

# VACATION RENTAL GROWTH CHECKLIST

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*As an event organizer, it is always difficult to come up with serious documents that can help VR event attendees to summarize some information shared by speakers at conferences.*

*Richard's presentation during ExpoRV 2022, was among the highest rated by attendees and on this easy to read e-document, he provides us a checklist designed to help VR managers grow in an organized and margin-healthy manner.*

*I hope you can apply some or all the information that Richard shares with us in this e-document.*

**Manuel Lozano, CEO ExpoRV - [Web Link](#)**

YES CONSULTING

# RICHARD VAUGHTON



## **DIRECTOR - YES CONSULTING**

Vacation Rentals - Technology, M&A, Growth

This document is designed to help growing or aspirational management companies avoid the numerous pitfalls, organise their business in an orderly manner, de-risk and if required be better positioned for investment or sale.

This document covers 35 years of founding, building & selling businesses — the last 20 years specifically in vacation rentals.

I am currently a director of a rental tech company, and a board member of two further businesses plus co-founder of Yes Consulting.



YES.CONSULTING

# 200,000+ MANAGEMENT COMPANIES

The true number of professional vacation rental managers has yet to be determined. No definition represents managers' size or specific activities. Some are pure marketing companies, some full service and some hybrids.

For this report, all businesses that market AND have ANY involvement with operational activities AND directly contract owners exclusively are the target audience.

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**PART A**

## INTRODUCTION

Why addressing all these elements of your business are important.

**PART B**

## HIGH LEVEL CHECKLIST

We introduce the main elements of most rental businesses and the importance of managing these and in section C offer up a checklist on each topic

**PART C**

## CHECKLIST DEEP DIVE

We dive deeper into each of the checklists section by section and expand on some elements to provoke thought, development & avoid the bear traps!

**PART D**

## YOUR MOST IMPORTANT ASSET

Of all the sections, despite the importance of planning, technology, marketplaces, operational activities and the daily grind, it all involves people.

**PART E**

## FURTHER READING

Some great reading, links and tools on growing a management business. Subscribe to our private reading lists.

**PART F**

## MASTER SUMMARY CHECKLIST

To summarise, see if you can answer these checklist questions and be prepared for a 15-minute pitch on stage as to why your business is so solid!



# INTRODUCTION

Many of us entered the world of rentals by accident or as a means to pay for our real estate purchases.

No one teaches Vacation Rentals (VR) at school, but there are now many courses and books on becoming a successful manager, many of which the current cohort will have heard of or read. Most of these managers will also agree that they have made many mistakes on the path to success.

This is not an instruction manual or a pathway to guaranteed success. It is purely an advisory document from someone who has made many mistakes and now works with companies to avoid the bear traps, the financial burdens, legal challenges and the personal stresses.

Not every line, suggestion or word applies to each business, as the market has such diversity in operation, guest demographics, property types, payment needs, taxes and legal obligations.

However, the beauty of the VR rental world is its reach and opportunity, ease of entry and capacity to offer tremendous benefits and personal satisfaction.

The industry can also create stresses, financial issues and dual customer challenges (owners & guests). It can confuse technology and see financial leakage via poor decision-making, third-party data silos and lack of understanding, support or staff management.



# CHECK LIST CHAPTERS



## YOUR PROPERTIES

This section covers the property's size, the quality approach, the amenities, location, volume of properties and relation to staff numbers and owners.

## FOCUS ON YOUR NICHE OR BRAND

Every business needs an edge to succeed. Perhaps, first to market but more often it's level of service, its niche or personality, culture or commercial efficiency and ROI.

## MARGINS & MODELLING

There is no point in working hard without rewards, except when giving something back to those less fortunate. We look at the business margins and models

## OTAS & DISTRIBUTION

It is often very easy to fall into the dependency trap on marketing. We look at all the options and discuss the need for OTAs as part of the marketing mix.

## FINANCIAL MANAGEMENT

The movement and management of money is critical to growing a business. Ignore this at your peril. Cash, budgets, snapshot P/L & Balance sheets are important

## TECHNOLOGY

With literally hundreds of technology companies vying for your business we dive into the detail of supply, connectivity, strategy and prices.



# PROPERTIES?



## TYPE, LOCATION, SIZE, PRICES, OWNERS NEEDS

Most businesses would want multi-bedroom/bathroom properties, good quality, excellent amenities, great location, size and space and affordable to a large market sector. Generally speaking, the lower-end budget studios and the very high-end luxury properties are not very desirable; the former low-income, the higher hard to access high net worth individuals and deal with over-demanding, concierge-centric guests. Managers often seek the upper mid-range portfolio as the best sector.

Many companies start by accepting any properties and learn very quickly that some soon become gems, and many are harmful or poisonous to their business. Removing the poor performers (and challenging owners) often improves business significantly. Still, it is hard to adopt this strategy as the number of properties gives the business an appearance of size and solidity, but it is a false economy. The message is, of course, to focus on the most desirable properties, and this requires a rethink of the owner marketing approach, pre and post-first meet, the messaging, the business focus and the company appearance/brand.

With oversupply, questions on future demand and the challenge of registration and licensing are often on people's minds. The whole thought process of the owner approach and the contractual arrangements is fundamental to successful property adoption. Be aware of political and local changes and influences, the economy and the costs. The prospective owners will invariably know a little about everything, so keep abreast of local business challenges and the whole industry. Be ready and knowledgeable, don't argue, educate.

Some things are clear that make for high property conversions, however:

- Only allow the most experienced, knowledgeable and personable staff to be involved in early owner discussions. This is often the founder, as they carry a considerable amount of experience. Training & ghosting the experts to gain experience helps a great deal.
- Owners want three main elements when handing over the keys to their second home, often their pride and joy or family heirloom. These are a) Care of their asset at all times, which includes responsible guests, b) what the income will be and how you know this c) direct contact with staff who always respond personally and promptly.
- Documentation has moved from glossy brochures to a well-presented online business underpinned by data and information on how the company and properties are managed and operated. Design and image/brand and search positions are also important.
- Owners also need to know the process from signing the contract to the yearly review. They generally need hand-holding, so ensure that the steps, guidance and empathy are combined to lead the horse to water and drink! Your company culture is essential.
- Be aware that, like properties, there are many types of owners, and you will only want some of them, so think carefully before adopting new owners. This is a two-way street at all times, and over-demanding and underinvesting owners with unreasonable expectations can be a big headache. Avoid them!

# CHECKLIST



**Your properties (and service) are the product**, the centre of your commercial offering, and, like all great products, must fit the customer demographic. Go above and beyond their expectations, especially in an increasingly competitive market.



Are you confident you are not accepting properties that are **not fit for purpose** and take up unacceptable amounts of your time?



Do you keep up **regular (weekly) checks** on properties and note all repairs and maintenance needs and action them quickly?



Qualifying properties with a check list is a great idea but **do you do the same thing with owners?**



**Staging and photography** of properties professionally? Still one of the biggest industry mistakes. Invest in this and owner education.



The **devil is in the detail**. Have you ensured all the detail is correct at all levels: with on and offline Information, communication distribution and in-property?



Are your owners concerned only on saving money in a property, rather more than **investing in their guests satisfaction & enjoyment**. Its a mistake. Educate.

ADD YOUR NOTES HERE:





# NICHE & BRAND?



## WHERE, WHAT, HOW?

Most rental businesses do not have a niche. By focusing on a specific niche, a business in holiday rentals can differentiate itself from competitors and build a loyal customer base. However, it is essential to carefully research the market and ensure sufficient demand for the types of rentals and services the business offers before adopting a specific focus.

For example, a niche business in holiday rentals may focus on luxury rentals, such as high-end villas or apartments, or more affordable rentals, such as budget-friendly apartments or hostels. Alternatively, they may specialize in a specific type of vacation rental, such as beach rentals or mountain rentals, or one that caters specifically to a particular kind of customer, such as families with young children, pet owners, or travellers with physical challenges.

The question for you is not just about the niche but also how to build a brand around the chosen market segment and how to tailor this to improved margins and more significant on and offline marketing traction.

There is then the question of long-term play versus short-term gain, with the former adding defined expertise on specific niches compared to generic modelling of a market sector. For example, luxury properties are much more abundant than those suitable for disabled people. The former has less complexity in property terms, and most guests are entirely able, whereas physically challenged people have varying needs and properties aligned to their particular needs.

Once established in a very niche market & providing a knowledgeable and well-managed property approach, then any local company would likely see success. It's a rarified but laser-focused supply area, and target marketing is much easier than generic inventory.

Most people have expertise or interest outside of rentals; for some, this can be a level of interest, information and expertise that guests appreciate. For example, fishermen are often very secretive about the best spots, baits and conditions. Adding information on your website, offering private advisory documents and conversations, and aligning properties to this potential is attractive. e.g. *"This cottage is 100 yards from the best carp pond in the South West"* It's tempting bait to a carp fisherman. Or sell the experience: *"Imagine casting long into the surf at dusk and waiting for that first bite, just a few yards from the front door!"* Facts and emotive languages sell dreams. It's not just about accommodation.

Review where your properties are located and who owns them, and even consider subtly theming some with some amenity touches backed by written context. All our lives are stories, and adding a narrative to a property on its owners, their interests, the property history, architecture, or points of interest, and location adds value, too. We see many companies that focus on beachfront areas or ski-in-ski-out, and these businesses attract new owners who recognise the need for niches and want to be part of a prestige collection. Too often, however, they seldom follow up with brand development relating to these portfolios.

Think creatively and add your experiences and interests to enrich the portfolio and build guest interest and owner awareness.

# CHECKLIST

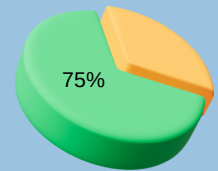


**Standing out from the crowd** is important. This can be a small investment, but to be identified for something as an expert, as a premium service, or a property collection with empathy toward a specific guest demographic counts, improves marketing and returning guests.

- ✓ Have you **identified your niche**? Think local, think guest needs, think your own experiences and expertise you add value to.
- ✓ Once you have identified a core niche start to **build your brand** around. Begin with a single document that all staff can understand and add to.
- ✓ **Getting the word out!** Plan to add your narrative to the core message delivery opportunities, starting with your website, OTAs, emails, guest service apps and adverts
- ✓ Once you have your niche, you will not be unique. **Seek others** who have developed this approach and look to see where they advertise too.
- ✓ Niche and branding are the tenets of big corporations. But we all know few people read the text created for Google. **Think visual.**
- ✓ How often have we heard: "I'm rubbish at marketing". You will need to **create awareness** and its easier with a niche than being generic! Ask around for help on content and reach.

ADD YOUR NOTES HERE:

# MARGIN & MODEL?



## HOW MUCH MONEY AND WHOSE IS IT?

**If anything on this checklist document is important then this is it!**

Margin is the lifeblood of business, without it you will not survive, with too little you will be overstressed, and with too much the owners may question their choice of partner when seeing their income statement!

As an existing manager, you will be familiar with commissions, leases, booking fees, taxes, upsells, insurances, deposits, damage waivers and more. If you are new to this industry, you can start from scratch and ensure that you are on point from day one.

As an existing operator, ask yourself the question: Do I make enough money, do I pay my staff adequately and am I relaxed about my role and company is there sufficient income to invest in growth or keep in reserve for that rainy or Covid day? If you answered yes to all these, then great, but also ask your staff the same question!

The vast majority of businesses use a "shared revenue" model, where the gross booking value has a percentage deducted for the provision of services by a manager. This may be a fee that covers everything except cleaning and maintenance, or it may cover absolutely everything. The booking itself may have additional admin fees, and these may be retained solely by the manager, or the booking may add a damage waiver (not insurance) covered by a manager or underwritten by a third party. Upsell lines of additional services, such as hampers, child seats and toys etc., may be added. Building a successful model often means squeezing the lemon a bit harder than you may have thought!

There are many variations of approach, but successful businesses hold fast to their commission charges rather than individually negotiate, although some may offer a first-year introduction or "ease owners in". Higher margin businesses often build incremental income through increased bookings via reduced booking friction (think removing damage deposits) but ensuring other fees are covered by owners or guests. They may also take a small cut from third-party services that gain access to the manager's guests.

Owners can be very demanding and make unreasonable requests and demands. Ensure that these are covered and charged for. For example, many managers will charge a setup fee for content writing, staging and photography (which some amortise across bookings) but keep an owner engaged and loyal as they have invested in you. They may make demands for many other things however such as assisting with taxation reports (generally their accountants' role).

How all the fees are strapped together can affect the margin substantially and is worth analysing in detail. Then there are the costs, and the biggest outside staff is generally an OTA commission (15-30%). How you handle these, especially if you are heavily OTA dependent for bookings, can make or break your company. 80-90% of managers uplift their prices by the commission value and offer better prices direct to allow upsells and better cash management and company terms. Some managers will reduce the OTA commission by a small % as an acceptable marketing fee, but the overall effect is the same. You will pay the OTA ferryman for every booking - marketing and margin modelling needs care and analysis.

# CHECKLIST



**Margins are the lifeblood of every business.** Margin is the oxygen that breathes life into a business, allowing the business and staff to grow and avoid damaging stress levels. Margins also build reserves, and in times of trouble is the buffer that can keep businesses afloat.



**Do you know** what your gross margins or net margins actually are? Take a good look at the actual accounting numbers and consider!



**Work backwards.** Look at your bottom line profit and consider what a 1% increase on gross bookings would look like or add an \$x per booking!



**What are your margins made of?** Is it just the commission from the owner's gross or the arbitrage number? More is available!



**Do you use dynamic pricing?** Do you invest in revenue management. Do you use any tools to show competitor pricing?



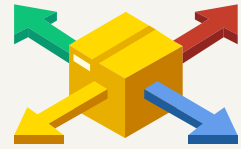
**Margins can be made up of many elements.** Do you add bookings, fees, upsell products or services, offer paid damage waivers?



**Offer direct booking benefits.** Research shows 80-90% of managers uplift prices to OTAs and guests often research directly.

ADD YOUR NOTES HERE:





## DEPENDENCY IS A DRUG!

No one can doubt that OTA (Online Travel Agents) such as Airbnb, Booking.com or Expedia (inc. VRBO) are part of the international marketing mix. Some managers depend entirely on them, and some do not. Generally speaking, urban markets are the most dependent, and the higher-end leisure destination properties are the least dependent.

The question always emphasised by the #BookDirect campaigners is: "To what degree your bookings should be dependent on one, two, three or more channels? For sure, one channel distribution and a higher than 50% book dependency is high risk!

Many will argue this point, but when all or the majority of bookings are controlled by third parties (also consider your technology suppliers and whom they connect to), then the risks are numerous:

- If supply increases, how will you stand out from the online crowd?
- If an OTA changes the booking terms to guests, how will your cancellations and refunds fare?
- If the OTA charges more commissions, can you object?
- If the OTA deems they will price according to your PMS feed but their algorithms, how will this affect your income?
- What if authorities legislate OTAs to offer more private information, collect taxes and more?
- What if a bad guest makes a serious complaint, and you are banned for no real reason? After all, you are one in several million, but as auditors would say to an OTA in this situation, "it's not material". The balance is often weighted to the guest's advantage.

This is a question of control, de-risking and building a solid model that encompasses a broad-reaching marketing model. Not everyone can or will adopt this approach, but the most valuable business is very circumspect on this point. The larger management businesses game the OTAs to their best advantage, only using them for low or shoulder month booking boosts or to develop a good referral search opportunity.

Indeed, the big three companies plus TripAdvisor brands (e.g. Holiday lettings) make up the bulk of online VR bookings, ranging from 90%+ in some cities to <10% in some leisure destinations. They are not the only online booking platforms; however, there are many more, such as Marriott Homes & Villas, OneFineStay, Misterbnb, Hometogo, Holidu etc.

Suppose you are building a brand and niche or have a geo focus. In that case, there are many ways to extend reach with Destination Marketing Organisations, Association websites, and very niche websites (cycling, fishing, skiing etc.), all of which may give exposure at fixed costs and assist in developing a network of relevant links for SEO purposes.

Remember technology in this discussion. You will need to ensure good, complete and detailed distribution with independent channel pricing and reach to more than the big four listing sites, perhaps with an open API, free iCals and more tools.

**[Download our PMS advisory document.](#)**

# OTA CHECKLIST



**Online Travel Agents and Extended Distribution are important.** But there are other routes to market. Single-site booking dependency is a high-risk strategy for managers, for whom it is clear the bigger they are, the greater the need for extended reach and to increase margin defence.

✓ **Are you following your own strategy** and approach to booking sources? Does this include assessment of current OTA distribution?

✓ **Think your niche & brand!** Seek distribution that may suit your niche. From geo focussed platforms, to DMO's to membership sites.

✓ **Do you know which channels are most effective?** Have you looked closely at why some are better than others?

✓ **Commission Fees?** Some listing sites charge 20%+ commissions. Income any manager can seldom give away. Do you negotiate?

✓ **Are you using technology to aid distribution?** Calendar synchronisation, individual channel price uplifts and blocking peak seasons? Tech efficiency is important

✓ **Book Direct.** Some PMS systems, laziness, lack of expertise and drive, slows investment in increasing direct bookings. Have you reviewed the tech for this?

ADD YOUR NOTES HERE:



# FINANCIALS



## KNOW YOUR NUMBERS!

If you don't know your numbers and in particular your KPI's then it will be hard to make decisions on company direction, improvement or management.

Having a great reporting structure is not just for the public companies who have millions of transactions, cost lines, investments, borrowings, shareholders, stock and cash challenges.

For a small business, and you may experience this, the information may not be readily available, be wildly inaccurate or out of date. When the company is stressed due to changing market forces, refunds, supplier cost increases, staff wage demands, bonuses, pensions, taxes etc., you may find yourself in a challenging or even fatal position without looking forward early on.

Most rental businesses today will start from small beginnings and not worry too much about managing income, reporting, payments, etc. This rapidly becomes a problem however and PMS systems, with or without Trust Accounting, are quickly considered.

When rental companies start to be involved in the operational aspects, such as linen, costs, staff schedules, cost centres on materials, and maintenance allocation, cost and margins become even more important. Technology also becomes even more essential.

So what are those critical metrics you should be able to answer and include in business reporting? These are a few below and need comparing year on year to see trends and are always best represented as both numbers and %s. Some are complex to set up, but once done, prove invaluable and these KPIs are a weather vane of health.

- Gross and net profit, weekly
- Salary bill with taxes and contributions monthly
- Profit and costs per property (inc mkt and operations)
- Cash flow the next 12 months (including VAT/GST and other taxes)
- Guest acquisition cost?
- Owner acquisition cost?
- Technical services costs

Go through these lines above and see how many you can answer which reflects the knowledge of your business.

Reporting in an easily readable document is also invaluable and necessary. Consider the following reports:-

- Weekly or monthly management reports encompassing numbers from the above in a P/L
- Cash flow and a forecast based on a booking judgement due to market conditions and property portfolio
- Company management and fiscal reporting to national authorities as required.

You may also consider creating a risk assessment document on your company's health and where the dangers lie.



# FINANCIAL CHECKLIST



**Financial scrutiny and management are essential.** With so many managers entering the market from small beginnings, the tendency is to scale spreadsheets and word documents. Lack of financial control means poor judgement calls on costs & makes owners and guests wary.

**Do you have a current cash forecast?** What happens if sales plummet, costs spiral out of control. Are you ready and have you a buffer?

**Do you know what your owner acquisition cost is?** Acquiring owners is a very important metric for growth. It costs money. How much?

**Does your PMS offer good reporting?** Owners and guests expect access to and accurate income and booking information respectively.

**Gross & Net Profit?** What is your profit today, this week, last month, this Year To Date. Running a business on guesswork is not advised.

**Do you know what your guest acquisition cost is?** Acquiring guests at the lowest cost adds more to your bottom line. This is a critical metric.

**Are you prepared?** If at any point you are thinking of exiting the business, then addressing your financial management now will add incremental sale value.

ADD YOUR NOTES HERE:





## SUPER IMPORTANT (SO IS HOSPITALITY)

For most companies, using technology in the rental industry is an act of discovery and challenges. The industry is global and naturally has its own geo-differences, flavours, languages and expectations. This section is broken down into key technology areas and expands into each modestly.

**It is extremely important to do research when adopting any rental technology and understand what is actually offered, how it is executed, the costs and the levels of support that each company offers.**

### THE DATA SOURCE - PMS

The choice of PMS is often a bone of contention as data can become siloed in systems, and access is critical for processing, backup and, if needed changing suppliers. A PMS solution is the first step in software adoption in short-term rentals. A "Property Management System" should often be more appropriately called a "Booking Management System", but PMS is the used acronym. This system will usually hold the property information, availability, pricing, distribution control and reporting facilities, plus a myriad of variations to manage each tool set. This downloadable document will give much information on what to look for, questions to ask and how to avoid risks. With over 300 systems available, the selection can be challenging; but it is one of the most important choices, especially for growth companies.



*For too long, property managers struggled with a patchwork of software to run their business on error-prone spreadsheets. But things have changed. Modern property management software like Hostfully offers an easier path to scale and automate operations. Without a PMS, running the business is like wrestling with one arm pinned behind your back - nearly impossible.*

**Margot Schmorak, Co-Founder and CEO of Hostfully - [Web Site Link](#)**

### DISTRIBUTION - MARKETING

Most businesses require their property data to be connected to OTAs in real-time (or very close to it using caching). Manually updating many properties in a web platform can be a nightmare; automating this makes so much sense. Distribution is handled via APIs and can be directly connected to the OTAs from a PMS or via a specialised system called Channel Managers. The latter often offer a great range of distribution options and remove the support connectivity issues experienced by PMS companies with smaller tech teams. Understanding your connectivity options for growth is essential.

**It is imperative** to ask the right questions on connectivity for both PMS and Channel Managers! Imagine being told all properties have full connectivity. Then after signing up, you discover the connections are just availability and pricing, not property information, and it's only a one-way upstream to a channel, but no automated booking connectivity back to your PMS! Also, how fast and stable, what are the up-times, and how is it priced?

The technology sector is confusing; take time to make decisions! Do research.



# TECHNOLOGY



## TAKE YOUR TIME & EVALUATE OPTIONS

### PAYMENTS - CARDS

With more and more guests paying online, you will need to consider how you will address payments and although it sounds simple, it seldom is! Booking on your own website will mean that if you want a seamless connection to your PMS, then the PMS will need a gateway connected to a card processor with whom you have an account! European businesses also require 3DS secure processing, which is the latest challenge to check!

Pre-Covid, the industry was less risky, but now merchant providers are more circumspect on payments with small rental businesses. Ask why Airbnb holds the money until the guest is experiencing your home. There are more non-mainstream bank payment service providers, such as Stripe, and many specialist businesses like VRP or Ayden, but please do your homework first. After all, 1% on \$5m gross bookings is \$50,000. It can mount up, and other issues exist, such as Stripe holding funds to reduce their risks or monthly fixed fees.

### DYNAMIC PRICING

One of the fastest-growing parts of the industry, which also reflects the hotel market history and its adoption of pricing tools. There is a good selection of these businesses, and they are increasingly proving their worth, especially in high-density locations with a significant proportion of OTA bookings and listings. These businesses use data from customers' PMS systems, commercial data sources and scraping of OTAs. Revenue management is a closely aligned bedfellow of dynamic pricing and depends on data, local knowledge, property, and often owner flexibility. Again do your research! They are not always perfect, and if you are in virgin territory with no OTA listings and limited local competition, they may not be ideal. History shows that if you have found this golden nugget location, you will see a gold rush shortly and dynamic pricing really comes into its own.

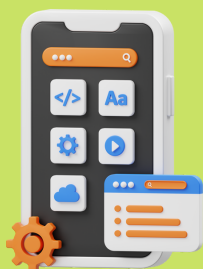


*Dynamic Pricing is a means of adjusting your prices around demand patterns, such as seasonality, weekends, events, and other market signals. Ensuring listing prices reflect current market conditions, you can often capture more/better bookings, increasing revenue by 20%+. Revenue Management is a more extensive art/science that usually includes teams or operators adjusting aspects of their portfolio to maximize revenue and will hire for these positions.*

**Andrew Kitchell, CEO Wheelhouse - [Web Link](#)**

### GUEST SERVICE APPS

Time was when people sent letters to guests with a receipt and a meet & greet offer to hand over the keys, all supported by a lovely folder of information on what to do locally and how to work the dishwasher etc. This rapidly progressed to emails, key boxes, and texts.



Move on with the explosion of phone apps and data connectivity, and we have witnessed a swathe of guest apps which can accommodate all these functions and more (so they all say). Few hosts need full inter-software connectivity, mainly management companies, but millions of individual hosts exist and increasingly use these tools too (cont.....)



## HOSPITALITY VS TECHNOLOGY

### GUEST SERVICE APPS (continued)

Some of the small hosts use third-party apps and some OTA tools. Managers, however, increasingly expect seamless connectivity to the data source (PMS) to improve efficiencies. Communication can have several layers and access points, like everything in this industry and online. A guest making a booking on an OTA will receive the OTA brand messages. Still, the guest needs to be corralled into the manager's system for re-marketing, getting all the guest details and communicating at will most appropriately. In addition, guests will no doubt prefer to use one type of channel more frequently: email, text, WhatsApp, Messenger etc. and will appreciate the cross-client options even if they are unaware of the technical challenge to effect this.

Guest apps are beneficial for staging messages, updating local issues, controlling property entry (via API connectivity to hardware), explaining the property rules and how to work the white goods, putting the rubbish out, controlling the heating and local activities, and not forgetting upselling. Please do your homework and find the one that suits your business as it grows. Some are ideal for small managers, and some require complex connections.



*We all know it. Time is money. Are you or your team wasting it by answering the same guest questions over and over again? How much stress, and the resulting loss of focus, is created by guests having to contact you? And consider the guest; they also find it painful, wasting their R&R time (=money), contacting you. The right guest app, implemented as part of your communication flow, will resolve most of this pain for both you and your guests.*

**Andy MucNulty, CEO Touchstay - [Web Link](#)**

## HARDWARE

Where to start? The global leader in sales and technology, such as Amazon, are investing heavily in many domestic and commercial property tools: Door entry, alarms, noise monitoring, surveillance, air quality, temperature and humidity controls, air conditioning, pool monitoring, media control, plant care, and so much more. The rental industry is alive with companies that market these products to increase efficiency and improve problem areas.

The question that has arisen lately is, "Where does the technology stand in the hospitality market, and where do one start and the other end?" Undoubtedly, a remote door entry system for late arrivals with notifications to the manager on arrival, heating control, outdoor web monitoring, etc., is helpful. At what point do complete sterility and no human connection affect the guest's perception?



The Internet of Things (IoT), a universal term for any net-connected hardware, opens up all opportunities but invariably has one problem. When choosing hardware for use by rental management companies, access to the booking data is important to set sequences and parameters for entry and occupation. This means your PMS will have to be connected, direct or via a third-party tool. Your PMS is important!



## FOCUS & DATA

### CLEANING APPS

These are most frequently used by smaller managers and individual hosts and connect cleaners with the owner-managers or the host. Cleaners are only sometimes available, and they, too, are often piecemeal workers. Hosts and managers are often distant, if only across a city. Still, they need real-time connection, offering up instructions, property access and the ability to fill in work gaps when the usual cleaners are ill or away.

This "Uber" approach is less usual in larger companies but can add additional services when the bookings are exceptional, or staff issues are a problem.

### YOUR NICHE MARKET

Every business needs an edge, and it can be anything from being an environmental wilderness specialist host, a truly dog-friendly cottage, a themed collection of apartments or a company that provides concierge services. The important part of growing your business is building your reputation and using the correct channels to access and deliver guests who appreciate your business model and endeavour.

It is not good enough to play at the idea of a niche; you will need to live and breathe it, as market segmentation is necessary, especially as a minor player wanting to build a brand of significance. **One such niche is the luxury market, an aspirational segment where guest access requires specialist distribution to access high net worth individuals.**



*As we all know, the distribution of your homes is critical to make sure you're attracting the proper guests. When it comes to your Luxury inventory having the right channels is even more critical. There are too many distribution channels that promise great results and then under-deliver. That is not the case with onefinestay. Being part of the Accor hospitality group onefinestay offers you the luxury of tapping into one of the leading hospitality providers worldwide and without brand recognized globally you have access to the most affluent clientele.*

**Michael Friedman - COO of Americas onefinestay - [Web Site Link](#)**

### DATA

One of the most valuable weapons in your armoury is data. You can always have more, but being able to interpret the data is also very important. Data comes from many sources: Your bookings, your web traffic and its engagement, your guests' feedback, your channel distribution partners, local news, word of mouth, online reports, data companies, etc. Using this data will allow you to plan growth, pricing, marketing campaigns and more.

The problem with your data is its local limitations and where you sit in the eco-system of the short-term rental world. Some companies scrape the OTAs, some integrate with PMS systems, and others use AI to make predictions. They are only sometimes correct; the fact that 10 million properties are never identical has comparison complications, owners are only sometimes renting properties, and guests are only sometimes booking on an OTA. Every company needs to review its data sources and understand the metrics and look at using aggregated data from one of the many growing data companies.





## GUEST CONVERSION IS A PRIORITY

### GUEST TRUST & SAFETY IS A BIG FACTOR

This is a double-edged sword. As a host or manager, your main focus is bookings, guest satisfaction and attracting more business at sustainable rates. To do this, you need to demonstrate trust, which OTAs are good at and are hard to illustrate directly as a manager.

Conversely, one thing guests do not consider all the time is that managers and hosts also need to trust that the guest is responsible. This is becoming more important on both fronts as the explosion of Airbnb (yes, the brand) has opened up new vistas to those less genuine and more exploitive.

Fortunately, there are several ways to reduce risk, and one is by vetting the guests automatically. Combine this with reducing friction (another thing OTAs excel at), and the opportunity for direct bookings will increase and the owner's trust in the manager!

Technology is available to assist and screen guests. This ensures that only legitimate guests get access to your rental properties. The best way property managers can do this is through continuous authentication. This involves checking the validity of each guest's data against multiple sources, ensuring that no fraudulent activity takes place. Credit card fraud, identity theft and online criminal activity are rising, not to mention the partygoers!



*"Risky reservations can lead to parties, damage, noise complaints, loss of income, reputation and even criminal activity. Plus, manual guest screening, trusting your gut, will only end in one way, disaster. Don't fall for thinking that insurance is the right approach, it isn't, and risk management shouldn't cost you a penny; if you do it right, it will generate thousands of extra dollars too!"*

**Humphrey Bowles CEO KnowYourGuest.- [Web Link](#)**

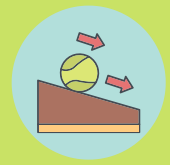
### An oft-ignored element of Trust

Trust can also be demonstrated to guests by using third-party companies to validate businesses' financial health, property qualities and **health and safety measures, the latter being one of the most important.** These services are available, generally at a national level. Others cross borders, and as short-term rental accommodation lines blur, marketing platforms become even more international. Technology allows these checks and measures to be processed more effectively as part of operational management and Standard Operating Procedures. There are some, however, that are critically important, as Justin explains below:



*Inspecting rentals to ensure they are safe is challenging for any host or manager. Back in the 1980s, you had about 17 minutes to escape a house fire. Today, with the prevalence of synthetic materials in the home, you have roughly 2 to 3 minutes to get out. That means smoke alarms are the most critical item in your STR, with carbon monoxide alarms close behind. When a smoke alarm announces a fire, you may only have a minute or two to gather all your family and pets to escape! In 2021, about 338,000 home structure fires were reported in the United States. No one is immune to them. Nowadays, technology can assist with remote inspections and ensures guest safety and helps insurance compliance.*

**Justin Ford - Director of Safety & Certification Programs at Breezeway**



## DON'T LOSE GUEST TRACTION

### **FRICITION (also a Trust issue)**

This is an odd title for a technology sub-section. However, booking friction is one of the most significant hazards to receiving bookings and can be assisted by aggregated services, statistical analysis and technology. OTAs fight hard to serve guests' demands, often countering the managers' and owners' needs. These fall into two categories; the first is an operational challenge, which is shorter guest stays, and the second is flexible booking days. Add in free cancellation demands, and it is complex for most rentals to adopt, and the challenges of being completely frictionless are nearly impossible for most managers.

### **Damage Deposits and Damage Waivers**

Once upon a time, nearly all rental owners insisted on damage deposits, the thinking being this: a) it would stop guests from being reckless, and b) it would cover any damage if it occurred. Damage Deposits are being phased out and considered a negative marker for listing sites as guests a) feel they can't be trusted and b) they can't trust the company taking the money. Ask why Airbnb has introduced "AirCover". This is both building more Trust and reducing booking friction.

Large companies with thousands of bookings can build in their own damage waiver for a small extra fee or do deals with large insurance companies or brokers based on statistics on historical bookings. This is impossible for small companies or individual hosts who may rely on an OTAs goodwill and non-guest bias or be forced to take a deposit. Deposits also need collection and return, and this has many issues with transaction costs, especially card fees and administration. Consider your position on this.

Adopting an integrated technical solution from a company aggregating many management businesses puts you in a large company frame with a less friction-based booking business and a more significant opportunity and increases trust in the system and company.

## **REVIEWS**

**It's in capitals** because it's so important to ensure your guests can see your reviews and not just on the OTAs. Do you do this manually or automatically? Let's not underestimate this point despite it being close to the end of this long list. Once upon a time, hotels and other accommodations were (and still are to a degree) externally accredited and checked. The written public contribution to their experience has long superseded this. Although there is no standardisation to these reviews, and they are purely opinion based, the number of reviews, how recent they are, and the actual ratings are potent metrics.

Airbnb has elevated part of their inventory, which achieves top review ratings, in their very creative way, to Superhost status. TripAdvisor, which lives and breathes through its rating and recommendations, is another global success story. However, none are immune to the vagaries of human dishonesty, manipulation, and corporate creativity.

see more...



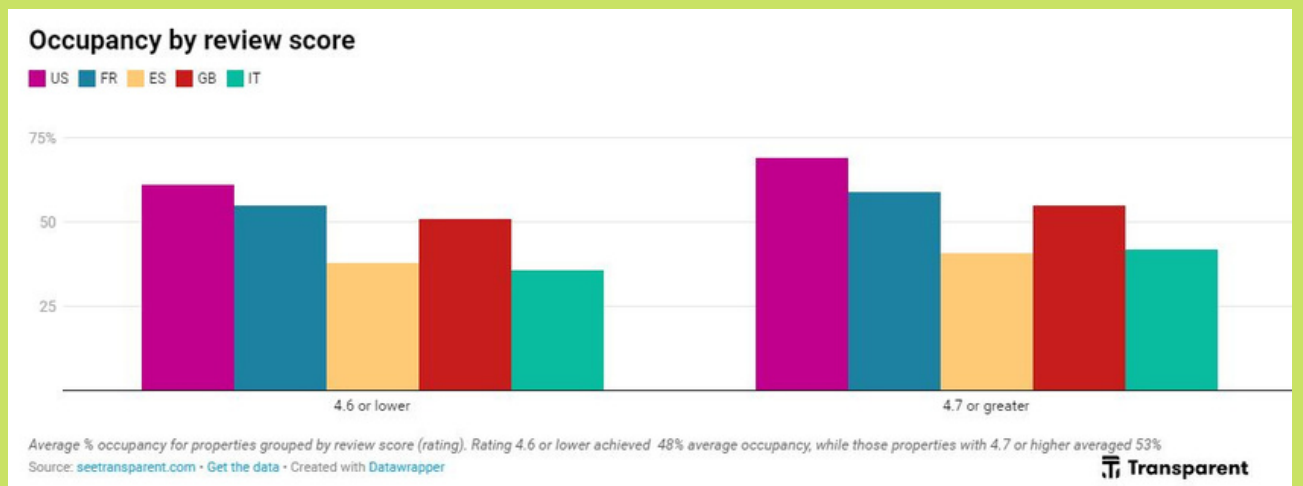
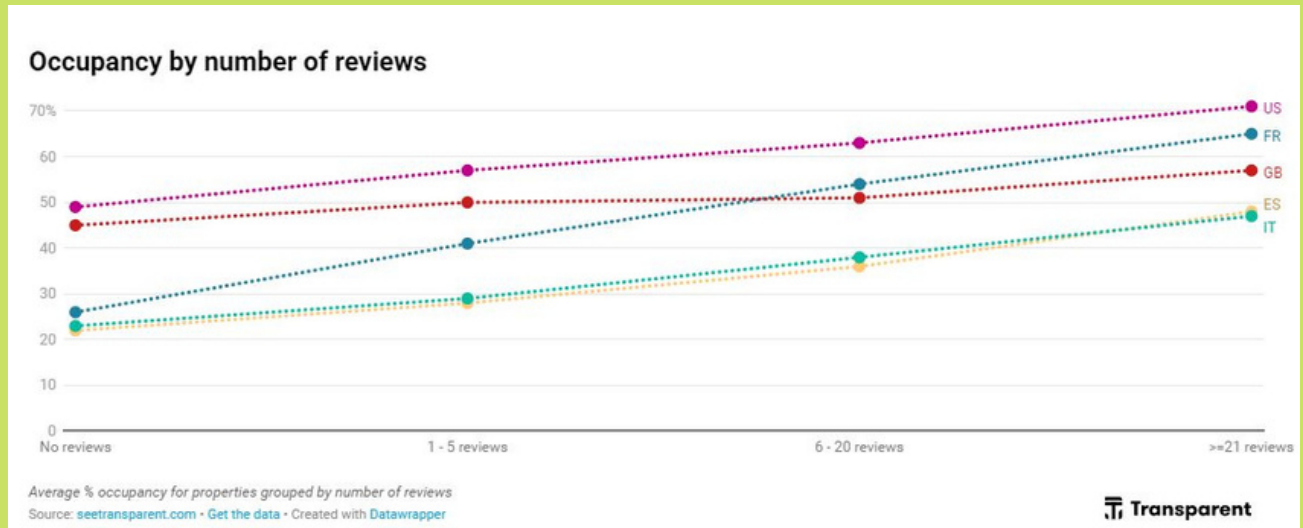
# TECHNOLOGY

## WHAT GUESTS LOOK AT



### REVIEWS CONT.....

With vacation rental demand growing in the US and Europe, hosts in these markets with 21+ reviews can expect higher occupancy rates, with UK and US hosts boasting 57% and 71% occupancy rates respectively. This data emphasises the importance of asking guests to leave a review after checkout, with the quantity of reviews having a clear and obvious impact on occupancy.



Of course as a host, you may be keen to push for 5\* reviews across the board in order to increase your occupancy rates. High initial ratings are especially important for new listings. Unfortunately, not everything is perfect for everyone, no matter how hard you try. In fact guests can actually become wary if you only have good reviews.



*"How many direct bookings do you get? A recent study from Hostfully showed how property managers and hosts are over 80% OTA reliant and only get, on average 19% direct bookings. This % is even declining in previous years. Any property manager or host should prioritize developing a direct booking strategy. Displaying your genuine verified reviews on your own website can be a key factor in boosting your website's conversion, SEO, and trustworthiness. According to Spiegel Research Center, reviews can increase your conversion rate by up to 270%.*

**Christophe Salmon, CEO Revyoos - [Web Link](#)**



## CONNECTIONS AND EXPOSURE

### MARKETING EXPOSURE

We have added this section as it completes the spectrum of look to book. The previous pages have all highlighted toolsets under your control regarding the selection process for that software. To a great degree, this is also true of your website. However, your website and the listing sites you use are your shop window, and you have little decision on where they are listed, at what position, how often or if at all. **Adopt a rich marketing mix using:**

#### **Your Website (think trust again)**

This could occupy many pages of text, but in summary, you have a variety of options shown below:

- Your PMS can offer an API, and you can either develop your web or contract a developer. The pros are specific design and flow based on the API quality and PMS functionality. Cons are cost and potentially poor and/or complex API options.
- Your PMS company may offer their services for your website. The pros are that it will work, and the cons are that it is likely to be templated and much the same as all others with limited design flexibility.
- Use an open-source system such as WordPress or free/paid commercial services such as Wix. Pros are that it's cheap and flexible; cons are poor or no API opportunities, only plugins, calendar options, and self-hosted.
- Use a hybrid with a sub-domain approach to booking, perhaps WordPress front and a booking subdomain template. Pros are more manageable and flexible; cons are notoriously poor for SEO purposes and need more consistency in the booking flow.

#### **Listing Sites**

The OTAs, of whom Airbnb, VRBO (old HomeAway and part of Expedia) and Booking.com are the best-known and most significant booking channels. As mentioned earlier, dependency on a single one is high risk. On three, it's lower risk, but on more, the risk is further mitigated. Newer and funded sites such as Holidu, and Hometogo represent new players, but there are dozens of listing sites that can be adopted, provided your PMS channels to these sites. Then there are hotel businesses in the space, such as Marriott Homes and Villas. All these sites represent the mass adoption of properties globally and generally with generic properties, from Studios to luxury businesses. Some rely on the brand and increasingly mobile brand adoption, not search (think Booking.com) and some push hard on differentiation of type and experience (think Airbnb). Research your area and your competition and make a list. As mentioned earlier, you will uncover ones with unique models based on a niche, such as last-minute discounts or luxury.



*A multi-channel distribution strategy is not only highly recommended for maximum revenue and exposure for your company and owners but is now possible through powerful PMS and channel integrations that make a listing on and receiving reservations from dozens of sites as easy as turning on a switch.*

**Bradley den Dulk, getawayGoGo.com. - [Web Link](#)**



# TECH CHECKLIST



This checklist was generated to cover the main tech challenges and tools that can be researched and adopted and were exhibited at Exporv in Cancun 2023. They can be supported by many other tech tools, such as web builders, AI content writing tools, SEO applications, CRM systems, email capture, scraping, bots, image creation tools, and increasingly sophisticated guest interaction AI tools. These are all specialist services, and care needs taking to ensure the whole technology stack is interoperable and adds real value on efficiencies, ROI and staff stress!

**Do you use a PMS?** If not and you are growing then better start looking. But take care and read the other checks below too.

**Do you offer assurances tools?** With the likes of Airbnb offering AirCover, are you reassuring guests & owners, offering trust tools?

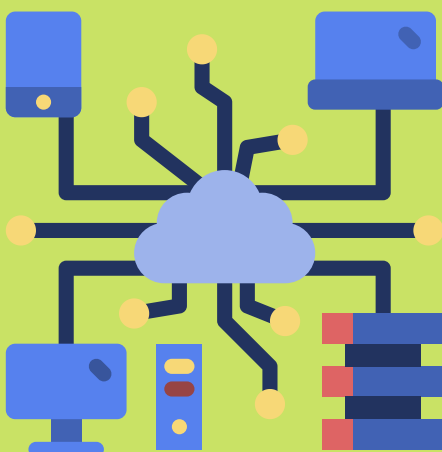
**Do you use Dynamic Pricing and Revenue Management?** Increasingly important in a fluid market where demand and supply fluctuates.

**How about your Guest communication?** Are you pro-active, do you keep guests informed, updated, aware, close, via smart tools?

**Do you use distribution?** Most PMS systems offer this directly or through a channel manager. But how far and wide can you distribute. Is it just the big OTAs?

**REVIEWS!** Its in capitals because its so important to ensure your guests can see your reviews and not just on thr OTAs. Do you do this manually or automatically?

## MAP YOUR TECHNOLOGY STACK AND ITS CONNECTIONS



### A few considerations

- Cost per module based on scaling?
- Are the tools fully connected or limited to specific data elements?
- What type of API structure, call response and up times?
- What support is there, and are there extra costs for this?
- Is the company stable?
- What language and currency variants are there?





## YOU AND YOUR STAFF

I cannot emphasise the importance of staff to any business enough. The short-term rental industry has evolved so rapidly and with considerable operational and technical challenges that it is still very manual, with staff who are often not experienced in any part of the industry. Even those with hotel experience can struggle to accommodate multiple roles in a growing company with two customers: owners and guests, whose wishes are often not well matched.

Starting any company from scratch puts you in the entrepreneur bracket, which no doubt means hard work, facing challenges, finding solutions, being a salesman, a financial guru and a cleaner and maintenance man. Entrepreneurs don't often make good operational staff, who need to be focussed, accurate, and diligent, or may not make good marketing experts with flair, data and online tools skills. But this evolution and separation need to happen.

The short-term rental business often starts with one person or with a partner. The early days of managing a handful of properties soon become challenging as the perception of adding properties means more income but often means working longer hours and needing more time. The answer is excellent staff (and good margins), and therein lies the selection problem.

Most company interviewers will tell you that personality is the primary criterion for selecting a new staff member. This covers social interaction with the interviewer, but the skill is putting the round peg in the round hole operationally. Many online tools help identify a person's true characteristics and whether they will fit the job description. Do not try to fit what is a great recruit into the wrong role.

Great staff join great companies and will seek them out. Your base strategy of creating a great company will underpin the desire to work with you and help build it further. Not all staff seek significantly higher salaries than their previous jobs. Lifestyle, work-life balance, company culture, and other perks contribute significantly.

The question of sharing in a company's success is often at the discretion of an individual or a family, not a Board of experienced professionals, and can be contentious. Great staff build great companies, and many staff consider they deserve to benefit from excellent service, loyalty and hard work. How this is structured is open for debate. Certainly enterprising and funded startups often offer share options with different vesting periods. The problem is that these are often there to reduce salaries and promise a glorious future, which is seldom recognised in reality. Care needs to be taken when considering how great staff are rewarded but profit sharing is one option that can be individual or group aligned on top of individual packages on performance. It helps you and them!

One word of caution on setting targets in this industry, make them achievable. Asking the marketing team to increase the number of email subscribers to a mailing list, is a lot different to asking a housekeeper to ensure all properties get 5-star reviews or a salesman to accrue a swathe of new owners. One thing is for sure: great staff make great companies.

# STAFF CHECKLIST



**Great companies have great staff.** Without a doubt, the biggest asset of any company is its staff. Never underestimate the well-trained, enterprising, enthusiastic and engaged staff's contribution to your business. A great culture, rewards and involvement are all needed!



**Have you considered your staff's expectations?** It is too easy to just plough on regardless 24/7 expecting everyone to just do the same.



**Rewards?** Live to work or work to live? Whichever is your mantra, those who contribute need to share in success. Not all live to work!



**Do you invest in staff personal development?** Most people want to improve themselves and this adds value to your business.



**Involvement** Managers are often entrepreneurs who are focussed on their own strategy. Staff may have great ideas and know the issues!

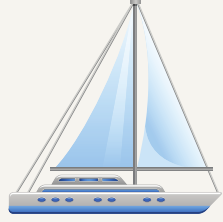


**Are your staff actually in the right jobs?** Would you employ a software developer who lives in a darkened room as a guest services manager?



**YOU!** Be introspective occasionally as your staff have opinions and they aren't always wrong. Engage and thrive together.





## YES CONSULTING

# ONE PAGE CHECK

A simple one-page check without getting into the detail of each part of your business. Imagine you were asked to speak on stage today and verbalise each of the sections below. How confident would you be to undertake a 15 minute pitch on how solid is your ship?

## STRATEGY

Do you have one? Can you articulate your business mission, visions and values and direction of sail?



## STAFF

Who is on this ship with you and are they all conversant with your strategy and all competent in their roles?



## HAS THE SHIP HOLES?

Have you looked critically at your business and looked at the money flow KPIs, and if icebergs are in the water?



## THE WIND BLOWS

But which way? Do you know what is happening in your market, the trends, the prices, the growth, the legals?



## PLAN

Your strategy needs a plan of execution, this year and next year. Not where are you sailing, but how?



## CULTURE

What is your company culture? Do staff all pull together to raise the sails or is there disharmony?



## EDUCATION

What does your company do about staff education? Alone on the ocean without the necessary skills is dangerous

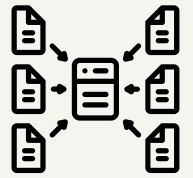


## STEP BACK

Take a step back and consider if this was a yacht, what would it look like and would people want to be aboard?



# MORE READING



We can always absorb more information, but many simple things can help make a business successful, and it starts with education! Add your email, and you will get access to our private list of sites and articles and trending information.



## TECHNOLOGY LINKS

These are links to articles that we consider to offer a narrative that gives an unbiased view on the marketplace, technology use and how it can best be harnessed to help your business develop.



## TRUST LINKS

With the most prominent challenges being margin and trust from guests, these links and articles are to articles that both explain and highlight ways to manoeuvre a guest's attitudes toward the local businesses, who may be perceived risky, unfairly



## YES CONSULTING LINKS

These link are some of our own articles and commentary we have made in our various roles over the last few years covering a whole multitude of opinions, projections and frustrations

[ADD EMAIL TO ACCESS OUR PRIVATE LISTS](#)

# THANK YOU!

A massive thankyou to all the people who attended the Exporv conference and in particular for sitting through my presentation.

The contents of this "Growth Checklist" document are there purely to provide and provoke thoughts related to rental businesses in general. Each is unique in its portfolio, management, aspirations, and markets. Each section can be expanded substantially and hopefully this presentation gives some rails of thought to begin or continue on a growth plan.



**YES.CONSULTING**

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