

TRAVEL AND HOSPITALITY

## Under siege, 5 PR mistakes that Airbnb continues to make

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A one-bedroom, one-bath unit at Augill Castle in England's Cumbria region rents for \$246 per night on Airbnb. Image credit: Augill Castle, Airbnb

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Airbnb is facing an existential threat that has the potential to fundamentally destroy its revenue model. It is a crisis and public relations lesson that every entrepreneur and marketing professional should watch closely.

You have to be living under a rock to not know that Airbnb is under attack by local politicians.

Small towns and large cities are all cracking down on the home-sharing service, issuing fines for tens of thousands of dollars. In New York, **a homeowner was hit with a \$185,000 fine** for renting out her home on Airbnb.

Surprisingly, **Airbnb** is not fighting back.

A major competitor the hotel trade industry is actively engaged in tactical political and guerilla warfare and yet Airbnb seems to be asleep on the couch. It is like the company's leadership team is not reading the newspapers or checking the climate inside the home.

Here are five of the biggest PR mistakes that Airbnb is making and why it will impact its \$100 million revenue if the trajectory is not changed quickly.

Airbnb is allowing the competition to define the narrative

It is not a coincidence that laws banning Airbnb are all similar. They are likely written by the lobbyist after the hotel trade industry makes large campaign donations.

Yet, the public is not hearing this story. You know why? Because Airbnb is not discussing this narrative. Instead, it is playing catch-up to every news story that attacks its service.

If you do not get in front of the narrative, it will define you. And that is a lesson every entrepreneur should heed.

Airbnb is muddling the message

The city comptroller for New York, Scott Stringer, recently published a report that blamed Airbnb for expensive rents. *The New York Times* headline said it all: **"Airbnb Drives Up Rent Costs in Manhattan and Brooklyn, Report Says."**

Rather than going with a strong defense that explained the weaknesses of that report, the Airbnb PR team muddled the message. Here is how the *New York Times* characterized it:

*"Airbnb officials said the report confused causation with correlation by blaming the company for higher rents that could have been raised by other factors, like rezoning. However, the comptroller's study included variables like household income, population, and employment rates."*

Airbnb needs to push positive features

Rather than defending itself, the Airbnb PR team should be explaining how the company is helping the community.

Contrary to the narrative that is being pushed on the cable news airwaves, profits from Airbnb are not going to corporate giants.

Ninety-seven percent of the money actually goes to homeowners using the home-sharing service. Ironically, that argument likely comes from the hotel trade industry where the true profits go to corporations.

But you do not hear this message from Airbnb. Why? I am not sure. I am not privy to its CEO meetings, but whoever is running this PR team should be fired and the new chief marketing officer should engage reporters with more enterprise stories that put Airbnb in a better light.

Airbnb needs to compete on a higher level

All politicians are elected with the help of campaign donations. If I was leading Airbnb's PR team, I would devote a team to researching these politicians who are actively attacking Airbnb.

For example, how much did the hotel trade industry donate to Mr. Stringer's campaign?

As the owner of a PR firm who has worked with lobbyists, I would be willing to bet that the hotel trade industry is very close to Mr. Stringer's policy and PR team. It is also likely aligned with other local council members pushing the exact same legislation.

However, if Airbnb does not uncover it, the media is less likely to expose it.

Airbnb needs to bring more transparency to reporters

As an executive producer with television broadcaster NBC, I was frequently pitched stories that had an agenda, so Airbnb needs to be transparent with others. This is not a political campaign it is a media and branding campaign.

Airbnb needs to identify better features that demonstrate how the company is helping the community. That should be a pretty easy story to sell.

Personally, I have used Airbnb in the United States and abroad and loved its service.

I experienced Airbnb bringing strangers together from different cultures and watched my friends make money with the rental service.

IN THE END, Airbnb created jobs for house cleaners, contractors and painters.

If that story does not get out soon, homeowners and contractors will lose, while the hotel trade industry will win.



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