

The Secret Sauce

**OF LARGE VACATION RENTAL
PROPERTY MANAGERS**



rentals united

Introduction

Congratulations! You've unlocked the **secrets of large property managers**.

The document you are reading right now contains invaluable information on the **strategies** used by some of today's fastest-growing vacation rental property management companies.

At Rentals United, we strive to provide our partners with all the resources they need to **increase their revenue** and **grow their property management businesses**. This is why we decided to share all the knowledge we've collected from large property managers in a single white paper.

You are about to discover first-hand **insights** and never-seen-before **research** on how to run a profitable property management business today.

The following pages will cover 6 crucial aspects of property management. You'll find out how the big players have mastered **Guest retention, Distribution, Growth, Technology** and **Data**. We'll dive deep into each topic and give you tips on how to apply the strategies of large property managers to your own business. In the last chapter, we'll also reveal the experts' **industry predictions for 2020**.

Let's dive into it!

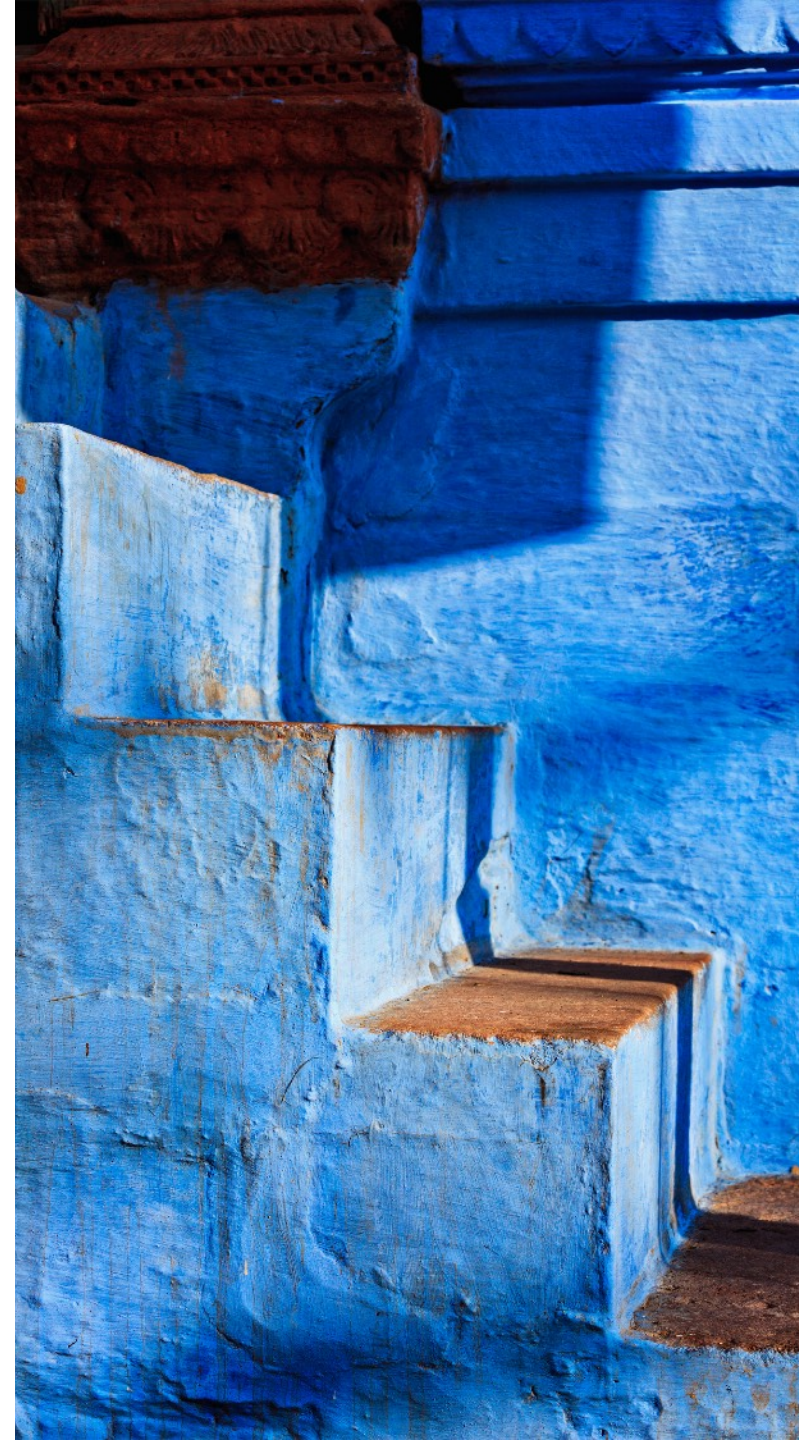


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Large Property Managers

This Ebook is based on interviews with the following companies:





Chapter 1: Guest Retention

How to keep guests coming back

Attracting new guests takes a lot more effort - and can cost up to **10 times more** - than retaining old ones. This is why the world's largest property managers are focusing on **guest retention** and **inspiring loyalty**.

In order to retain repeat bookers, property managers must have a **strong brand** that guests recognise and trust. They also need to provide a **consistent guest experience** and **set expectations** that they can live up to.

Let's look at three strategies that top PMs are using to increase their guest retention rates: **brand consistency**, **loyalty programs** and **reputation management**.

Brand Consistency

Branding is the number one pillar of guest retention. In the competitive vacation rental market, it's essential to have a **strong brand** that sets property managers apart.

Guests don't just want to have an authentic, local travel experience. They also want to **engage with a brand** and know that they will receive the same **quality of service** every time they book with the same company.

However, creating and maintaining **brand consistency** across a vast portfolio of tens, hundreds or thousands of unique properties is extremely challenging. So how are property managers doing it?



The Secret to Brand Consistency



Interior Design

Stay Alfred controls all design elements of their apartments and builds custom furniture that guests immediately identify as representing their brand.



Guest Experience

GuestReady swears by providing the same high-quality guest experience at all their properties - 24/7 support, WiFi, outstanding cleanliness, etc.



Product Lines

Altido is looking to build three tiers of service to match guest expectations: Altido Affordable, Altido Lifestyle and Altido Luxury.



Property Ratings

Sykes uses its own star rating system to set guest expectations: the higher the rating, the more facilities the property has.



Technology

Some property managers have found the core of their brand not in operations, but in technology. Lavanda now identifies as an innovative tech brand.



Read more

On our blog

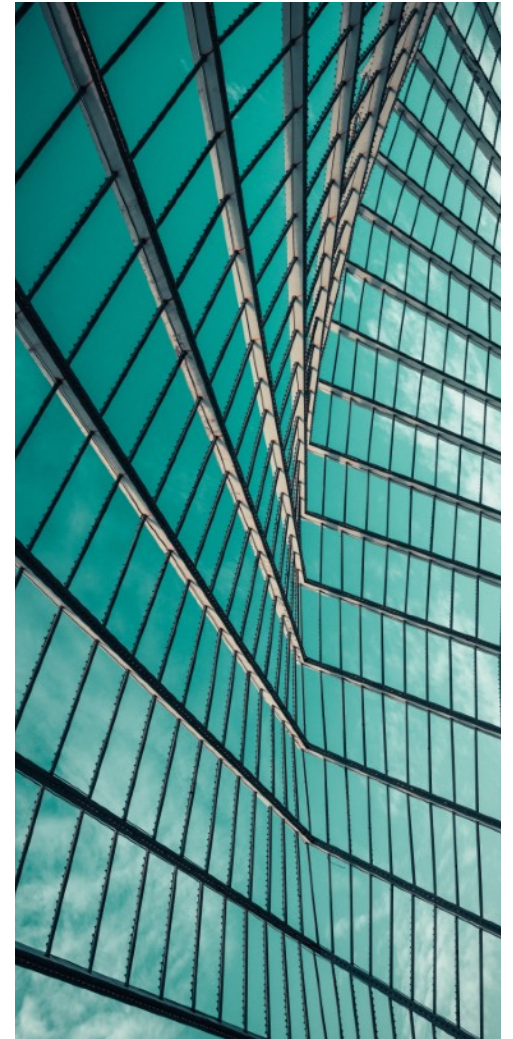
Loyalty Programs

Loyalty programs can be a highly effective way to **keep guests coming back** by offering them benefits such as **freebies, discounts** or **rewards points**. Hotels have been running royalty schemes for decades, but vacation rentals have been slow to adopt their own systems and make loyalty programs a part of their **guest retention strategy**.

Nowadays, large property managers are starting to experiment with offering **discounts on stays** and giving **rewards** (like a free airport pickup or a tour voucher) to their loyal customers. Another option is to introduce a **referral program** and encourage guests to spread the word about your brand by offering them freebies in return for a recommendation.

Stay Alfred was the first large property manager to introduce a loyalty program **tailored to the vacation rental industry**.

Find out how to set up a loyalty program for vacation rentals **[on our blog!](#)**



“

The Stay Alfred Rewards or the Green Suitcase Society, which is not unlike what you find in a hotel chain with repeated stays, lead to free nights with us. I think that’s a very valuable piece that has been missing in the vacation rental space. A lot of folks are saying “Well, I love staying in a vacation rental but I miss all my Marriott Rewards points.” So, I think we’re really bridging the gap. I don’t think anybody else has actually successfully attempted that. We are fully launched with it and we’re getting a lot of great organic feedback from it without pushing too much.

Doug Truitt, Director of Distribution at Stay Alfred

[Read the full case study](#)



Reputation Management

The third strategy that large PMs use to retain guests has to do with managing their **online reputation**. Today, responding to negative reviews is not enough: property managers must stay on top of **guest satisfaction** with the help of data.

The world's most successful PMs systematically **collect and analyse guest feedback**. They always follow up with guests who had a negative experience and continuously improve their services.

There are several different **indicators** that vacation rental companies can use to measure guest satisfaction and loyalty. One of them is the **Net Promoter Score (NPS)**. NPS surveys gauge whether customers are likely to **evangelise** a brand asking them a single question: "On a scale from 0 to 10, how likely are you to recommend this company/product/service to a friend, colleague or relative?"

Large property managers have started using NPS to **measure guest satisfaction, get constructive feedback** and **manage their relationships with guests**.



“

To me, the measure of whether a brand is trusted and respected is the number of repeat bookings. [...] We obsess over Net Promoter Score (NPS) here, matching owners and guests together to make them both very happy through the lens of NPS.

**Graham Donoghue, CEO at
Sykes Holiday Cottages**

[Read the full case study](#)





Chapter 2: Distribution

How to get the most out of distribution channels

When it comes to marketing vacation rentals, everything hinges on **visibility**. As the industry grows, new distribution channels are appearing left and right to help property managers **reach more travellers**. Navigating the hundreds of channels currently on the market has become a challenge of its own.

But when it comes to distribution, **less is actually more**. Large property managers swear by using distribution channels in a **selective** and **controlled** way. They pick the OTAs and the niche websites that work best for them and focus only on those.

For example, GuestReady only worked with Airbnb in the beginning, then tried the omni-channel way, then moved on to **selecting a handful of channels** that worked best for them - including niche websites like Homelike and The Plum Guide.

“

Our vision for GuestReady is to help owners unlock the value of real estate. We can't do that if we're just on one channel. So we [...] went ahead and listed on as many channels as possible. And then again a shift happened where we realised that [...] some channels didn't get us as many bookings, so it wasn't really worth it. It's better to focus on a few channels, do them really well and understand exactly how to work with them.

Alex Limpert, CEO at GuestReady

[Read the full case study](#)



The Secret of Distribution

To guarantee smooth distribution to multiple channels, large PMs also partner with technology companies who have built robust **channel management solutions**.

Stable channel connections are essential for a successful distribution scheme, which is why property managers outsource this task to **specialised software providers** like **Rentals United**.

Some property managers have unique distribution challenges. PMs like Stay Alfred that use the master lease model need to distribute like a hotel, based on a multiunit-style logic. Channel management platforms must prepare for these new demands.





Chapter 3: Growth

How to scale your vacation rental business

Each big property manager has its own **growth strategy** depending on what has worked best for them.

Some have had a lot of success with **organic growth**, others have chosen to expand aggressively through **mergers and acquisitions**. Some property managers have raised millions of dollars in VC funding to grow their inventory, others choose to scale their businesses without external funding.

No matter how different their strategies may be, there's one thing that all large PMs agree on: **technology enables growth**. Hugely successful companies like Stay Alfred and Guest Ready could not have grown to more than 2,500 properties each in just a few short years if they hadn't been using state-of-the-art **specialised vacation rental software**.

Read more on why tech is essential for growth on [our blog!](#)

Growth Strategies

Of Large Property Managers

01 Growth by mergers and acquisitions

Recently, the vacation rental industry has been undergoing significant **consolidation**, with mergers and acquisitions **reshaping the industry** from one day to another. Some of the world's fastest-growing PMs - like **Sykes, GuestReady** and **VTrips** - have chosen this path to grow their businesses. We'll take a closer look at them on the next pages.

02 Growth by investment

The best example of growth by investment is **Stay Alfred**. The startup has raised **\$62M** to date in VC funding to expand the business and strengthen their **inventory acquisition** (as well as build their own technology). Stay Alfred has a Business Development Team for sourcing inventory and building relationships with property developers and owners.

03 Growth by providing services

Some property managers grow by building on their strengths and providing services to other PMs. For example, **City Relay** offers **operation services**: they operate 1,000 properties for other PMs in London. **Lavanda**, a former property manager, has been fully converted into a provider of an **end-to-end technology** platform to help other PMs grow their businesses.



A lot of people are shying away from renting their home because there's a lot of management involved.

We see this through the Reception Spaces: we attract a lot of customers who are not Airbnb clients.

They will never be Airbnb clients. They are Airbnb clients because we advertise their flats on Airbnb. But they would never go to Airbnb directly. They want a local trusted manager to be there, to answer the questions, to service them in a much more local personable and sustainable way.



Maxime Leufroy-Murat, CEO at City Relay

[Read the full case study](#)

Mergers and Acquisitions

4 property management companies growing through M&A



GuestReady has been growing by mixing organic growth and acquisitions of local property management business like Easy Rental Services, Oporto City Flats and BnbLord. Now, they're at a point where property managers are reaching out to them about potential deals, and they're open for more acquisitions in the future.



Sykes Holiday Cottages acquired 11 other property management businesses in the last 18 months. They track 21 million properties around the world that could be interesting for them and collect and analyse data to find businesses where they can deploy their technology, their thinking and their operational know-how. Their secret is do acquisitions in a controlled way. Sykes is actually growing faster organically, receiving 22,000 organic leads per year.



VTrips has acquired 15-16 companies (10 roll-ups in a 12-month period) without any venture funding. Before acquiring a company, they take a hard look at the data of the market they want to enter and then choose companies that have people they want to work with.



Altido is a great example of a recent vacation rental merger. The company was created through the merger of 4 property management companies: London Residents Club, BnB Buddy, Hintown and Rent Experience.



Chapter 4: Technology

How to build & outsource vacation rental tech

The big PMs have different strategies when it comes to **building** or **outsourcing technology**. Distribution - with special regard to **channel management** - is usually outsourced and operations technology is usually built in-house. Some companies have built (Sykes) or acquired (City Relay - Outswitch) their own **yield management systems**. GuestReady, on the other hand, builds everything in-house except for channel management.

One property manager has made technology its core business. **Lavanda** has recently pivoted to a B2B model and become a vacation rental technology provider. They realised that the technology they built for themselves could help other PMs scale. Now they're offering their **end-to-end tech platform** as their main product.

No matter how different their strategies may be, there's one thing that all large PMs agree on: **technology enables growth**.

Build or Outsource Technology?

3 Case Studies

Property management company	Tech built in-house	Tech outsourced to a third-party provider	Number of in-house developers
Stay Alfred	guest app, native app, internal housekeeping apps, website, loyalty program, internal revenue management system	Channel Manager: Rentals United	12-13
City Relay	None	Channel Manager: Rentals United, dynamic pricing software: Outswitch (acquired), website builder: Lodgify, guest communication tool: Wishbox, cleaning app: Breezeway	None
GuestReady	Everything but channel management. All operational (post-booking) tech. Other PMs are also using their software.	Channel Manager: Rentals United	20



Chapter 5: Data

How to use data insights to grow your business

Data is one of the most important assets that large property managers can leverage to grow their businesses.

Data plays an increasingly important role in:

1. Identifying **properties** that could be interesting for PMs
2. Finding other **PMs to acquire**
3. Dynamic **pricing** solutions

All the fast-growing property managers featured in this ebook have **in-house data analysts**, use **market data tools** or enlist **consultants** to help them with data collection and analysis.

Let's look at an example of a PM who has taken data to the next level.

A truly data-driven business

The example of Sykes Holiday Cottages

At Sykes Holiday Cottages, everything is data-driven. Each department has a **data analyst** embedded in it. They use data insights to:

- Rank properties and acquire stock in key locations. They track **21 million properties** globally.
- Monitor **other property management businesses** that they could be interested in acquiring
- Make **2.5 million price changes/year**. Sykes has built its own sophisticated dynamic pricing model. They have a Pricing and Yield Team of 14 people.

“If you look at the makeup of the people we have here, we are very much a tech-driven business. So we have almost 100 engineers and I would say most of the growth that we have in our business is actually coming from data and engineering roles,” says Graham Donoghue, CEO at Sykes.





Chapter 6: 2020 Industry Predictions

Expert insight on the future of vacation rentals

The New Year will surely bring some surprising twists and turns to the vacation rental industry. However, there are some trends that we can predict based on the processes that have been prevalent in the last few months.

2020 will essentially revolve around three tendencies:

1. **Consolidation**
2. **Involvement of multifamily agencies**
3. **Regulation**

Property managers will most likely focus on **building sustainable business models** and **complying with new regulations**. Let's see what our interviewees, the leaders of some of the world's fast-growing vacation rental companies had to say!

“

I think that the master leases bubble (if I can call it that, which admittedly may be a bit contentious) will continue to grow next year. There's clearly a lot of capital going into that [...] We think there are potentially question marks over the sustainability of the financial model there, but undoubtedly that will grow.

We see that the multifamily and estate agencies - and maybe also more old-school residential operators and owners - will be heading very heavily into this area because I think it's a really interesting way for them to innovate. And platforms like ourselves start to make it feasible and possible for them to do that.

Fred Lerche-Lerchenborg, CEO at Lavanda

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I think we will see more consolidation. We've seen the start of it over the last couple of years... I think there will inevitably be a few booms and busts that present an opportunity for consolidation. [...]

We will see more different players getting involved. The developers and agents out there have been hesitant, but the market is proving itself more and more, so I think we'll see more and more big players getting involved.

I also think there will be more regulations. We want to work with the different councils and the different governments to make sure that we're ahead of the curve.



ALTIDO°

Tom Archer, CEO at Altido

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“

I think what's going to really separate companies that are actually consolidated is not how fast they consolidate but how much of the business they sustain two years after the acquisition.

There are some companies that have made a lot of clippings about acquisition and roll-up but they are haemorrhaging property owners as they bring them on in an attempt to merge them together. That's called churn. [...]

It'll be interesting to see which business models actually prevail for the long run because some of them right now are inherently dysfunctional.

—
Steve Milo, CEO at VTrips

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About Rentals United

Rentals United is the **Channel Manager** for professional vacation rental property managers.

We are **Premiere Partners** of the four biggest channels: **Airbnb**, **HomeAway**, **Booking.com** and **TripAdvisor**.

We're also one of the few providers that can help you list your properties on **Google**.

60+

channel connections

100,000

rentals connected

5M

total nights processed

800M

total revenue for our clients

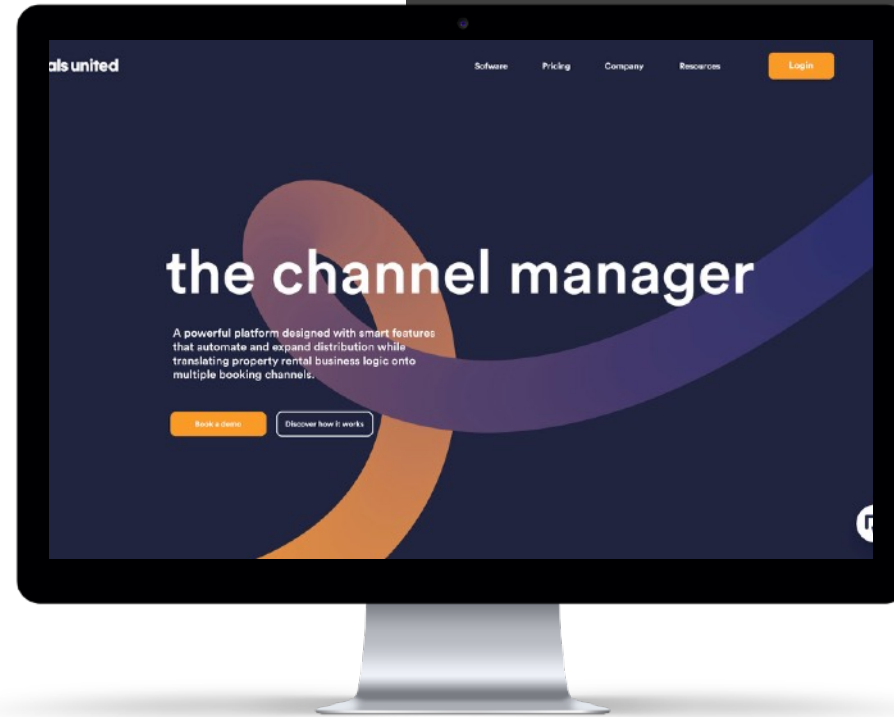
Rentals United

The Channel Manager

Our channel connection is the most **reliable** one on the market. We provide **real-time automatic** rate and availability **update**.

Listing new properties is easy with our **content API push**. We also give you access to **advanced pricing options** to help you control and increase your revenue.

Book a consultation with us now!



50+

PMS connected

20h

per week saved for
each PM

60%

of the largest PMs
trust us

160

countries where we
have clients



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The Secret Sauce Podcast

Would you like to hear more from the founders and CEOs of the property management companies mentioned in this ebook? Check out the **Secret Sauce Podcast!**

You can **watch the full interviews** where we dive deep into the **secret strategies of large property managers** on YouTube, or listen to them on Apple Podcasts, Spotify or Google Podcasts (US only).

Start listening **now!**



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