (2014), states that there are four different types of distribution channel which are:

- Direct channel- Manufacture provides product or services directly to the consumer.
- Indirect channel- Firm uses intermediary to sell their product and services.
- Dual Distribution channel- Firm may use a combination of direct and indirect selling.
- Reserve channel- It is the most non-traditional channel, the consumer can send the product to the producer.

Firms product greatly influence how it get’s distributed. Usually, wholesalers want to supply steady-flow of products year-round, and if firm succeeds in doing so then selling through intermediary would be a good strategy for the firm. No matter how firm sells the product directly or through a reseller, it is very important to decide the coverage whether firm pursue intensive, selective or exclusive coverage (Ehmke, Fulton, and Lusk, 2016).

Uznienė (2011), states that distribution in place strategy is twofold: Is implicit as a marketing channel and to attribute to its local condition it is physical distribution. For creating a better chain of distribution it is very important to: evaluate customers requests, to regulate those objectives and potential obstacles while achieving it, identifying alternatives and assessing them. Chanel decision in marketing influence all marketing decision such as promotion and pricing, the most important fundamental factor for channel choice and management is economic criteria. The problem faced during channel design is whether firm wants the direct or indirect sale to the consumer. Marketing intermediaries are indispensable due to performing specialized marketing functions. Role of intermediaries in modern marketing is very significant and hence firm should think strategically about managing their relationship with intermediaries outlined in the figure. 10 (Hundekar, Appannaiah, & Reddy, 2009).
E-commerce technology could affect existing marketing channels, current intermediaries are undertaking this way by installing IT system which helps for cost reduction and also helps in having a greater efficiency. In Germany, the metro group has started experimenting to develop smart logistics (Drummond & Ensor, 2005). According to Statista (2018), in 2017 retail e-commerce sales worldwide amounted to 2.3 trillion US dollars and e-retail profits which are anticipated to rise to 4.88 trillion US dollars in 2021.

**1.2.4 Promotion**

Promotion is “the means by which firms attempt to inform, persuade, and remind consumers – directly or indirectly – about the products and brands that they sell” (Kotler and Keller, 2006, p. 536). Hundekar, Appannaiah, & Reddy (2009) explains promotion is the process of communication which has three specific purposes: 1) involves information, 2) persuasion, and 3) influence. It communicates with consumer, users, and resellers and provides information to them. According to Išoraitė (2016), promotion helps to increase awareness within consumers with related to products due to which it benefits firms in obtaining higher sales and to build brand loyalty. This tool even helps to encourage purchase and affect purchase decision process.
Promotion helps the organization to maintain their existing customer through brand loyalty and even motivates them to switch their brand, hence it is an effective marketing tool. Their effectiveness can be explained by determining firm’s short and long-term perspective (Sun, 2005). Promotional benefits through hedonic are related to the emotion of cheerfulness and excitement where consumer enjoys new experiences which they can obtain by through new products and can fulfill their desire (Palazon, & Delgado-Ballester, 2013). According to Scholz (2014), promotion of luxury product embodies value, ideals, and standards of the brand and this value helps to communicate with the consumer and set are a brand statement and brand identity. More than product characteristic, consumers point of reference is brand itself and its perceived characteristic.

Promotion is the main aspect of communication which refers to the advertising and selling of the product and services, creates a channel to communicate with the targeted customer base (Kotler, and Keller, 2009; Ehmke, Fulton, and Lusk, 2016). Many firms with the help of promotion attract the customer’s attention, provide enough information about the product and services and motivates them to buy. Their objectives are to 1) Build awareness, 2) Creating interest, 3) Providing information, 4) Stimulate demand, 5) Differentiate product, 6) Reinforce the brand. (Martin, 2014). According to Drummond, & Ensor (2005) promotion mix includes six ingredients, advertising, publicity, personal selling, direct marketing, Internet and online marketing, sales promotion and publicity, where Hundekar, Appannaiah, & Reddy (2009) states that promotion mix has four ingredients: advertising, publicity, personal selling, and sales promotion. But Martin (2014) explains this five most important elements shown in (figure.11).

- **Advertising-** It is usually a paid promotion mode. The mode of communication is T.V., radio or newspapers, magazines, billboards, posters, web-pages, brochures, and direct mail.
- **PR & Sponsorship-** It can be paid or unpaid promotion mode, which tries to increase positive comments in media outlets.
- **Personal Selling-** Direct-selling method connects firm’s representative directly with the customers. This interaction can happen over phone, mail or chat.
- **Direct Marketing-** In this firm targets specific influential potential users.
- **Sales Promotions-** This is usually for short-term strategic activities, which encourages customers to buy product and services.
In traditional promotion, mostly all presently available marketing tools are used, in developed countries, most patent channels used for marketing are, TV and Internet. TV and Internet are being characterized as cost-effective and which have an ability to have a wide reach at judicious prices. Recently, advanced technology has facilitated an increase in two-way communication channels, such as social media marketing, and evolution in the former one-way communication (Parment, 2008). According to Yang, Liao, Shi, & Li (2015), sales promotion is the most important element in the marketing mix. Rebate promotion strategy can have a significant increase in the firm’s profit due to several important factors such as 1) price sensitivity parameter, 2) regular undiscounted retail price and 3) the rebate costliness parameter.

The strategy used in promotional activities lays down broad principles which help firms to secure them and take advantage of their competitors, parade attractive product, and services for the buyers. According to Hundekar, Appannaiah & Reddy (2009), promotion strategy has four equal sides which are: 1) The product- which determines the form of promotion, 2) The buyer- marketers should have up-to-date information about current consumer demands and its behaviour, 3) The company- Firms image is the most important constraint in the market and it is closely associated with promotional strategy, 4) The channel- It helps to introduce product in the market and even to move from the marketer to the buyer.

These promotion techniques are some of the costliest marketing activities which are undertaken by the most of the firms and it should be managed efficiently to get a good result. Recently, the most popular concept is developed called integrated marketing communication (IMC), which harmonize and helps to link all facets of promotional mix across all internal and external stakeholder groups (Smith, Berry & Pulford, 1999). In Integrated marketing communication various communication tools are fuse
together by the firm into one brilliant and meaningful coherent message, for that senior management, has a specific role which oversees the development of all communication activities. Customer relationship management is becoming more sophisticated and it currently offers a structured basis, well-formed customer contact to communicate (Drummond & Ensor, 2005).

1.3. Marketing of Shared Economy Business

The concept of collaborative consumption was mentioned before 1978 when Felson & Spaeth (1978) stated that at the beginning of time, humans have shared food and drinks in a social context and after approximately thirty years later Lessig (2008) introduced the term sharing economy.

According to Botsman (2014), sharing economy can be defined as “… a system that activates the untapped value of all kinds of assets through models and marketplaces that enable greater efficiency and access. Increasingly, those assets include such things as skills, utilities, and time.” To meet the conditions of untapped value that Botsman (2014) speaks, there are four condition: 1) Critical mass-minimum number of people are required so that collaborative consumption is possible, 2) Idling capacity- shareable items which are unused for that particular time period, 3) Belief in the commons and 4) Trust between strangers- both relate some similarities, trust and belief that community and individual engaging in sharing economy (Botsman & Rogers, 2011).

The author of this thesis has chosen to employ the definition of Frenkena & Schorba (2017) they define sharing economy as “Consumer granting each other temporary access to under-utilized physical assets (“idle capacity”), Possibly for money”. Goods which are currently being shared are car and homes. Based on the above definition, sharing economy can be distinguished from other types of platforms. As shown in fig. 12, sharing economy is placed in the center of the circle because it adheres three defining characteristics: 1) consumer-to-consumer interaction, 2) Temporary access and 3) Physical goods (Frenken, Meelen, Arets, Van de Glind, 2015). In Second-hand economy, Consumers sell goods to each other. In product-service economy, the consumer can rent goods from the company rather than renting from the consumer. In on-demand economy, Peer-to-peer services are delivered instead of peer-to-peer good sharing (Frenken, Schorba, 2017).

Sharing economy and sharing goes hand-in-hand because of rising in sharing a culture that motivates the consumer to shift their preferences, moving away from ownership and instead to make their personal goods available for a stranger online (Bardhi & Eckhardt, 2012; Belk, 2013). These personal goods can be tools, bikes, cars, household items, money and even people who own homes. There are various factors due to which consumer gets motivated and engage in sharing economy. The researcher has shown that there are three main factors which motivate consumer: 1) Social reason, 2)
Hedonic reason and 3) Economic incentive. Sharing economy seek social interaction between consumers and providers and hence it articulates a desire to meet people and make friends (Böcker, 2016).

![Figure. 12. Sharing economy and related forms of platform economy](image)


Sharing economy converges around activities that are facilitated through a digital platform that enables peer-to-peer access to goods and services. The sharing economy is a genuinely collaborative and communal, still it is hotly competitive and profit driven. Digital technology has helped to share economy in many ways and growth in their performances has extended due to well-established repertories and rhetorics of local exchanges (Schor, Walker, Lee, Parigi & Cook, 2015).

According to Owyang, Samual & Grenville (2015) the drivers of the sharing economy are: 1) societal drivers- includes environmental concern which drives the customer to use sharing economy. Instead of purchasing product, consumer can rent it, 2) economic drivers- New income possibilities, reduced cost for the consumer, 3) technological drivers- It includes development of online platform and habit to use internet services, and 4) trust drivers- This will help consumer to have a trust in sharing economy that they can meet their needs and trust that the payment option included is safe and easy to use.
This sharing economy business model is created by Kumar (2018) which is shown in (figure. 13). This model consists of services enabler, it acts as an midway between services provider and customer. Services provider, supplies goods or services, and customers are the ones who demand those goods and services.

![Diagram of the sharing economy business model]

Source: Kumar, Lahiri, & Dogan (2018)

According to Pwc.com (2015), sharing has been around forever, many of the firm offer alternatives to ownership, but even sharing economy is illustrious by some core pillars which are:

- Digital platforms that connect spare capacity and demand- sharing economy are hosted through digital platforms, which help to connect with a huge amount of crowd in short spare of time.
- More collaborative forms of consumption- consumer are more comfortable with the transaction because it involves social interaction
- Transactions that offer access to ownership- ownership of various choices like renting, lending, subscribing, reselling, swapping, donating.
- Branded experiences that drive emotional connection- an emotional connection with the consumer is termed as a successful fundamental in marketing and hence is sharing economy experience begins is critical to engendering.
• Understanding an economy built on trust- trust plays an important role in sharing economy. Social sentiments and leverage in marketing give a higher conversion. 92% of consumers trust word-of-mouth or recommendation from their friends or family.

• Rethinking value exchange- value paradigm has the ability to expand the category.

• The push for less friction- Consumer are already factoring friction into value equation and hence digital tools, elegantly search, seamless transaction are the consumer requirements today.

1.4. Conclusion on theoretical analysis

After conducting theoretical analysis, complexity of marketing strategy of a company using shared economy business model is identified and various assessments are found within the literature review. Different definition has been considered along with the perspective of various authors regarding marketing strategy. Even process of marketing strategy is also explained so understand it better and have a clear concept. In marketing strategy, the most important factor is elements marketing mix 4P’s. This 4P’s are explained deeply with various authors views, so it that it will make concept clear and give better idea. Connected to that, the marketing of sharing economy is discussed to understand, in which way this new phenomenon is attracting the consumer all over the globe. Although, there are not much article about marketing of sharing economy, but the fact is, it is a growing market creating new opportunities and filling the gaps which no one had thought before. Hence studying more about this new phenomenon would be more beneficial and will help firm to reuse resources, look towards sustainability and contribute for betterment. This creates a hot topic for lot of the researcher and more research will be carried out.
II. ANALYSIS OF AIRBNB MARKETING STRATEGY

In this part, detailed analysis of marketing strategy of AIRBNB will be done. This part includes research methodology and will give a brief explanation of how it is done. To obtain aim of this paper a proper survey and qualitative analysis is done.

2.1. Research Methodology

The aim of this survey is to analyze marketing strategy of AIRBNB using shared economy business model.

Objective

- To prepare methodology.
- To conduct research on the marketing strategy of AIRBNB.
- To analyze results and make necessary conclusions.

Research Type

To analyze marketing strategy of AIRBNB qualitative and mixed approach methods are chosen. This helps in defining and concluding research questions. The nature of research is exploratory because of theoretical ideas which will help to conduct the research.

Data source and collection methods

To analyze the research problem, a secondary source of research data collection methods is selected. Collection of primary data follows two main methods which are a survey and qualitative analysis data.

Data collection techniques

Data-collection techniques allow us to systematically collect information about our objects of study (people, objects, phenomena) and about the settings in which they occur. In the collection of data, we have to be systematic. If data are collected haphazardly, it will be difficult to answer our research questions in a conclusive way. Techniques which is used to collect valuable data is using valid information, observing the details which are provided on AIRBNB website and governing survey.
Qualitative Research

According to (Greener, 2008) “A qualitative approach to research is likely to be associated with an inductive approach to generating theory, often using an interpretivist model allowing the existence of multiple subjective perspectives and constructing knowledge rather than seeking to “find” it in “reality”.” Qualitative research is a broad methodological approach that encompasses many research methods. The aim of qualitative research may vary with the disciplinary background, such as a psychologist seeking to gather an in-depth understanding of human behavior and the reasons that govern such behavior. It also tends to focus on how people or groups of people can have (somewhat) different ways of looking at reality (usually social or psychological reality), focuses on reports of experience or on data which cannot be adequately expressed numerically.

Survey method

In this paper, to analyze the problem, survey method was chosen. This survey was distributed online with the help of internet with various sources like Facebook, Instagram, Gmail, etc. With the help of social media, it was quite easier to get answers. Using online survey helps to obtain results from people who of the different demographical attribute. This survey method took a week’s approximately and I gathered 220 respondents.
2.2. Presentation of AIRBNB

Airbnb is a web-based marketplace. With this web-based marketplace, people can list their stay for a short-term rental. The company, founded in 2008 by Brain Chesky, Joe Gebbia and Nathan Blecharczyk, and it makes money by charging any rental that takes place on their platform (Airbnb, 2017). It is active worldwide and has more than 150 million users in 2017, 4 million Airbnb listing in 2017, total fund Airbnb has raised $ 3.4 billion in 2017 and in 191+ countries Airbnb is active (Craig, 2018). Today, Airbnb has 3100 employees and since the company is founded there has been 200000+ senior host on Airbnb and 120000+ senior women host on Airbnb (Airbnb, 2017).

Airbnb was originally called as Airbed and breakfast. Initially, this site used to offer only shared spaces and some private rooms but it wasn’t entire homes. Later on, they focused on to provide accommodation rental service, which today it is (Airbnb, 2016). Airbnb didn’t receive expected popularity at the start, later in mid-2010 the company’s growth trajectory began, and the curve veering sharply upward and till today it has continued on this path (Airbnb, 2011).

According to Dudás (2017) & Airbnb (2016) Airbnb is termed as a “trusted community marketplace for many people to list, notice, and book remarkable accommodation around the world, online or from devices such as phone or tablet” in other words, it connects people through this digital world who has extra vacant room to rent with the guest who is in need to stay in that place.

Airbnb is signified as a peer-to-peer marketplace in the sharing economy. Revenue generated from both customers and owners for this services. Airbnb charges guest 9-12% service commission for every booking made by them, which depends on how long guest stay’s and host pay 3% service commission fees to cover the expense of handling back to Airbnb. Enrolling is free for travelers and host doesn’t require to pay any commission for offering their common space or home lease (Zervas, 2014).
Anyone who has access to an internet connection which includes non-members of Airbnb can view all listing and even for those who are fully booked. Airbnb member can only create or book a listing. E-mail address and a phone no. is required to sign up for Airbnb (Said, 2014). Host or guest profile consists of a profile photo, first name, the date and year the member joined Airbnb and the information related to whether the member is verified. The website has additional information too but it's optional. Members can choose to provide a detailed information about themselves, like where they live, what are their interest, their profession, language skills etc. so that it appears more attractive for host or guest (Rimer, 2017).

Website of Airbnb is quite easy to understand and straightforward. Traveler search for the place based on the destination, travel date and party size and then website list available spaces, where guest can use filters and refined attributes like price, neighborhood amenities etc., after that guest can select and have greater number of details in it too, which includes description, photos and reviews from the previous guest. Even guest can send a message to the host if he/she is interested and want to know about the place, in this way it creates transparency between both. If reservation request has been made, then the host can accept or reject the request (Airbnb, 2016 & Airbnb, 2016). This enables the host to act in an entrepreneurial manner, hosts all around the world list their available spaces on Airbnb and earn a profit by renting them. They charge guest usually at cheaper rates compare to hotels (Busbud.com, 2016).

Airbnb is like a craigslist, an easy and simple matchmaking platform. The total transaction process in Airbnb is directly integrated due to rapid growth and improvement in service quality. Airbnb has numerous smaller competitors which offer same services for eg. Wimdu, 9flats, Roomorama, niche companies like One-fine-stay. The other major competitors are HomeAway, HouseTrip, Vacation Rentals, Flipkey, it functions somewhat like Airbnb (Schaal, 2013).

Late 2016, Airbnb might have been esteemed almost around $30 billion, a comparative amount of the Marriott inn hotel group, despite the fact that it doesn't identity or at whatever from claiming its properties. Exactly nearby administrations need chose Airbnb may be illicit or profoundly subject to nearby confines. Envision a city, which required A while ago produced posting homes ahead Airbnb unlawful because of worries that it might have been raising home qualities Furthermore making proprietorship unaffordable, makes a choice on permit the firm with work as long Likewise it visits head out charges. In place with develop those nearby marketplace, Airbnb hires you on thought of an arrangement what's more execute it.

Airbnb has built an online reputation system that enables and encourages participants to rate and review each completed stay. Guests use star ratings to rate features of their stay, e.g., cleanliness, location, and communication, while both guests and hosts are encouraged to post public reviews of each stay on the platform. Roughly 80 to 90% of Airbnb hosts rent their primary residences (Airbnb, 2016b),
but accommodations offered by (seemingly “professional”) hosts with multiple rentals represent a proportionally larger share of Airbnb’s total listings and bookings (Clampet, 2014; Coldwell, 2016; O’Neill & Ouyang, 2016; Popper, 2015; Schneiderman, 2014; Slee, 2014).

2.3. Results from qualitative research

Airbnb is favored by individuals for the most part since its affordable and the opens door for every individual. It offers to take in more about the way of life and local people. Nonetheless, inns are still more favored among Jacobs' understudies, for the most part in light of security reasons, as this stage depends on client's positive attitude and trust. These hugs affect the distributed stage as research indicate trust decreases control and coordination expenses and it is decidedly associated with participation and diminished clash levels. It is critical for Airbnb and for any sharing-economy stage, so as to keep on growing, to defeat the security issues and turn out to be more included and mindful about the issues, so as to construct a reliable group (Jeannette Camilleri, Barbara Neuhofer, 2017). According to Beckham (2016) in his presentation stated that most of the business travelers love Airbnb because of great value, longer/frequent stay, relocations and help for group trips stay. Most of the business travelers give Airbnb a satisfaction rating of 4.7 out of 5.

Airbnb context is wider, it would profit hosts to carefully write a clear description of their resources and the provided amenities. Moreover, greeting guests with a warm welcome, providing basic food and drinks and accommodating guests’ requests on arrival and throughout their stay would make for a more valuable experience, while at the same time, eliminating any potentially value co-reducing sources. Creating a more personal touch by visiting attractions, sightseeing with guests or introducing them to local friends or neighbors would enhance guests’ experiences, which research suggests would lead to positive recommendations, improving the hosts’ reputation and bookings online in turn.

Marketing to targeted segments that transactions are done securely with money-back guarantees for falsifications, potentially winning those who are still sitting on the fence or those who are dissatisfied with collaborative consumption to pursue more traditional alternatives. Lott (2014) stated his concern regarding trusting an unknown and inviting him to share an apartment. Airbnb could implement measures that help improve the ability of users to portray legitimacy and assess the trustworthiness of others in the community. This could be done by making user verification compulsory for all users, as opposed to it being optional as it is today, or to mandate users to provide more information on their user profiles to reduce the anonymity perceived by others to instill trust (Joakim Strömblad & Junxian Toh, 2017).
The number of reviews and the rating score negatively affect the Airbnb listing price, which may result from the fact that Airbnb in is in an early stage of development, causing the hosts to lower their prices to attract more guests. Thus, the reviews and ratings have not translated into profit. these findings also provide implications for stakeholders such as Airbnb hosts to gain a better understanding of the market situation and formulate a suitable pricing strategy (Zhihua Zhang, Rachel J. C. Chen, Lee D. Han, Lu Yang, 2017).

Airbnb website, Instagram and Facebook account and few articles. When we talk about AIRBNB it is all related to the digital world. Airbnb is a peer-to-peer economy that helps travelers discover and book unique accommodations offered by hosts with a room or house available for short-term rental around the world. A traveler can explore different countries and experiences new culture when they are linked with AIRBNB. North America, South America, Africa, Australia, Europe, Asia etc. are part of AIRBNB according to its website. A guest even can enjoy various experiences and local food of that country. Newly, they have added various activities for travelers like: Food & Drink, Classes & Workshop, Arts, Nature, History, Entertainment, Sports Activities, Music Events, Nightlife, Health & Wellness, Social Impact, Concerts

Recently, Airbnb had introduced “Airbnb Plus” where homes are being inspected and verified in person by photographers, where the host has to match 100-point checklist covering design, amenities, and hospitality. There are 2000 Airbnb plus homes in 13 cities and planning to cover over 75000 home across 50+ cities by the end of 2018. This homes should be with a thoughtful design, comfortable, well-equipped and well-maintained (Airbnb, 2018).

On Instagram, it has 2.5 million followers and 1,479 following Airbnb. Till today, it has 1,636 Posts on Instagram. Not only this, Airbnb daily post their stories on Instagram so that users are updated about recent services. The even post experiences of various guest and thoughts which they share about host too. This creates transparency in guest minds and motivates guest to book and plan their trip through Airbnb. Every post on Instagram has around thousand and above likes and fifty and above comments. Stories and pictures on Instagram are uploaded on a daily base to keep guest connected.

According to Bershidsky (2017) states that Airbnb is dealing with lots of issues which are caused due to overaggressive expansion and tendency to ignore rules. European cities such as Berlin, Barcelona, and Paris are facing legal issue due to which there is a number of scams are reported. Fergusson, Ahlqvist, & Smith (2017) in their research, they have analyzed 893 online reviews by dissatisfied Airbnb guest, negative 46 news stories, 27 stories from travel writers and 109 bad experiences with photo evidence. After reviewing those reviews they categorized them into seven categories: 1) Customer services, 2) Host cancels stay, 3) Unsafe/ Unacceptable conditions, 4) Scams, 5) Fake listing or reviews, 6) Not as described and 7) Discrimination as shown in the figure. 14.
Ting (2017) talks about growing concern of travelers related to privacy and security which “are material and growing barriers to adoption.”, he even adds that Airbnb adoption in Europe and US is slowing down, which is providing opportunities for an online travel agency competitors, and to come out of this competition even he suggested that maybe they can increase no. of hotels. Shea (2018), in a recent article posted about discrimination act towards an Asian traveler said “Don’t book if you’re Asian” reportedly the host was from Edinburgh. After this act, Airbnb took an action against the host and deleted his profile from the Airbnb website. Airbnb is working hard to solve such problem and helping guest and host from forbidding such actions.

Airbnb is organizing host movement in 100 cities, they will support 100 independent Home Sharing Clubs around the world starting from 2016. Where they will provide information and support, this organization is free to take their decision (Airbnb, 2015). Papineau (2017), in his article, teaches host and boost them to increase their revenue by following his few steps. He himself had made over $200000 by renting out his spaces on Airbnb and his course helped many of the hosts, in the figure. 15 one host is complementing for his training.

Source: Fergusson (2017)
In the recent article posted by Adweek (2017), it talks about Airbnb going 360° live video on Twitter and Periscope so that more travelers would get inspire and motivate them to join Airbnb for their vacations. This live section received around 1.1 million viewers, 1797 likes. Airbnb is trying their level best to solve the issue and give a guest and host a pleasant environment so that 4P’s of marketing mix works and invites more guest and host to be family of Airbnb.

2.4. Survey results

To investigate this study research question, people who had used Airbnb in their previous stays was mostly focused on, even respondent those who do not choose Airbnb as their platform for stay experiences was motivated to answer few question. Airbnb is pretty new for most of the respondents and hence small portion of population preferred staying with Airbnb. Respondents needed to understand English language.

Survey was conducted in the month of March and mostly it was distributed on social media platforms using google forms. Before analyzing the outcome, it’s important to state that respondent have been reacting in very different ways, on the other hand research has established a lot of support from respondents. Most of the respondents were afraid and didn’t shared their views regarding Airbnb. But
still, even after receiving positive and negative response from the respondent it is been recorder to develop good strategy for Airbnb.

Questioner includes in all 26 questions. The survey was active for one month. This question was divided into two parts according to the respondent preference. I received total 404 responses and questions were both close and open ended.

First question of the survey is mainly focused on how travelers usually travels. This question puts highlight on who respondent usually likes to travel and shows their love and attitude towards travelling. Most of the respondent travels frequently and around 31.70% and 30.70% travels as a bag packer and business travel. This shows, equal number of people travel for both purpose. But still high number of respondent are non-frequent traveler. Around 4.7% are not interested in any of the above option. This may be because they don’t like traveling or they were not highly participating for share their view.
Consumers are now mostly preferring internet for advice, as they are becoming more aware about new ways to book accommodation with an ease. It is important to know which method consumers prefer while booking a place. Innovation in technology and growing interest in online platform, the most preferred way for respondent is application and equal number of respondent even prefer company website as it provides more detailed information and other is online catalog. Around 21% of respondent prefer traditional way like, Telephone, travel agent.

In this respondents have to answer whether they use Airbnb for booking their accommodation or not. If respondents, prefer option No, then they have to answer different set of the questions and for yes there is a different set of questions according to respondent’s preferences. According to the data collected 50% of respondent are aware of Airbnb and 49% are still not aware or have better options to choose in comparison of Airbnb.
Respondent choose various other online accommodation marketplace. In this question, respondent has to specify their online accommodation place. Many of them prefer Goibibo, as it is most famous in India and have good offers for travelers. Another most famous for the respondent is Make my trip, even this website has good offers.

In figure. 20 respondents have to answer and specify the reasons for choosing that particular accommodation over Airbnb. Every respondent has different opinion and most voted opinion where selected and mentioned in the above graph. From 197 responses, 40 of the them choose because provides affordable prices to them, conveniences were also an important factor and most of them haven’t heard about Airbnb.
From figure. 21 onwards, respondents who used Airbnb and had a past experience with their stay at Airbnb has to answer the below 21 questions. In figure. 21, respondents were asked about how long are they staying with Airbnb so that to know whether they are happy staying with Airbnb or they just started to know Airbnb. Around 53% of respondent has just started to use Airbnb and 38% are still loyal to the brand from last 1-3 years and very less percentage are using it for more than 3 years.

In Airbnb, travelers can use it as both host or as a guest and hence it was important to know how many percentage of the respondent is connected with the Airbnb host, guest or both. Around 69% loves to be guest at Airbnb and very less likes to host at this platform and 11% of them use it as both.
At Airbnb, travelers can book accommodation for single person, for a couple, for a large number of travelers. The statistic says that very few people like to travel in a group and around 25% of respondents likes to travel in a group of three and approximately same amount of respondents likes to travel alone and majority of the respondents like to travel as couple, may be this behavior could be because of respondents doesn’t feel Airbnb as a safest place to stay.

According to the result, almost 45.9% respondent had agreed that their first impression about Airbnb was quite good and 24.2% strongly agrees where as 2.4% of respondents strongly disagree and 6.8% disagree this might be due to the bad reviews which affected respondent’s opinion.
Next question was focused on how many stays respondent had on Airbnb, where 36% of them had stayed for less than 3 days, 33% of respondents stayed for 4 to 5 days of duration, 20% of respondents stayed for 5 to 7 days, 7% of respondent stayed for 7 to 10 days and 4% of respondent stayed for more than 10 days.

This question was asked to know whether guest is liking new the experiences which are now provided by the host to experience new experiences. For that, respondents had to rate them on the scale of 5 to 1 where 5 is excellent and 1 is very bad. 49.3% respondent agrees to rate (4), 24.6% rated 3 and 22.7% says it is excellent and 3.4% respondent didn’t have a good experience it seems.
In this respondent where asked about typical cost range for per night which they paid in their all pervious stays. Where 31% of respondent tells that it is less than $50, 34% agrees that cost goes around $50 to$100, 26% agrees with $100 to $150, 8% agrees with $150 to $200 and 1% agrees that cost goes above $200.

To know what factors exactly respondent choose while booking accommodation on Airbnb, few important factors were mentioned such as Price, Landmark, Location, Ambience, Architecture and Hygiene, and it was rated on the scale of strong agree, agree, neither agree nor disagree, disagree and strongly disagree. Around 100 respondents strongly agree and agrees the price factor is important.
of respondent agrees that landmark is also an important factor, 99 of respondents agrees that ambience is important, 80 of respondents agrees that architecture is important, 95 of respondents strongly agrees that hygiene is more important.

![Pie Chart](image)

**Figure . 29 Does Airbnb charges more commission than expected on every booking of your Place? (**Question For host**)**

This question was mainly focused on host; it was important to know the view of the host when it comes to money. According to the result 43% of respondents says that no and 57% of respondent says yes that they charge commission.

![Bar Chart](image)

**Figure . 30 How would you rate Airbnb promotional Ads on social media platform?**

Airbnb connects with all its guests through social media platform, hence it was important to know the respondent view regarding their promotional ads on social media platform. Respondents were asked to rate on the scale of 1 to 5 were 5 was excellent and 1 was very bad. Around 50.2% of respondent rated them 4 out of 5 and 26.1% of the respondent rated 3 and 18.8% rated 5.
When it comes to the information provided on the Airbnb website, how much do respondent trust and hence this question was focused. Respondent were asked to select one option out of five, where 29.5% trust a lot, 41.1% were on the side of neutral, 15.5% has a great deal of trust and 13% have some trust issues.

![Figure 31](image1.png)

**Figure 31** How much do you trust the information on Airbnb website?

Airbnb website should have a good impact in the guest’s mind because it is the only sources where guest can make their bookings and hence it was important to know what respondent feels about the information provided by the host, layout of the website, security and reviews shared by the guest who previously stayed there. They had to rate those 4 factors on the scale of extremely satisfied, very satisfied, moderately satisfied, slightly satisfied and not at all satisfied.

![Figure 32](image2.png)

**Figure 32** Rate the Airbnb website on the following terms:

- **Information provided by the host**
  - Extremely satisfied
  - Very satisfied
  - Moderately satisfied
  - Slightly satisfied
  - Not at all satisfied

- **Layout of the website**
  - Extremely satisfied
  - Very satisfied
  - Moderately satisfied
  - Slightly satisfied
  - Not at all satisfied

- **Security**
  - Extremely satisfied
  - Very satisfied
  - Moderately satisfied
  - Slightly satisfied
  - Not at all satisfied

- **Reviews**
  - Extremely satisfied
  - Very satisfied
  - Moderately satisfied
  - Slightly satisfied
  - Not at all satisfied

106 of respondent are very satisfied by the information provided by the host, 97 of respondent are very satisfied by the layout of
the website, 99 of respondent are very satisfied by the security system and 80 are very satisfied by the reviews which are shared by the guest.

![Figure 33 Do you often see the promotion of Airbnb?](image)

When asked about the promotional activities of Airbnb 45% of respondent says that they often see Airbnb promotion but 25% of them says that they don’t see and 30% are not that sure.

![Figure 34 Which social platform do you think should Airbnb focus more for promotion?](image)

Respondent over here has to share their view on which social media platform should Airbnb promote their activities, option given over here was Instagram, Facebook, Google AdWords, Twitter and Snapchat, respondent had to select one option. Around 31.9% of respondents said that they should focus on Facebook, 39.1% of respondent said that they should focus more on Google AdWords, 17.4% on Instagram and remaining 11.1% on twitter and 0.5% on snapchat.
This question was focused on the Airbnb activities which are newly introduced by the host for their guest. Respondent were asked to rate it on the scale of 1 to 5, where 5 is excellent and 1 is very bad. 49.8% respondent rate it 4 and 18.8% rate it 5 and 26.6% rate it 3 out of 5.

Sharing economy is newly introduced market in 21st century, to know the respondents view on it, this question was asked whether what they think about sharing economy services will it transform our economic future. And on that 68% of the respondent said yes, 14% of the respondent are not sure and 18% of the respondent said no.
This question was focused on advantage that respondents see on the rise of sharing economy, where respondent had to choose one from the provided option. Options were opens up extra income opportunities, greater choice for consumers, more efficient use of resources and none. 51.8% of respondents agrees that it provided greater choice for consumers, 30.1% of respondents agrees that it opens up extra income opportunities and 51.2% of respondents agrees that it is more efficient use of resources and very less percentage of respondents agrees to none.

This questioned was to know whether which of the following sectors have respondents used in the past. For this question respondents were allowed to choose more than one option. Around 33.3%
agrees that they have used Accommodation sharing, 45.4% agrees that they have used co-working spaces, 15% agrees that they have used goods trading, 36.2% agrees that they have used community sites, 32.4% agrees that they have used task-based services and crowdfunding and 23.2% agrees that they have used peer to peer loans.

In this question, respondents had to rate the option and share their view on what does sharing economy offer. 94 of the respondent agrees that it offers cheaper products, 100 of the respondent agrees that it offers more choices, 96 of the respondent agrees that it offers more conveniences and 107 of the respondent agrees that it is a more sustainable way.

Figure . 39 What does sharing economy Offer, rate the following terms?

Figure . 40 Age Group
The next two questions from figure 40 and 41 focus on demographic questions. According to the result of the survey, I received a result from 53% male and 47% of them were female. The count in the result was anonymous. Most of the respondents were between the age group of 21-30 (63.50%), few of them in between the age group of 41-50 (5.20%), 10.40% were 20 and below.

2.5. Conclusion of the research result

The research has helped to analyze the marketing strategy of Airbnb using the shared economy business model and also knowing where the challenges for improvement and measure should be taken for their betterment and growth of the company. This research even helped in analyzing the problematic condition which were hindering the respondent’s perception towards Airbnb. The research had helped to analyze the gap which Airbnb has to take care of including cost and advertising.

Airbnb is totally a new phenomenon for the most of the respondents and even have trust issue due to the bad word of mouth many of the respondents has lost their trust on such a sharing platform. Airbnb has to develop a good marketing strategy and develop that trust back in consumer. Airbnb has to work on marketing mix elements which will help in creating brand awareness and this would develop good and positive image in consumer’s mind.
III. RECOMMENDATIONS FOR AIRBNB MARKETING STRATEGY USING SHARED ECONOMY BUSINESS MODEL

This part of thesis, mainly focuses on the decision based on the empirical research to improve marketing strategy of Airbnb using shared economy business model. Shared economy had really fragmented the market. Previously, hotels were the only solution for the travelers but now they have various options when it comes for booking places. 21st century provided lots of options for consumers needs and wants and hence Airbnb tried to fill that gap by providing options at a low cost. Airbnb is now the leader in sharing economy, created blue ocean market using digital technology. Who doesn’t love to travel? Every person in this world travels for some or the other reason. It can be a business trip, leisure trip or a bag packer who wants to explore the world. Airbnb, simply took advantage of this opportunity and developed a totally new online market place not only for the consumer’s but also for the owners of that place.

Airbnb is totally a new idea in this emerging market and hence it requires strategy to develop and have a successful marketing strategy to overcome barriers. Unfortunately, this thing to materialize takes time, it’s not an overnight process to build a successful marketing strategy. Marketing strategy of Airbnb will help to fill those gaps which they haven’t yet filled. Airbnb is around 191+ countries and still some part does not know about the Airbnb. It will give consumer a clear idea of how Airbnb works in shared economy business and what successful marketing strategy they can implement to attract more consumers.

3.1. Problematic aspects of Airbnb marketing strategy using shared economy business model

The main goal of marketing is to connect business value to the right customer’s which firm is targeting. Companies marketing strategy contains its value proposition, its key marketing message for the consumer which they are targeting.

In the case of Airbnb, it is very important to know, to whom Airbnb is targeting and what value proposition it create to the target group. It is a community-based and two sided online platforms where host and travelers are the two main sources of Airbnb. Hence to create successful marketing strategy, main focus will be given on host, travelers and how to capture most of the marketplace.

Most of problems are still unsolved and to have a look on those problems it has been listed below:
Most of the hosts are concerned just to make money and quality of the service provided is not that good.

Hotel industry can dominate Airbnb if hosts do not take well care of the travelers.

Lack of awareness on how Airbnb works and most of the countries are still not aware about the presence of Airbnb.

Security is the main concern while booking accommodation on Airbnb.

Objectives

- To increase number of guests and hosts on Airbnb.
- To make consumers aware.
- To suggest new strategies.
- To improve hospitality standards provided by the hosts.
- To keep transparency between hosts and travelers.
- To have better security and develop trust level in guests' minds.

In order to improve Airbnb's marketing strategy, a couple of barriers were identified that would hinder the growth of Airbnb.

Technological barriers:

In this type of barrier, the main concern is with technology. Airbnb is known as a digital platform, where every work carried out is with the help of technology and it heavily relies on it. Guests can only book rooms through an app or website if they have access to the internet. Without technology, rooms cannot be booked.

Political and legal barriers:

Airbnb is a totally unique business platform. Hosts from all around the world rent their space for travelers, and different countries have different laws and regulations which might hinder hosts from putting their space on Airbnb's platform. In some cities, hosts are restricted to offer short-term stays for their guests and hence guests in those cities cannot book homes for long stays. In other cities, hosts must register for renting their apartment, and then they get permits or licenses, and then guests can have a pleasant stay. This would affect the growth of Airbnb.

Personal barriers:

In this type of barrier, it is mostly related to the person's choice. Personal barriers can occur from both the side, either from host-side or traveler-side. Not providing guest rooms according to standards, being rude towards guests, pricing very high, etc., this can be some personal barriers from the host side. From the traveler side, not experiencing the services provided by Airbnb, lack of motivation, etc.
Trust barriers:
Trust is the another type of barrier, which could affect marketing strategy of Airbnb. It is very hard to gain customers trust. As Airbnb is new phenomena in accommodation marketplace, it very hard to gain trust of lots of consumers. There are travelers who still have trust issue while booking an accommodation through Airbnb. They are even afraid to go and stay at someone place who is totally stranger for them. so trust can be a barrier.

Performance barriers:
Main of the time it is very hard to perform as give the same services to the guest. This performances barrier could be from both the side, either from Airbnb or from host. Sometime host forgets to give that high quality experiences and standards to guest. Standards should be backed by having a good and appropriate resources with regards to people, system and technology. If it fails in those requirements obviously Airbnb will lose their customer and will create negative image.

Barrier created due to misunderstanding:
Many a times barrier is even created due to misunderstanding what customers are expecting. In this barrier host or either Airbnb misunderstands guest’s expectation due to which the three is gap between host and guest. Sometime host doesn’t want to interact with the guest or solve his or her problem or they guest ignore their request, this could create a communication gap and lend up firm creating a bad image.

Communication and cultural barriers:
As Airbnb works in intercultural environment it has to encounter interaction with host and guest belonging to different culture. This diverse culture background has to be well-managed by Airbnb so that both guest and host develops a strong bond with the firm and it creates a good image and brand position in their mind. In intercultural environment people are of different thoughts, thinking, values, social relationship, language and standards. So when host tries to implement those cultural standards in their services, some guest might not like it. Most of the guest are aware of what services will be provided in the hotels. But when it comes to Airbnb, guest do not have any idea how the services standards would be and if host would be grateful with their presences. Customers expectation are always related to their home country and they carry those expectations with them when they travel. Hence it could create issue with communication and cultural factors.

Drivers such as societal, technological, trust and economical has given growth for the concept of sharing economy. This driver is help to develop good marketing strategy for Airbnb shown in figure. 42. The main aim of Airbnb is to provide access instead of providing ownership. The access where guest can stay like locals and feel like home and host can give this experiences to the guest and have a good impact in creating a different experiences and create strong bond between both. Marketing mix with this sharing
economy drivers would create greater impact and develop this mission and goals surrounding those drivers.

3.2. Propositions for Airbnb marketing strategy using shared economy business model

Airbnb was established as a trusted community marketplace for the people. It allows guests to experience and interact with local people and gives a totally different experiences, which guest cannot experience through hotels. It helps host to share their spaces in their own traditional pattern and foster
as a local social place. It aims to give totally traditional experiences to the guest, where guest can live with the locals and enjoy their time with them. Airbnb even fulfills the need for belonging unfamiliar individuals.

To improvise their marketing strategy and have a successful marketing Airbnb should constantly focus on the Sharing economy drivers and the marketing mix elements. Sharing economy drivers with create a better benefit to the firm because, those are the start point due to which Airbnb could fill that empty gap in and provide different platform for the host and the guest. Sharing economy drivers such as societal, technology, trust and economical is the line which shows an emergence of such platform.

**Technological driver:**

Is important driver for Airbnb. This driver include development in the online platform of Airbnb, usage habit of internet which helped them to connect with host and the guest, developing easy platform for the guest and introducing secure payment system. Airbnb should keep a close eye on recent technologies and innovation so that they can apply those technologies into their system and give better support and ease to the guest and host as they are the one who increase their revenue.

**Trust driver:**

Trust is an important drive in sharing economy because it makes feel connected and develop loyalty towards firm product and services. It is very important for Airbnb that it develops trust within the host and guest so that they feel safe and stress-free when they are connected to Airbnb. In most important cases guest is afraid of online payments and hence it is important for Airbnb to see whether their platform is safe enough and has a good rating and reviews so that guest won’t be hesitated to make any payments or booking. They should make sure that the host with false ID should be removed and no inconveniences should cause. It is more important that every guest living with Airbnb should rate that particular host, so give clear picture of other guest too.

**Economic drivers:**

Airbnb provides host an opportunity to share their space and earn money and guest to experiences this services at a low cost. Most of the guest complains that the host charge them too much than what it is expected. Even the experience which are posted on Airbnb site are too expensive according to the guest opinion. Host who are new in the Airbnb platform should take care of the prices which they post on Airbnb platform. This will help them to grad more travelers and provide a good rating result. Airbnb should take care of those host who put space illegally and earn money. Most of the host are using Airbnb platform just for funny, most of them are posting their hotels of Airbnb, doing illegal business and making money. Economic drive is not just to earn extra money; it also can be price advantage for the consumer who wants to experience different tradition and cultural while living with locals.
**Societal drivers:**

More of the consumer are becoming aware and concern about saving resources and making less use of them. Consumer are gregarious towards nature and showing that belongingness was always there in consumer minds. Many of consumer started liking the traditional way of living, which they have reawakened in them and had started supporting this tradition whether it is in their own country or of different countries. Airbnb can grad many customers, by inviting more traditional way of living experiences, if provided to the guest. Airbnb can motivate host to provide guest a traditional experience, by providing various services and make them aware of the growing trend towards traditionalism. Host can provide and introduced old technic so that guest feels welcomed and try to generate more interest.

These four drivers will help to develop a good marketing mix for Airbnb. Technological driver will help to develop promotion and place marketing mix strategy. with the help of technology Airbnb can promote and place their product on social media platform and other online advertising platform. Trust driver will help in product, price and promotion marketing mix strategy. Product shown to the consumer on the social media or on their website, with an affordable price will help to gain consumer trust, but when it comes to paying for the accommodation, that to online, needs a good marketing to build trust within the people and hence reviews and the likes works in some cases. Airbnb should promote few sign and describe about how the payment process works and all the details filled would not cause any harm to guest. Even word-of-mouth plays an important role in developing trust so it is important to promote those ads where guest share their views about Airbnb and how happy their experiences was. Economic driver will help to develop price marketing mix strategy. Offering product for an affordable price will attract consumer and providing good opportunities and benefits to the host will attract host to share their spaces. Societal driver will help to develop price, product and promotion marketing mix strategy. With societal driver consumer will be aware about the traditional and cultural except used to design product and services, which is charged accordingly and promoted on social media.

Airbnb has to belong on this two key elements (figure.43): Guest and Host which help them to generate revenue and provide services to the guest. To develop successful marketing strategy, these two elements plays equally an important role. If one fails, whole structure would fall down, hence to function better certain aspect have to be developed.
In (figure.16), Author of the thesis has mentioned some problem which will help to develop successful marketing strategy. Travelers expectation will drive host and Airbnb to make changes and develop good marketing strategy and hence after reviewing result of survey and secondary qualitative data analysis, the above figure is made.

**Training and motivating host to provide good Services:**

It creates a great impact factor when good services are provided to the guest. Host plays a very important role to maintain standard and provide good service to the guest.

Most of the guest, after staying with Airbnb they are not happy because of the room audiences and the hygiene standard. 5 star hotels are known because of maintain standards and making guest stay experiences more comfortable.

It is very important to educate host about maintain those standards. For that Airbnb can provide some online classes to educate host through webinar or any other source. Host should be rewarded for showing excellences in their services which will keep them motivating to give their best.

Airbnb can introduce “Happy Face” option for guest who are happy and had a good experience with their stay. This “happy face” can be ranked by the guest on the count of one to five so that at the end Airbnb can reward host for getting certain amount of “happy face”.

---

**Figure. 43. Elements of Airbnb**

Source: created by author
Even this strategy can motivate host, be part of Airbnb and provided good experience. Following changes could happen in host behavior:

- It will motivate them
- It will make them learn different ways to make guest happy
- It will make them to participate every interaction with guest
- Host will be highly active for guest needs
- Host will try excellence in their services
- They will try to promote traditional way of living

Road map:
To obtain this road map strategy Airbnb will have to sign a partnership agreement with Maps.me application which is a free application for aneroid and iOS. After successfully booking accommodation on the Airbnb website, guest will receive an email through Maps.me to download that particular location map so that they can use it offline too. This strategy will help guest in many ways:

- To find exact location
- To know how far it is from the bus, railway station or airport.
• To find nearby tourist attraction places.
• To find restaurants which are suggested by Airbnb.
• Will help students.
• To find emergency services and locate them
• To nearby supper market

**Low price/ Discounts:**

Airbnb is a totally new idea and it hasn’t captured much of the market place. Many of the host price higher than what it is expected. Guest do complaint about the price they charge, most of them say that they just try to price 2 or 3% less than hotel accommodation. Experiences, which are local activities led by the host, even those activities are priced on the higher side. Cost for the start should be at a lower side so that most guest can experience it and gradually host can rise prices.

Airbnb should provide discount for those who are using Airbnb services for the first time. For e.g. 5% discount on their first booking. This will motivate travelers to experience Airbnb services. Even they can offer discount at peak times. This will help in following ways:

• It keeps guest connected to the brand
• It will give chance to other guest to experience services provided by Airbnb
• Most guest would likely to buy those service
• It will give regular sales
• Guest will refer to other guest or friends or family
• It will help to earn more money.

**Concierge services:**

Many of the first time travelers whose purpose is to explore and spend some leisure’s time, for those guest, host can plan an itinerary, allow guest to wash their cloths if they are going to stay for longer period. In that itinerary, most famous tourist place, timings to visit those place, staple food, etc. should be mentioned. Host can offer this service at a guest request but host should mention that they can provide this information.

• It will save guest time
• It will reduce their most of the stress for find places
• It will be at an affordable price and more convenient
Online chat system:

Airbnb should provide online chat system on their website. Every time, when guest visits their website there should be a pop-up message from Airbnb customer services. This will make guest feel welcomed. This will help in following ways:

- It will improve service and loyalty towards guest
- It will help in solving guest problem quickly
- It will create competitive advantage
- It will help to discover guest pain point

Security:

This issue still exists in most of the consumer’s mind. For this Airbnb can develop a “feel safe” sign on every host house profile. For that sign host has to meet certain standard which are suggested by the Airbnb. This sign will appear on the image of that host house before guest clicks and look for the details. This will help in many ways:

- Creating a safe environment for the guest.
- It will not waste guest time for searching safe home.
- They will be assured and feel safe of all payments.
- More guest will be attracted.
- Safe place to stay.

Videos:

Videos will give good senses of connectedness, if videos are posted on the website of Airbnb it will give greater impact for that guest to book those activities and rooms. Host can take videos with their guest and post it on the Airbnb platform. Host has to ask guest about their stay and simple they can put this video with the guest permission. Creating a visual effect would give guest a feeling to transparency and it might motivate them to book apartment and pay price for that particular room. It will in following ways:

- It will increase guest satisfaction
- It will attract and keep high spending customers connected
- It shows power of security
- It will help to communicate better with guest and spread the message.

Social media marketing:

Digital technology had a greater impact on Airbnb. In recent years, internet had supported Airbnb a lot and hence for the promotional activities Airbnb can use social media to its best. There are
around 3.196 billion social media users around the world according to we are social, (2018). Airbnb can attract this customers, by daily being active on social media platforms. Posting stories, going live when there are events or activities. This will help them to grab customer’s attention and spread awareness.

**Rewarding Loyal guests:**

Airbnb can introduce some plans for the guest who are loyal to them and crossed certain number of stays. They even can give certain amount of discount of different property types and go some extra miles. They can even give some free stays to particular guest, give them some discounts on the activities mentioned on Airbnb website.

**Assisting Host:**

There are certain cities where host cannot rent their spaces or host can only provide short stay to the guest. For that Airbnb can provide free consultation to overcome this barrier. This will help host to know whether they can rent out that place and it will even help Airbnb to keep eye on such host.

**Creating jobs opportunity:**

Airbnb should not only create job opportunity for the host but also they should also hire people who would like to work with firm and contribute their ideas for firm development. This will create a sense of responsibility and more people will try to contribute their best.

Job opportunities will show openness of Airbnb to inviting people from different traditional and culture and it will also show that Airbnb is open to new ideas. This even creates a good brand image in consumer perception. They should appoint person who can head sharing club community in every city. This will help to keep eye on the host and would even help Airbnb to maintain certain standards.

In conclusion, in order have a greater impact and have successful marketing strategy of Airbnb, there should be greater amount of contribution and support from both the sides company and the host. It above elements should be taken into consideration and also implemented. This all recommendation contributes to the solution of creating successful marketing strategy of Airbnb using shared economy business. The analysis, projects that Airbnb should educate host and provide different sources to guest for better communication which would solve most of the problems. They would have to develop their website, be more active on social media so that, most of the customers know what Airbnb is.
3.3. Recommendation for Airbnb Marketing mix

Product in the marketing mix

The main products offered by Airbnb are services. They offer wide variety of services to the consumers, which are simple and authentic. Their main purpose is that, guest should live like locals and get mingle with the local culture when they travel. While booking accommodation, consumer can find and book accommodation with an ease.

For consumers they offer, Rooms to rent for particular period of stay and even they offer activities which traveler can experiences during their stay such as scuba diving, cooking classes etc. They offer huge variety in accommodation type for e.g. Islands, boats, manors, castle, igloos and tipis. For the host they offer two option; provide accommodation or any experiences, which they want to share with the guest.

It even guides host to set particular price for their space. Airbnb act as a border, which facilitates all transaction and communication between host and guest. For better services they can provide online classes to the host, to maintain certain standards. They should high-light safety condition for they service they provide.

Airbnb should keep developing and implementing new service categories to keep guest connected. Standardization and adaptation are the most important way to develop services quality. It should take care that guest is not bored of their repeated services. There should be an always place for new innovate ideas that could develop their brand image.

Price in the marketing mix:

The main source for Airbnb to generate revenue is by charging services fees from the hosts where Airbnb get 3% of its service fees.

Consumers can access different sites to find lot of offers due to which consumer would tend to be very price-sensitive. Airbnb accommodation is cheaper than hotel rooms, guest has to the pay half of the price compare to hotel rooms. But still, some of the host charge guest at a very high level, this could affect the Airbnb growth. Even the activities which Airbnb had recently introduced they are even charged at a higher level.

For now, they have to look on their pricing strategy and charge less, so that the guest would shows its interest and book rooms or activities at least once. They can even provide discounts, for particular no. of guest
Most of the guests don’t even look at those rooms which are too costly and they just shift their preference of booking room from Airbnb to other websites. Most of the around 50% of the respondents in my survey prefer different booking sites because they provide rooms at a cheaper and affordable price.

Airbnb should concentrate even on students and backpackers more because this young generation can create a positive impact on Airbnb sales if the cost is at little lower side. Airbnb should even look at their competitors and charge accordingly.

**Place in the marketing mix:**

Airbnb offers its services mainly through its website and communicates with the help of the internet. Airbnb accessed through all digital platforms, and thus it has an opportunity to reach huge amounts of crowd and share its message and it can be used by anyone who has access to internet.

Airbnb should have a better check for those areas where crime often takes place. They should consider those host rooms only where it is security verified regions.

They can get into partnership with other online companies, so that more consumers will know about Airbnb and guests will try to notice their services.

The most convenient way for guests to book accommodation or activities is the Airbnb website or application. Most of the guests find the website too messy and information provided in it is not up to the point. It happened many times that guests books that particular room to the available facilities which are listed on the website and after going there for stay guests have to suffer due to the false information. Hosts who put up false information should be checked twice by Airbnb and develop systems accordingly.

**Promotion in the marketing mix**

Airbnb promotional activities are mostly carried on social media platforms. Airbnb’s value proposition “living like a local” and whenever it promotes its advertising on digital platform it makes sure that this message is passed to the most of the consumer. But still most of the customers are not aware about what Airbnb is.

To increase their promotional activities, Airbnb can carry out offline marketing, sponsoring events to attract more customers, and do some charity so that they can raise brand awareness. Airbnb can start their online magazines, where people will know what activates are carried out. They can promote videos of recent activities, both offline and online.

They can help disables, who has talent to showcase their art by involving them in their local experience pages of the website. This will give disables an opportunity to grow and earn some money and for Airbnb a good image for helping them.
Airbnb should mainly focus on their promotional activities because 50% of the respondent don’t use Airbnb and prefer different online accommodation marketplace. Airbnb is not highly active on Facebook, Instagram, Twitter, Email marketing, Google AdWords, linked in.

Most of the consumer use social media, for Airbnb this is a good platform for promote their services and keep consumer engaged. They can make a use email marketing and give notification to guest about their new offers or activities or the guest who had stayed before.

They can even engage consumer with their latest post on Instagram and Facebook so that guest is aware about their services and at least., this will help to create brand awareness and new offers. They can make a use of Google AdWords; this is also help them to grab more customers. They should even develop their content marketing strategy, most of the time guest, doesn’t find their content that interesting and they don’t even have a look on it.

Airbnb can invite travel bloggers who has lot of followers on social media platform, give them certain amount of discount or a stay free to do promotion of their space. With this travel blogger can post their experience on their social media platform, which will motivate their followers to try Airbnb services.

Airbnb can even ask famous celebs to come and experience their services. Recently, an Indian actor had here stay with Airbnb and many images were posted on Instagram stories. This concludes that Airbnb can even bring more celebs and can use this as a promotional tool.

Airbnb should promote their ads using traditional ways too, like TV even this could help to create brand awareness.
CONCLUSION

The Following conclusion can be made:

1. Marketing strategy of a company using shared economy business model- Theoretical analysis showed that most of products and services which is launched in the new marketplace needs a good marketing strategy so that it creates good brand image, brand awareness and has a power to reach most of the consumers.

   ✔ Marketing strategy is one of the most important component for any firm. It is the one of the most important functional strategies of the firm which collectively make overall decision for a good business strategy

   ✔ Marketing strategy importance’s is very high due to it has overall control over key marketing activities and it even controls the relationship with other firms for developing those key marketing activities.

   ✔ Choosing appropriate marketing strategy and later implementing it are one of the important measure and key step for the firm’s success.

   ✔ Firms marketing strategy is highly influenced by four marketing mix elements: product, price, place, promotion.

   ✔ Firm constantly has to analyze its marketing environment and competitors marketing strategy and then examine and develop marketing mix strategy.

   ✔ Firm can only develop marketing strategy, after knowing what their consumers exactly wants, what prices are they ready to pay, which distribution channel will work efficiently, and what promotional strategy will reach the target market.

   ✔ To meet this needs of consumer’s firm has to manage the risk factor and develop the strategy accordingly.

   ✔ In theory different authors shares their different opinion regarding marketing strategy but the main concern which it is showed was marketing mix.

   ✔ If firm marketing mix strategy is good and meet consumer’s expectation, it will have greater chances to be successful.

   ✔ Sharing economy as a topic of economic research represents both urgency and relevance’s as it is the hot topic for the most of the researchers.

   ✔ Marketing of sharing economy did not have much of research because it is a totally new phenomena and research are working on this hot topic.
Sharing economy should stay in limelight of scientific research because of its disruptive influences on both local and global markets.

Drivers of sharing economy helps to develop marketing strategy and analyze the gap which firm can fill in and develop a new market for the consumer and create a total different market.

2. Research result of Airbnb marketing strategy using shared economy business model.

For analyzing research topic deeply two methods were conducted. One was qualitative data and other was customer survey which was distributed online.

In customer survey author collected around 404 respondents, were lot of respondent shared their view regarding Airbnb and what are their opinion about shared economy.

It has revealed that Airbnb has to work a lot in gaining good reputation in the market.

Airbnb has to create brand awareness so that most of the guest can use their services

Airbnb has always been surrounded around blighted controversial issues from mismanagement and even allegation against sharing house which are not allowed for host to rent their space.

The research helped to understand the state of Airbnb in consumers’ minds and helped in knowing where the challenges for improvement are, as well as the problematic condition which are hindering its growth.

The analysis has identified various determinants towards the growth of Airbnb.

According to the result, Airbnb charges two high for renting an accommodation. Even newly introduced activities on Airbnb are very at a high price.

Airbnb should focus more on their marketing mix, so that it gives clear picture to the guest and they can use these services.

Regardless of all, Airbnb has a potential to grow and provide more opportunities with sharing economy model.

3. Conclude the recommendations for Airbnb marketing strategy- Airbnb services are spread all around the world and wants guest to explore local life in private, enjoy the flexibility in services which are provided by the host for that they need to have a successful marketing strategy which will help them to achieve their goal.

In order to improve their growth in market, they have to improve their marketing strategy with the help of marketing mix.

In recommendation part, Airbnb has to safe certain barriers which are technological, communication, economical, trust, personal and political and legal barriers.
✓ Sharing economy provide an alternative and various options to the guest due to which they have various options to choices particular services and hence Airbnb has to create customer loyalty and keep them engaging.
✓ Airbnb should offer personalized and socialized experiences so that guest feels connected and they remain loyal
✓ Airbnb should develop strong marketing mix strategy and suggested in figure. 43 make changes in providing their services.
✓ Airbnb should concentrate more on their promotional activities and lower their prices for both activities and rooms.
References


6. Airbnb. (2017, 8 5). Retrieved from Airbnb Fast Facts: https://www.google.lt/search?rlz=1C1CHBD_enLT736LT736&ei=nKz0WpqBMazUgAa53Z24Bg&q=airbnb+total+number+of+guests&oq=airbnb+total+number+of+guests&gs_l=psy-ab.3...14220.15855.0.16810.6.6.0.0.0.0.212.544.0j1j2.3.0....0...1c.1.64.psy-ab.3...14220.15855.0.16810.6.6.0.0.0.0.212.544.0j1j2.3.0....0...1c.1.64.psy-ab..3.1.206...35i39k1j0i1


ANNEX 1

**Marketing Strategy of a company using shared economy business model - The case of Airbnb**

I am a student, pursuing master’s in marketing and International commerce. This Survey is being conducted for the master’s thesis. My research mainly focuses on the case of Airbnb. Please give your answer to the questions below. The questionnaire is anonymous; its answers will be used only in the final work. Your contribution to this survey would be of a great help!!!

1. Are you usually a?
   - [ ] Frequent Traveler
   - [ ] Bag packer
   - [ ] Business Traveler
   - [ ] Non- Frequent Traveler
   - [ ] None of the above
   - [ ] Others

2. Which method do you usually use while booking a place?
   - [ ] Company website
   - [ ] Online catalog
   - [ ] App
   - [ ] By Telephone
   - [ ] By travel agent
   - [ ] All suitable

3. Do you use Airbnb?
   - [ ] Yes
   - [ ] No

4. What is the online accommodation marketplace that you mostly prefer?

5. Why do you choose this particular accommodation over Airbnb?

6. How long are you using Airbnb?
   - [ ] Less than a Year.
7. How do you use AIRBNB?
   o As a Host
   o As a guest
   o Both

8. How many people do you usually book Airbnb for?
   o Single
   o Couple
   o Group of 3
   o Group more than 3

9. What was the first impression when you heard about Airbnb?
   Very bad 1 2 3 4 5 bad

10. How many stays have you had as a guest on Airbnb?
    o Less than 3
    o 4-5
    o 5-7
    o 7-10
    o More than 10

11. How well has host's recommendation about the local neighborhood spots added to your experience?
    Very bad 1 2 3 4 5 Excellent

12. What is the typical cost range per night of the places you have stayed?
    o Less than $50
    o $50-$100
    o $100-$150
    o $150-$200
    o More than $200

13. What Factors are important when choosing an accommodation on Airbnb?
    Strongly agree  Agree  Neither agree nor Disagree  Disagree  strongly disagree
    o Prices
    o Landmark
    o Ambience
    o Architecture
    o Hygiene

14. Does Airbnb charges more commission than expected on every booking of your Place?
    (**Question For host**)
15. How would you rate Airbnb promotional Ads on social media platform?
   Very bad 1 2 3 4 5 Excellent

16. How much do you trust the information on Airbnb website?
   o A great deal
   o A lot
   o Neutral
   o A moderate amount
   o Not at all

17. Rate the Airbnb website on the following terms:
   Extremely satisfied Very satisfies Moderately satisfied Slightly satisfied Not at all satisfied
   o Information provided by the host
   o Layout of the website
   o Security
   o Reviews

18. Do you often see the promotion of Airbnb?
   o Yes
   o No
   o Maybe

19. Which social platform do you think should Airbnb focus more for promotion?
   o Instagram
   o Facebook
   o Google AdWords
   o Twitter

20. Rate the activities introduced by the Airbnb host for your trip?
   Very bad 1 2 3 4 5 Excellent

21. Do you think the sharing economy services will transform our economic future?
   o Yes
   o No
   o Maybe

22. What advantages do you see in the sharing economy?
   o Opens up extra income opportunities
   o Greater choice for consumers
   o None

23. Which of the following Sharing Economy Sectors have you used in the past?
   o Peer to peer loans
   o Grub clubs
   o Community sites
   o Co-working spaces
   o Task-based services
   o Crowdfunding
24. What does sharing economy offer, rate the following terms?

<table>
<thead>
<tr>
<th>Term</th>
<th>Rating Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer cheaper products</td>
<td>Strongly agree   Agree   Neither agree nor disagree   Disagree   Strongly disagree</td>
</tr>
<tr>
<td>Offer more choice</td>
<td></td>
</tr>
<tr>
<td>Offer more conveniences</td>
<td></td>
</tr>
<tr>
<td>Is a more sustainable way</td>
<td></td>
</tr>
</tbody>
</table>

25. Age Group

- 20-below
- 21-30
- 31-40
- 41-50
- 51-60
- 61-above

26. Gender

- Male
- Female
Figure 14. Airbnb’s 2018 Travel Trends

Source: Airbnb (2017)