

The transforming of today's vacation rental industry. What is going on out there?

By Simon Lehmann, co-founder and CEO of AJL Consulting.

If you can keep track of everything that is happening in our fast-transforming vacation rental industry - then you are a genius.

Let's face it. For all of us in the industry; staying abreast of all the changes and keeping current with innovation and technology solutions that are entering the eco-system, has become a huge challenge. A good challenge, but a challenge non the less.

The big question for us to ask ourselves is whether we even know anymore how to differentiate our product from all the other different hospitality products that are out there. Are we still confident in what makes vacation rentals unique, and what sets our offering apart from other lodging options?

At the same time as all this wider industry transformation, property managers on the ground still need to run property management businesses. We are challenged daily to deliver the best possible guest experience; and at the same time, to look after our hosts and owners by ensuring that we deliver the best possible service and returns.

Outside of individual property management businesses, and looking at the wider picture, we are being confronted with a convergence in hospitality. All products have become one. The OTA's have mastered the distribution of our products; and the consumer can choose, at any time, what kind of accommodation they want. Which they now expect to book instantly.

Alongside the challenge of convergence, the industry is facing margin compression and increased competition. For a property manager, it is getting harder and harder to make a reasonable margin.

While we are trying to find solutions and remedies to our challenges, we are increasingly exposed to more complex circumstances that require us to make choices and decisions that are not part of our core business.

However, in order to succeed, it is vital that we do not lose sight of what our core business is. Our core business is to deliver the best possible guest experience, *and* to provide an exceptional service to our owners. Our businesses rest on being able to make sure that the guests who are coming into our homes have the time of their lives and enjoy their holiday or business trip, with the least amount of friction.

Our business also depends on ensuring that our owners and hosts are satisfied with the services we provide. That their properties are being looked after, that occupancy is at its maximum, and that the delivered rent is the best achievable.

Whilst not forgoing our core business, we are also challenged by increased distribution costs, and have become more and more dependent on third party channels for leads. At the same time the brand equity we have once built is diminishing. Repeating customers are

slowing down, booking windows are getting shorter and our guests are demanding more choice, greater freedom and better value for money. These are tough realities to accept. But to accept, we must.

Being faced with operational issues on a daily basis, and being pressured to deliver a superb guest experience, whilst also making sure your owners are happy, means vacation rental management businesses hardly have the time to come up for air, let alone to think strategically about what's next on the horizon or how to improve their business by making things easier for everybody involved.

Perhaps it's time for a collective stepping back and a chance to reflect! A time to really look deeply at the questions around what is happening in the industry. What is now expected of us, and what can we do as the professional vacation rental property management industry to ease our worries and make improvements that are not just knee-jerk reactions.

There are of course many solutions out there to support the transformation of a property management business. But we do need to be incredibly smart about our choices.

Our first priority must be in creating the best possible hospitality experience for our guests. Making sure that everything; from searching, to booking, to paying and having a great time while enjoying a vacation rental – is as seamless as possible.

This we can do. We are professionals and we know exactly what our guest wants and how we can make their stay an incredible and unforgettable experience.

It's time to stop talking about blunt knives and insufficient supplies of the very basics while staying away from home. (Stay a night or two in one of your own properties and you will quickly understand what needs improving.)

Whether we like it or not, or whether we think this is important or not, every property manager needs to master these basics and get better at communicating our value proposition. There is still a massive pool of potential customers that have never stayed in a rental, that are used to the conveniences of hotels, and that we have the potential of converting to our offering.

Besides investing in branding on a property level and making sure to have the right mix of distribution channels – today's property manager also needs to think about the future. What is the next solution opportunity for make choosing a vacation rental an even better experience for the guest, as well as putting our hosts at ease knowing everything is ok with his or her property?

From both an industry level, and an individual business level, the next big thing to transform our offering is home automation. Being able to deliver the very best experience to our guest when they stay in our properties, *is* the core solution of home automation.

We are all consumers, and we all want choice and we all want convenience. Home automation, a seamless booking process and above all choice - can deliver the right results for the guest and host of tomorrow.

Automated locks are a small start. Not everybody wants to be greeted by the host and have their ears chewed off about the latest fishing trip they went on! Many guests just want to get into their properties, relax and make it their own. Aside from locks, home automation offers much more opportunity for transformation.

Whilst as an industry we are facing massive challenges to maintain our margins and are under higher expectations to deliver best-in-class products to our stakeholders. We are also getting lost in operational costs and are under the pressure of distribution costs that are killing us.

It is imperative that we look for alternatives in how we can maintain our operational profitability, alongside making sure our guests are satisfied and our hosts are getting maximum occupancy.

Adaption to future technologies will enable us to circumvent many of these real and present challenges. However, we need to be ready for this transformation and be open to the opportunity of being the first adopters. But if we do, home automation will be both transformative at both an industry level, and an individual operational level.

Applying smart home technology will enable forward thinking property managers to handle all processes around each property in one go. This will inevitably result in a better guest experience, lower operating costs, and more data to run your business even more efficiently. And this will lead to better and more profitable businesses!

About Simon Lehmann

Simon is the co-founder and CEO of AJL Consulting LLC. AJL is a boutique consultancy that specializes in the international private accommodation and vacation rental industry, working with property managers, technology providers, start-ups and other businesses within the space. Simon is also a regular speaker at industry conferences and sits on the advisory board of various vacation rental and travel industry related organizations. www.ajl-consulting.com