

Airbnb says its search-averse marketing strategy is working

Article

The news: Airbnb posted its most profitable quarter to date, attributing part of its success to its pivot away from search marketing and toward brand campaigns. The company's revenues were up 29% year-over-year, performing above analyst estimates.

Performance marketing-averse: In 2019, Airbnb decided to cut back its spending on search and other performance-based marketing and instead focus on bigger, brand-oriented ad

campaigns.

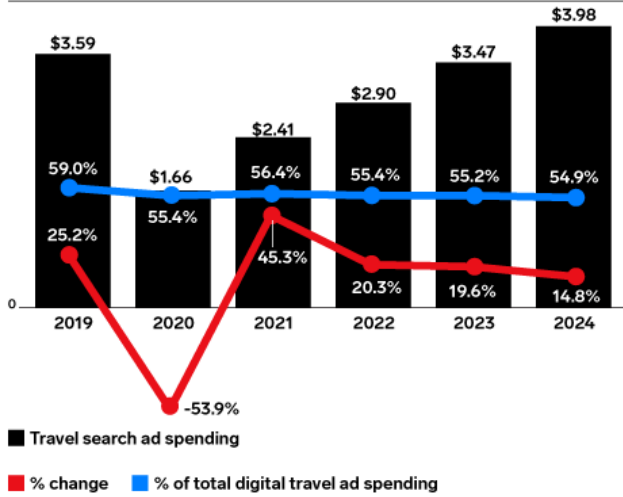
- That meant an overall reduction in ad spending. In Q1 2021, ad spending fell 28% year over year. Ad spend has remained a lower overall part of the company's expenses, though it did increase advertising year over year during the last two quarters to capitalize on the summer [travel boom](#).
- According to CEO **Brian Chesky**, 90% of Airbnb traffic happens directly, not through search. Instead, its ad spend has been used on brand campaigns that inform consumers about various services Airbnb offers.
- But while that worked for Airbnb, it may not be replicable for other companies in the travel industry. Airbnb is a big, well-known brand, and that was the case even before it changed its marketing strategy. In fact, the travel industry is generally spending *more* on search advertising post-lockdown, though its overall share of total digital ad spend is slowly shrinking.

Airb-n-bumpy: A summer return to travel helped the industry eke out [record profits](#) after a brutal coronavirus-induced slump. But as the holiday season approaches, the travel outlook is dimming.

- Inflation and fears about a winter COVID-19 surge are hampering holiday travel. **Sixty-nine percent** of consumers are concerned about inflation when it comes to traveling, per a WalletHub survey.
- A brand-focused marketing strategy could help Airbnb weather that dip. Many industries are reducing ad spend due to economic concerns and instead opting to promote their brands or reach out to consumers directly to build and maintain relationships. Airbnb is well positioned to make a similar pivot.

US Travel Search Ad Spending, 2019-2024

billions, % change, and % of total digital travel ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices on all formats mentioned
Source: eMarketer, July 2022

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