FROM PROPERTY MANAGER TO PROFIT MAXIMIZER:

Everything You Need To Know To Optimize Vacation-Rental Occupancy & Revenue

Whether you manage five properties or 500, your success—and your owners'—depends largely on two factors: ensuring consistent, predictable occupancy levels, and driving profitable rental revenue.

For much of 2021, the first of these, occupancy, hasn't posed much of a challenge. At least, not in rural areas or small cities, which saw occupancy rates climb by 67% over 2019. Big cities, on the other hand, took an occupancy hit, dropping by close to 50% over 2019, though a strong rebound is expected in urban locales, as business travel revs back up, and international travel returns.

While revenue is tied to occupancy—after all, you don't make money on a vacant unit—this factor is more complicated, especially in today's market, where pricing is a moving target, and proptech is paramount. In this landscape, maximizing revenue means streamlining operations, flexing rates, enhancing guest experience, and seizing opportunities you may not even have known were there.

Table of Contents:

Are You In Maximizer Mode:
A Questionnaire

2.6   **The average number of OTAs used by vacation-rental property managers who manage 51-250 properties (for VRPMs with 251-1,000 properties, it's 4.3; for over 1,000, it's 5).**

- ☐ Are you reaching guests where they're searching for short-term rentals?
- ☐ Are you taking full advantage of OTA filters and promotions?
- ☐ Are you able to update multiple channels quickly and consistently?

$40k   **The average annual vacation-rental revenue in the U.S.**

- ☐ Are you marketing your properties effectively?
- ☐ Are you capitalizing on upsell opportunities?
- ☐ Are you turning first-time guests into repeat customers?

$51   **The average amount VRPMs spend on technology, per property per month.**

- ☐ Do you have the right tech in place to manage bookings across channels?
- ☐ Are your operations automated through one streamlined platform?
- ☐ Does your tech allow you to solve in-stay problems automatically?

25%   **The percentage of VRPMs with 1-99 rentals who use pricing and yield management tools (for those with 100+ units it's 32%).**

- ☐ Does your nightly pricing adapt to demand fluctuations?
- ☐ Are you tracking market behaviors so you can react quickly?
- ☐ Is your pricing strategy scaled consistently across your portfolio?

10-30%   **The average percent of revenue VRPMs charge owners as their management fee.**

- ☐ Are you able to show owners maximum return on their management investment?
- ☐ Are you prepared to adapt quickly to real-time shifts in the VR market?
- ☐ Will you be able to scale up your operations smoothly, while maintaining high-level performance and customer service?

Why You Need To Make The Shift **NOW**

THERE'S NO DOUBT ABOUT IT: FOR MANY PROPERTY MANAGERS, BUSINESS HAS BEEN GOOD RECENTLY. BUT IS "GOOD" GOOD ENOUGH?

Staying competitive in the rapidly expanding U.S. short-term-rental marketplace, amidst intense consolidation and growing competition, means anticipating changes, streamlining operations and optimizing...everything. Doing so now will not only help you in the near-term, but will ensure you maintain firm footing, should the market face more volatility down the road.

After all, this is a $15.4B industry we're talking about. And there's plenty of pie for everyone, *if* **you're invested in the right tools.**

Start with these five, fortified by exclusive insights from top experts in their fields, to make the transition from manager to maximizer, smoothly and sustainably.

Channel Management:
Broaden Your Scope, Hit Your Target

> "Right now, there is a lot of demand. Vacation rental owners are buying more. Many people are buying a second home, and planning to rent it. The main issue with all PMs that come to us is that they are growing, and they can't handle the growth. They would like to think strategically, long term, but to do that, they need to automate operations."

Marcus Rader, Hostaway

Relying too heavily on a single source for anything is never a good idea. In the STR world, this includes where you get your rental bookings. While one OTA, for example, may be pulling in what you consider to be sufficient bookings to meet occupancy goals, that could change very quickly. Especially in today's volatile travel market.

Marcus Rader, founder and CEO of professional property management platform Hostaway, which specializes in channel management, sees this situation often.

"One of the main issues property managers face, especially with new acquisitions, is the realization that an owner is too dependent on one channel." They may, for example, be used to getting 80% of their bookings from one channel, "but suddenly they realize they're charging half of what their competitors are charging. So they raise their prices, and suddenly they're not getting bookings anymore." That dip can devastate a VRPM business quickly if they don't broaden their reach.

Channel Management:
Broaden Your Scope, Hit Your Target

So, how do you successfully diversify a property's listings, especially when you lack reviews, or an understanding of how different potential guests interact with different listing platforms? **Like this:**

01 PROPERTY + PLATFORM

Marketing your property successfully starts with understanding your guest—how old they are, their budget, what they like to do while traveling. It also means scaling your core appeal across channels, while understanding how guests interact differently with different channels.

Smaller property management operations may be able to handle the expansion to multiple OTAs themselves, though it may take some trial and error, along with time to determine booking trends. For growth-minded and larger PMs, channel management software is a must, to automatically optimize listings for different OTAs, "even if the listing title, descriptive words and photos for two different OTAs need to be the exact opposite," Rader says.

02 FILTERS ARE YOUR FRIEND

OTAs are constantly introducing new filters and promoting filtered properties to potential guests—"for example, a beach house with a swimming pool," Rader says. "You can take advantage of getting your property in that promotion, but only if you have the option of entering those terms in your PMS or channel manager."

A good channel management platform will have strong relationships with top OTAs. Through these partnerships, the platform can find out what new filters are being released the following month, so that when they are released, the opportunity to take advantage of them is already built right into the property manager's software.

03 SYNC FOR SUCCESS

Channel management software doesn't just maximize a property's appeal to its ideal audience. It also syncs calendars and reservations across OTAs, so that when a guest books on one OTA, inventory automatically updates on others. Additionally, channel management synchronizes rates across channels, even as those rates fluctuate with market conditions (see Tool #4 for more on optimizing rates and revenue).

Pro Tip:

"Don't forget the niche sites. Airbnb is a great platform for a lot of owners to be on, because there's so much demand. But it's important to understand that if you are a cabin in the mountains, maybe other platforms like Yonder or even Glampinghub might be better for you. Finding these little niche channels is important because that's where you're going to attract the best traveler for the best dollar value."

Wil Slickers, Recreation Vacation Rentals & Slick Talk: The Hospitality Podcast

CRM Marketing:
Recapture Lapsed Guests & Lost Leads

> "When you're looking at a revenue plan for your company, you need to go, OK, I have X money for marketing, where do I want to spend that money? If you've got somebody calling in, convert as many of those as you can. Then spend your dollars to market to the people that are left. Make outbound calls to them. That's just part of an overall strategy to increase occupancy and revenue. This year occupancy wasn't a problem. But don't take your eye off that ball."
>
> **Michelle Marquis, TravelNet Solutions**

"The most expensive guest is a new guest," asserts Michelle Marquis, Chief Revenue Officer for TravelNet Solutions, maker of TRACK Hospitality Software. "Your cost for that new guest is anywhere from 25% on the high side to 20% minimum." So it's incredibly important to have a strategy in place to identify both past guests and potential conversions, and communicate with your current database, especially in the area of direct booking. "But for a property manager to do that without a CRM is next to impossible," she says.

With a nimble CRM, on the other hand, you've got all kinds of opportunities to capture guests who know and love your brand (but who may not know about that fabulous new addition to your portfolio!).

First, use your CRM to query:

- Who's been your most valuable guest?
- Who stayed last year, but hasn't reserved for this year?
- Who has stayed three out of four years, but hasn't yet booked for this one?

Once you have this information, you can craft unique messaging for each type of guest (i.e."We've missed you...come back!" vs "We're honored to be your accommodation of choice... here's something new!"), and schedule email, direct mail and outbound calls accordingly, turning missed opportunities into bookings.

Add in a communications management platform—TravelNet Solutions offers TRACK Pulse—and you can recapture lost leads before they book somewhere else.

- For example, if 10 people contact you about reserving, and you end up booking three of them, "those other seven are true inquiries," Marquis says. Setting up an email to send 24 or 48 hours after they call can turn them into bookings, as can making outbound calls to them.

- These recaptures can add 10% to 15% to your inbound conversion revenue, "and it's at a lower cost of sale than through PPC ads or OTAs, which also give you less control," Marquis adds. "Plus, you can automate most of it—you don't even have to touch it, it just goes.

MAKE MOBILE BOOKING A BREEZE

What's even more important than a great mobile website? That's simple: It's easy mobile booking. Data shows that guests search for vacation rentals most often on mobile, but wait to go home and book on a laptop or PC. Why? Because so many direct booking sites have clunky, cumbersome booking engines. And guess what? Once those guests get to their home computer, even if they intend to book your property, they typically start googling, which essentially means starting their search all over again.

Invest in a secure, easy-to-use booking engine, and follow up bookings with confirmation and communications that align with your brand and give your guests something to come back for, over and over again.
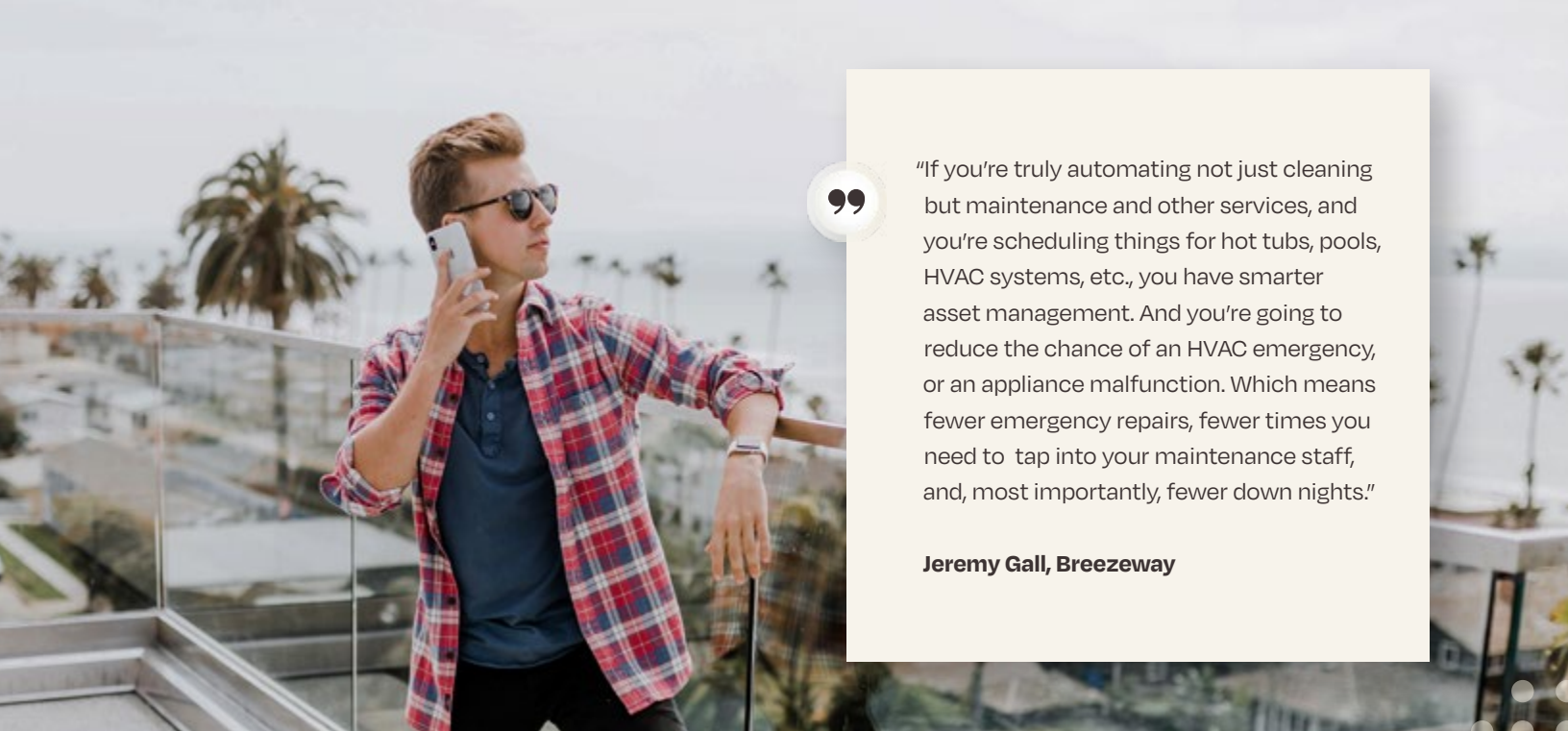
> "If you're truly automating not just cleaning but maintenance and other services, and you're scheduling things for hot tubs, pools, HVAC systems, etc., you have smarter asset management. And you're going to reduce the chance of an HVAC emergency, or an appliance malfunction. Which means fewer emergency repairs, fewer times you need to tap into your maintenance staff, and, most importantly, fewer down nights."
>
> **Jeremy Gall, Breezeway**

Property cleaning, servicing, maintenance and security—never have these been more important than right now. Guests want to know their accommodations are clean, sanitized and safe. Owners want to know their properties are cared for and protected against damage. And property managers need to ensure that turnover is rapid and thorough, and occupancy is steady, at a minimum of labor and cost.

No problem, right?

The best way to satisfy all three needs is by automating property care and operations. "Smaller property managers, or those that are less tech-forward, tend to spend way too much time figuring out their cleaning

and property care schedule each week," says Jeremy Gall, CEO of property operations platform Breezeway. "It's typically done in a Google spreadsheet, or even on a whiteboard— figuring out which properties need attention, which need to be cleaned, which need to be inspected during this turn, and which staff member is available for the job." That kind of labor-intensive operations management leaves huge room for error, not to mention being costly and unscalable.

Automating your cleaning, maintenance and other property operations can save you anywhere from 20 to 50 hours per week in manual work, "which equates to thousands of dollars in monthly labor costs," Gall adds.

Automation also allows you to:

- Pull reservations from your PMS system and use information on cleaning staff location
- Provide staff with a mobile checklist to check off tasks as they go, and verify completion with images
- Monitor how long turnover tasks have taken and when they're done
- Instantly reply to staff questions when they come up during turnover
- Message guests when turnover is complete and the unit is check-in ready

Not only does automation make property servicing faster, easier and more efficient, but it also "reduces the likelihood that something's going to be missed that then triggers a callback, and it reduces the chance of having a guest check into the property and finding it dirty, which means the manager is scrambling to get a team over there," Gall says. "That's going to save lots of time and labor costs," and eliminate the potential for down nights.

Solve In-Stay Disturbances Automatically

"One in 20 reservations is loud enough to disturb a neighbor, one in 200 is indicative of a full-blown party," notes Michael Goldin, Director of Business Development for NoiseAware, the industry's only indoor-outdoor, 100% privacy-safe noise solution. "If you manage 20 properties, and you're fully occupied, that's one noise complaint a weekend, and once every 10 weekends you're going to have a full-blown party, statistically speaking."

You know your property is clean, fully stocked, well-maintained and ready for use. But what happens once guests check in? How do you know how guests are treating your property? How will you manage problems if they arise? And if you can't fix noise or stop damage, how will that impact your occupancy and revenue?

- Use noise monitoring across all properties in your portfolio to unlock the "black box" of the guest in-stay, and get insight into behavior that may lead to neighbor complaints, fines and property damage. Bonus: With NoiseAware's AutoResolve feature, you can set up automated guest messaging to solve late-night noise problems without management intervention, while you and your team sleep through the night.

- "With data from our partner Proper Insurance, we know the average claim for damage caused by a guest is $13,000, and that the number of damage claims is reduced by 30% for those using NoiseAware compared to those who don't," Goldin says. That math makes noise monitoring a must-have proptech to maintain available nights, and protect your property's revenue *and* reputation.

Revenue Management:
Price It Right, In Real Time

> "The risk in adjusting rates is doing things but not following up on what you're doing. Because you're operating off of assumptions, you also need to be in a position to evaluate if those assumptions are correct. If you make a habit of making changes, but also checking on those changes, you inherently build that practice."
>
> **John deRoulet, Wheelhouse**

Gone are the days of "set it and forget it" pricing. To show strong ROI to owners, and secure their own profitability, VRPMs need to adapt pricing to market behaviors, quickly and effectively. As John deRoulet of revenue management platform Wheelhouse puts it: "There are two different pieces to this: How do you determine where to set rates when you're at zero? And how do you respond to demand in setting your rates?"

SETTING RATES

The key to establishing rates is first understanding how you need a property to be priced in order to turn a profit. This means having a clear picture of your company's operating expenses, marketing expenses, and fee revenue, as well as your properties' ADR and occupancy rate.

To establish a property's baseline rate you can then flex responsively, you also need to understand what that specific property type is doing in the current market. This means finding out:

- What is the price range consumers are used to seeing?
- What is the typical fee structure for this type of property?
- What is the seasonality?
- Are there day-of-the-week trends?

FLEXING RATES

Once you have a handle on these basics, "You really want to be able to respond both to demand in the marketplace and demand in your own portfolio," deRoulet says. "Usually, the marketplace is going to be a good indicator for what you should do, but your portfolio won't always match what's going on in the marketplace." That's because you may be using different sales channels, you may have many repeat guests who stay with you over and over, you may have variation in your reviews—all of these will cause deviations that make your portfolio performance look a little different from the general trends.

"When you're setting rates over time, what I like to look at is what you've done historically and how you're doing now," deRoulet explains. Next, you're ready to try these tactics:

6 STEPS FOR SIMPLE RESPONSIVE PRICING

1   Look at trends in your portfolio: What dates are selling hot or and what dates are stale?

2   Recognize that stale dates mean you have an opportunity to reduce rates to increase occupancy.

3   Compare your portfolio's performance with what's going on in the market, and look for mismatches.

4   If your portfolio is hot on specific days, check if the market is also hot...or not?

5   If it's not hot, but your portfolio is, consider raising your rates, since you'll likely sell out.

6   If both the market and your portfolio are hot, keep pushing it until you
    reach a time frame where you start to face a risk of vacancy.

DYNAMIC PRICING: ADAPTING AT SCALE

While true dynamic pricing has been around for decades in the airline and hotel industries, it's a fairly new concept in the STR space. Why? "Because it's really difficult," deRoulet says. Unlike hotel rooms, which can be aggregated by the hundreds or thousands in a specific area in order to look at demand trends, "our product is not a commodity, and it doesn't always have a fixed price," he explains. "So we've had to find ways to implement this pricing that responds to demand, that takes into account the complexity of the product, but also works within the platforms."

For larger VRPMs or those in accelerated growth mode, dynamic pricing is a key part of revenue management. And for dynamic pricing to be effective at scale, it needs to be automated. Software like Wheelhouse will allow you to:

- Connect pricing directly to your PMS
- Review prices across OTAs and adapt your pricing accordingly

- Forecast future demand and make informed marketing decisions
- Increase overall revenue by up to 40%

Set Reminders, Stay On Top Of The Market

Dipping your toe into flexible pricing? Get in the habit of setting reminders for yourself, deRoulet advises. Use Google Calendar or your preferred scheduling app to set alerts to check on how dates are doing. For example, if you predict that 30 days from now dates look like they're going to be really hot, and you're planning to boost your pricing by 20%, create an event or set a reminder to check that in a week.

If it looks like your bookings are stopping, you're going to want to bring that rate back down. "You set little hypotheses: I think this is happening. I'm going to try this until this date,'" deRoulet says. "And if you get in the habit of doing that, you can build complexity pretty easily."

Tactical Messaging: Fill Gaps, Close On Upsells & Turn Guests Into Advocates
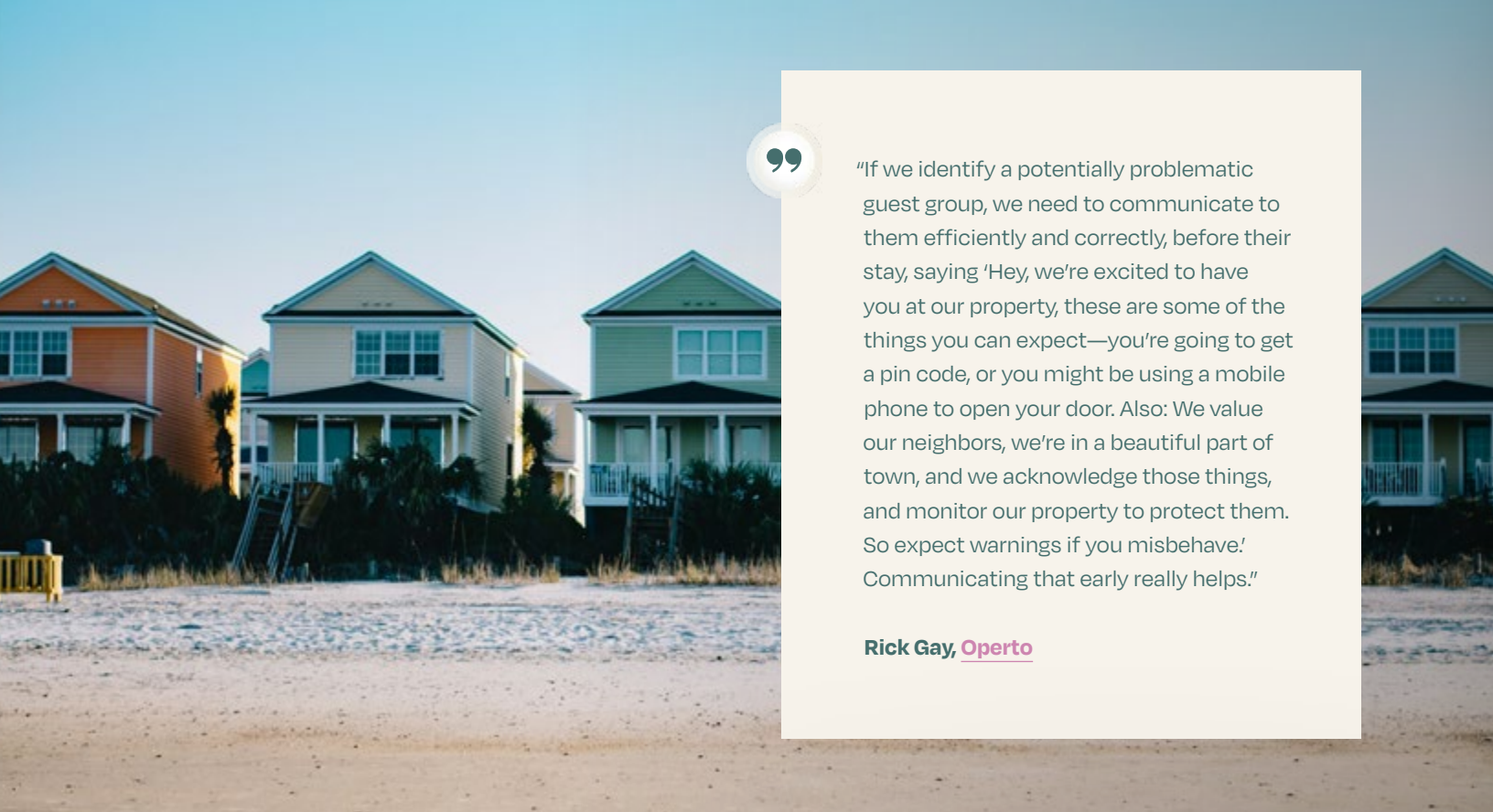
"If we identify a potentially problematic guest group, we need to communicate to them efficiently and correctly, before their stay, saying 'Hey, we're excited to have you at our property, these are some of the things you can expect—you're going to get a pin code, or you might be using a mobile phone to open your door. Also: We value our neighbors, we're in a beautiful part of town, and we acknowledge those things, and monitor our property to protect them. So expect warnings if you misbehave.' Communicating that early really helps."

Rick Gay, Operto

Guest messaging is both one of the easiest and among the most underused occupancy and revenue boosters. In some cases it's simply overlooked by hosts or property managers. In others, it's a matter of too many moving parts to manage manually with efficiency. But with a combination of automation and a real, human-led service mindset, guest messaging can yield growth in both nights booked and dollars earned.

Rick Gay, vice president of revenue for hotel and VR operations platform Operto Guest Technologies, breaks it down into three messaging phases.

PRE-STAY

- **Upon Confirmation:** "A lot of pre-stay communication is teasing the guest about what to expect," Gay says. At this early stage, it may be "letting them know you're happy to have them as guests, and offering tips about the location."

- **As Check-In Gets Nearer:** Now you can look at selling shoulder dates directly to the guest, without giving up a cut to the OTA. Here's where you can message your guest and say, "Hey, the property is actually free two days prior to your stay, if you're looking to come early, just let me know, I can give you an amazing rate," filling occupancy gaps and fostering loyalty at the same time.

- **Day Of Check-In:** Especially if you have cleaning and services automation in place, you might be able to message your guest and say, "FYI, the cleaning is done, if you'd like to come early, you can." Maybe you monetize that early check-in, or maybe it's just a nice gesture that leads to a glowing review.

IN-STAY

Central Command: Making it easy for your guests to get in and out of the property, ensuring their comfort while on-property, and giving them clear instructions for parking, entertainment tech, extra bedding and recycling, for example, makes it much more likely that they'll say great things about you, and want to return.

- Operto, for example, doesn't just message guests. The company sends the booked guest a link to their own unique guest portal, where they can get their door access code and their house manual, and control devices such as the thermostat, right from their mobile phone.

Value Adds: Hotels have concierges. Short-term-rentals have guest messaging! Take advantage of the rapport you've already built (and the messaging thread you've already established) to offer guests activities and enjoyments to enhance their visit.

- This is where you can say, "'I know you're a big adventure enthusiast, would you like to book some kayaks?'" Gay says. That doesn't mean you have to have a built-in e-commerce platform for instant booking. But maybe you have agreements with local adventure outfitters, that give you a cut of bookings you facilitate. "And that's just communication, just messaging, that's going toward maximizing revenue," Gay adds.

18

POST-STAY

Your guest may be gone, but your opportunity for maximizing occupancy and revenue isn't. Now's the time to check in with guests to make sure they had a fabulous experience (and if you did the pre-stay and in-stay right, it's almost certain that they did), and ask for their review. That online word-of-mouth is occupancy and revenue gold: "If your ratings go up, you're going to go up on the OTAs and hold a better ADR," Gay notes.

Same goes for social media: It's always a good idea to ask your guest to let friends and followers know they had a great time at your property, and to tag you when they do. You can take that great social WOM plug even further by engaging with guests' posts that are tagged to you, and sharing on your own social accounts.

There's also this:

- "Post-stay communication is about not being beholden to the OTA to have your guest's information. Now you've got that information yourself," Gay says. "You've got their telephone number, you've got their email, now you can market directly to the guest, and say, 'So lovely to have you stay. Would you be interested in booking the same time next year, let me know, I can give you a discount.'"

For The Win
Automation + Agility + Communication = Success

Short-term-rental demand is on the rise. So is ADR. And with the predicted return of urban rentals and business travel, along with the growth of "digital nomad" culture, and a more firmly entrenched "flexible living" model, these upward trajectories are expected to continue. But here's what else is on the rise: property-management consolidation, inventory shrinkage, OTA competition and guest expectations.

To capitalize on opportunities, VRPMs need to be both efficient and agile, while never losing focus on guest experience.

Whether you're planning for major portfolio expansion, or taking a pause to improve your internal processes and optimize your tech solutions, embed these practices into your business, to achieve your goals:

- Streamline operations, customer relations, messaging and in-stay protection.
- Position your properties strategically, and market to your target.
- Adjust pricing responsively to seasonal trends and real-time market behaviors.
- Turn first-time and lapsed visitors into repeat guests.

Contributors

JEREMY GALL
Founder & CEO, Breezeway

Jeremy Gall is a serial entrepreneur with a 14-year history of delivering great software products to vacation-rental operators. In 2006, Jeremy founded FlipKey, which he grew into one of the world's largest vacation-rental businesses before TripAdvisor's acquisition in 2013. In 2015, Jeremy started Breezeway, helping thousands of vacation-rental operators coordinate and verify the cleanliness, safety and quality of their properties, and deliver a better experience to guests and owners.

RICK GAY
VP of Revenue, Operto Guest Technologies

Rick Gay is a seasoned SaaS sales leader, with a background rooted in technology across a wide variety of industry verticals and multiple continents. He brings to Operto a proven track record of building, scaling and managing globally dispersed client-facing teams that deliver cutting-edge SaaS solutions. He is based out of Operto's Vancouver head office, and supports the company's continued global growth.

MICHAEL GOLDIN
Director Of Business Development, NoiseAware

Michael is the head of business development for NoiseAware and has been a part of the short-term-rental community since 2015. He is a two-time Phocuswright 35 under 35 leader who is committed to bettering the short-term-rental industry. Michael's role is focused on collaboration with the OTAs, partnering with cities for sensible regulation, developing key industry partnerships and leading the charge into new segments of hospitality, such as flexible rentals. On the personal side, he is obsessed with travel and volleyball, and is the dad of a two-year-old boy.

MICHELLE MARQUIS
Chief Revenue Officer, TravelNet Solutions

As a former hospitality operator, Michelle has first-hand insight into the challenges facing hotels, resorts and property managers. Michelle helped create the industry's use of reservation lead management and CRM. She joined TravelNet Solutions, a market-leading consumer-demand and operations-technology company, in 2021, where she heads up revenue and marketing.

JOHN DEROULET
Revenue Management Expert, Wheelhouse

After having been an end user of Wheelhouse for about a year while working as a revenue management consultant, John was excited to join Wheelhouse and represent the product while educating property managers on revenue management practices to help them achieve their goals. Prior to joining Wheelhouse, John was one of the first 10 employees at apartment-rental startup Stay Alfred, where he led both the sales and revenue management teams during his eight years at the company.

MARCUS RADER
Co-Founder & CEO, Hostaway

Marcus has an extensive background in technology companies and is an expert on real estate, equity, investments, and mergers and acquisitions, and is a frequent speaker at vacation-rental and technology events. In his free time, Marcus enjoys barbecuing with his family or playing death metal on guitar.

WIL SLICKERS
Creator & Host
Slick Talk: The Hospitality Podcast
& Co-Founder, Recreation Vacation Rentals

Property-management entrepreneur and former hotel manager Wil Slickers brings a new perspective to tourism, hospitality and service. While running his network of podcasts ("Slick Talk" and "Good Morning, Hospitality"), he connects and works with the best operators and service providers in the vacation-rental industry, to showcase what makes our industry so special. Wil was named to the International Hospitality Institute's Hospitality Power Index 2021 as one of the 50 most influential people in hospitality.