



Alan Clarke:
learned about
the internet
with Yahoo!

Modern Twist On Old Fashioned B&B

Headquartered in Dublin, Homestay has raised over €3m in funding as it seeks to rival the likes of Airbnb in the bed-booking space, writes **GERRY MULLINS**

The homestay idea isn't new: people have long been renting out spare space in their homes for a night, a week or a few months. Ireland built its tourism industry on the concept, calling it the B&B. Visitors were offered an authentic Irish experience because they were staying with an Irish family, eating Irish food and learning about the local culture.

Dublin startup Homestay has taken this age-old practice and given it an IT revamp. The hope is to foment an Amazon- or Google-type consumer revolution, this time in the travel accommodation space. Homestay is targeting students spending a semester abroad, as well as backpackers and mainstream

travellers desiring a more personal and cultural experience than they would get in hotels.

Launched in mid-2013, Homestay has already signed up 15,000 homestay hosts in 30 countries, and has processed 50,000 bed nights. The company employs 20 people, all in Dublin. Although Homestay is coy about discussing its targets over the coming years, the firm clearly has global ambitions.

Homestay was born after Debbie Flynn – a 30-year veteran of the homestay industry – joined forces with Tom Kennedy, one of the founders of Hostelworld.com. They decided that Hostelworld's achievements in the global hostel industry could be

replicated by Homestay in the global homestay market. The two secured financial backing for the idea and spent a year in development.

Commission

Homestay's website allows hosts to display their accommodation for free. When a booking is made, Homestay takes a 15% commission on the booking price. What differentiates the business model from other accommodation providers is that the host must be present. The company's website advises intending hosts: "There needs to be a host family living in the home during the guest's stay, making it a truly authentic and unique travel experience." Homestay has

raised venture capital funding of €3m from Delta Partners. A number of private investors from the UK have also bought in.

The firm's main office is situated on the north-west corner of St Stephen's Green. The office has a reception area, but instead of a receptionist the space is occupied by a collection of high-end bicycles. The walls are mostly large expanses of white, bare except for desktop-printed pictures and charts. There is a quiet buzz as the company's software development and digital marketing teams go about their work. The average age is around 30, and there is an even split of females and males. It seems everyone is casually dressed.

Table Tennis

On one of the desks there is a large gold trophy, signalling that the occupier is the reigning Homestay table tennis champion. The tennis table is located in a top-floor room, which is where we talked with Homestay chief executive, Alan Clarke (33). Clarke exudes confidence. The son of a doctor, his first business foray came as a fourth-year student at Portmarnock Community School in north Dublin, when he worked with a company that imported and assembled clock parts from Poland.

Clarke went on to study management science and information systems at Trinity College and was awarded a Foundation Scholarship,

HOMESTAY'S MARKETING MIX

Homestay's marketing is mostly on digital platforms, such as AdWords, AdCentre, Facebook and Twitter.

"These allow us to be very specific in our targeting, giving the company the ability to advertise by country, city and demographic group," says chief executive Alan Clarke.

He adds that Homestay's digital marketing campaign goals are very simple: to achieve brand awareness and to attract more hosts and guests. "The platforms we are using to achieve this include AdWords,

AdCentre (aka Bing Ads), sponsored ads on Facebook, and paid ads on Twitter. Around 20% of our online marketing spend is on social platforms, and around 80% on search and display."

Most of Homestay's digital spend today is on Google platforms (search 55%, display platform 20% of total spend). "We are experimenting with other ad platforms and will pursue those that show potential to deliver a positive return on investment," says Clarke.

an award given to students who the college believes can consistently demonstrate "exceptional knowledge and understanding of their subjects". Clarke graduated in 2003 and went to London to work as a management consultant with McKinsey & Company, before joining Yahoo! two years later in a corporate development role based in Silicon Valley.

"I learned a huge amount from Yahoo!," says Clarke. "Basically I learned how the internet works and I was really impressed by the entrepreneurial spirit and endeavour that existed there. That has inspired me to do what I'm trying to do now. It's phenomenal what people in a small pocket of the US have been able to achieve in terms of disrupting the way people do business and communicate with each other."

Weekend Downtime

Clarke joined Paddy Power in 2011 to run some of its online businesses. "It was a great opportunity to take a step into a commercially focused role," he explains. "I had always wanted to run and build businesses, and to build e-commerce businesses based out of Ireland." Clarke left Paddy Power to join Homestay last September.

The Homestay chief travels to work each morning by bicycle, arriving to the office most days around 8.15am, where he works a 12-hour day. "I try to leave around 6pm on Fridays and to keep weekends free." A Spanish version of Homestay has already been launched, with a Portuguese version in the works. Clarke hopes to target other languages soon. "We are constantly building our inventory and we seek to build our presence in key global markets. It will take some time," he says.

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