

Insights & Innovation Volume 1:

Optimizing Demand

**New Operator Imperatives to Thrive in a Dynamic
Vacation-Rental Market**





Introduction

In a way, the title of this eBook—Optimizing Demand—is a misnomer. Market forces like a global pandemic or a crisis of oversupply influence demand much more than a vacation-rental operator ever could. Your best bet is to capitalize on whatever demand exists at a given time.

Good salespeople don't "sell" so much as skillfully remove friction points and objections to the sale. Operators must take the same approach with the modern traveler. There are so many lodging options available now that settling on one is a process of elimination. Your job is to give them as few reasons as possible to eliminate you.

The technology-assisted strategies and tactics that maximize your share of the post-pandemic marketplace are what we're calling Operator Imperatives. We believe that your slice of the pie will shrink unless you take a fresh approach to the fundamentals.

Some or all of these will be familiar to you. The challenge is to do them all well, and that's where [TrackSuite](#) comes in. It's not about doing more with less—it's doing more with more, as in more efficiency. More savvy. More guidance.

Innovation should solve more problems than it creates. On the guest side of the equation, technology has made it easier than ever to browse and book. At the same time, complementary technologies and know-how can help operators turn that ease to their advantage.

This guide will help you set strategies for pricing, distribution, and digital marketing that keep you in the mix and earn more bookings.

Pricing

Pricing has become a much more complex subject than it used to be. The classic example is rate. Setting min/max rates, making seasonal adjustments, and offering promotions are time-tested ways to spur bookings.

Adjusting your minimum-stay policy can also make a big difference. When demand is high, min stay is of less concern. During slow times, however, a high min stay will scare off some guests and even hobble your ability to fill gap nights. Fortunately, such policies aren't set in stone.

Pricing decisions are no longer made in a vacuum. Data analysis can highlight patterns and trends that call for action. Pacing and market reports, unit performance, and typical KPIs like RevPAR and occupancy all help build a winning strategy in your market.

Let's dive a bit deeper into each of these strategies.



Rate Strategy

Tools like [TrackRevenue's](#) automated rate tool analyze market conditions in real time, using powerful algorithms to determine the optimal rate. Such tools offer the shortest path to maximizing your revenue hour by hour, day by day.

But dynamic or not, base rate is merely a starting point. To preserve margin while staying "in your lane" price-wise, you need guardrails. This is where **dynamic minimum and maximum rates** come in. A dynamic minimum rate sets a floor for your pricing, across your portfolio or at the unit level. This accounts for your cost per unit night and how "cheap" you want it to appear. A dynamic maximum rate

keeps you from pricing yourself out of the market or by appearing too "premium."

As any operator knows, there are seasons and there's seasonality. Your market, your geographic location, weather, and many other factors contribute to the typical ebb and flow of demand. By understanding these trends, you **define seasonality** on your own terms and set your rates accordingly.

Finally, **time-based premiums and discounts** let you factor in things like special events or one-off situations such as major road closures or natural disasters. In addition to the levers listed above, you can set a date range during which you'll increase or decrease your pricing more manually. This accounts for factors that affect demand but exceed the capabilities of dynamic pricing tools.

Minimum Stay Strategy

A min-stay policy that reflects the needs and expectations of the market is just as important as optimizing rate.

While frequent adjustments can confuse and frustrate guests, **min stay can and should change by season and day of the week**. It just depends on your market, your clientele, and your past experience. A lower min stay is typical during low or shoulder seasons to goose demand or, at least, to not scare off travelers keen on a short getaway.

A **gap-fill strategy** lets you automatically fill those one or two-night spaces in between two longer bookings. For example, if a unit is booked Friday to Tuesday then again from Thursday through the weekend, you can set up gap-fill logic to kick in, lowering your rate and even overriding your min-stay parameters in order to still appear in search results and allow you to fill those intervening two nights.

With the right software, you can also set **time-based min stays**. Generally, this will mean requiring a longer stay when the booking is made well in advance and vice-versa.

Data Analytics Strategy

Running and looking at reports isn't a strategy in itself, but it can and should inform your strategy. Short-term rentals have a mountain of data available for analysis, and it can be very helpful.

The key here is to know what data is important to you and your market. Examples of reports that our customers find useful include:

- **Pacing reports** show the rate at which reservations are being made for a given date or date range in the future. Compare your own YoY pacing or even local market performance to know what dates or days of the week see the most bookings.
- **Unit performance** compares YoY numbers for a particular property or how similar properties perform relative to each other.
- **Reservation reports** are a great way to answer the question, "How are we doing?" in a general way. Like pacing reports, you might spot which days of the week or times of year are your sweet spots.
- Finally, **KPI reports** such as what Track's built-in [KeyData Dashboard](#) provides let you drill down into the KPIs that are most important to you. Maybe occupancy is the name of the game for you, and maybe it's ADR. A good reporting system will pull in all the data you need for the metrics that matter most.

Cross-referencing these and other reports can reveal interesting correlations unique to your area or business. A data-based decision-making process inspires more confidence than shooting from the hip or just looking at top-line revenue.

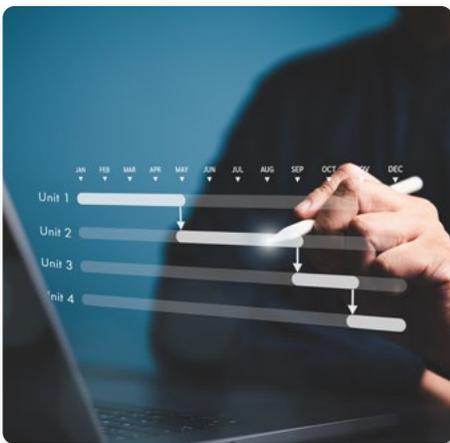
**... know what data is
important to you and
your market.**



Distribution

Distribution and channel management are used interchangeably in our industry because they refer to the same process. Technically, channels are where your listings live, and distribution is the process of getting them there.

Once, distribution meant driving around an '86 Chrysler Caravan to area restaurants and slipping brochures into foyer displays. Now, some companies have hundreds or thousands of listings to push out to an ever-growing number of channels like Airbnb and Vrbo.



Billboard Effect

You should be on as many listing platforms as possible. Even the obscure ones. Even the ones that have never sent a single booking your way. There are two main reasons why: One, why not be everywhere? As long as it's easy to push your listings out, there's not much downside. But the second and most important reason is to take advantage of the so-called "billboard effect."

The billboard effect occurs when a guest sees your listing on one of the OTAs then goes on to book directly. Since the OTAs only charge commission for a booking, the listing itself is free. The

eye-watering sums spent by the OTAs on marketing bring more eyeballs to their platform, amounting to "free" advertising for you when a traveler spots your listings. If a guest finds you on the platform but books through your website, then that "lead" didn't cost you a dime and you got a more lucrative direct booking. Pretty good deal, right? It's a bit like researching products online then walking into your local store to buy it.

OTAs in general, and the billboard effect in particular, are a numbers game. It can take a lot of views (a.k.a. impressions) across multiple platforms for a guest to notice you, and even then, relatively few will bother to leave the OTA and book directly. That's why you should be everywhere.

Out of every thousand impressions (times your listing is shown to a prospective guest, not necessarily seen), maybe a handful will note your listing and only one will book directly. It's not something you can count on, but as long as the OTAs are spending the money, you might as well throw your hat in the ring. The more lines you have in the water, the better your chances of landing a fish.

Listing Considerations

To a guest, your listings are your products. And like actual products, they have to shine. But beautiful photography and enticing descriptions are only the beginning.

Headlines are an underrated but critical aspect of a quality listing. A “just the facts” description won’t catch a guest’s attention on its own, but sprinkle in the right details, and it might be exactly what they’re looking for. Examples of useful information to include in headlines:



Amenities. Does the property have an especially appealing feature like ski in/ski out, a hot tub, or a colossal TV? Consider calling it out right in the headline. (In your descriptions, anything less than ~50 amenities might see you lagging behind the competition. Our friends at RueBaRue have compiled a handy [list of 100 amenities](#) that might include things you haven’t thought of, like kitchen cleaning supplies and dedicated workspaces.)



Convenience, especially proximity to services or attractions. If you’re close to the beach or the ski hill, consider popping it in the headline somewhere, e.g. “Luxurious and Roomy 5BR/6BA Steps from the Beach.” But attractions aren’t the only convenience. Access to grocery stores, restaurants, or public transportation can be just as desirable.



Lodging type. Condos, homes, cabins, and different property types all have their pros and cons. “Rustic cozy cabin” and “spacious modern condo” might draw the eye better than a generic headline.



Seasons and/or events. Some properties, such as in ski towns, appeal to different kinds of guests depending on the time of year. For example, a winter description might include the phrase, “ski in/ski out” but the same listing in the summer might say, “two blocks from bike trail.” **The same goes for events.** If you know a festival or concert will drive a lot of bookings, putting it right in the headline, e.g. “10-Minute Walk from Summerfest Grounds,” is an eye-catching way to speak to those guests.

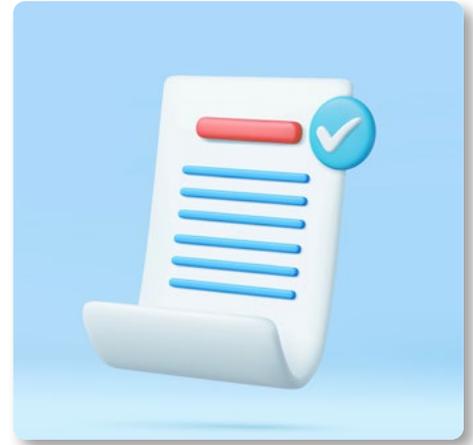


Company name. Irresponsible hosts, exorbitant fees, and straight-up scams continue to pose challenges for our industry. For some guests, knowing that a property is professionally managed can be reassuring. There’s nothing wrong with putting, “Managed by ABC Properties” right in your headline.

Cancellation Policy

Of all the things that might turn off a guest, perhaps none is so impactful as an overly strict cancellation policy.

Life is unpredictable. No matter how certain you are about a trip, committing to a timeframe always carries the risk of a change or cancellation. But whether you're talking about a short-term rental or a flight, nonrefundable tickets and strict cancellation policies serve only the vendor's interests. Though we accept this as a given in the travel industry, there's a balance to be struck. You deserve to protect revenue after a cancellation, however, guests also deserve reasonable leeway when plans must change.



Our research shows that **almost half (47%) of travelers would refuse nonrefundable lodging when traveling domestically**. That same research tells us that a company with a flexible cancellation policy sees 5X as many bookings as one with a strict no-refund policy. In other words, it's a huge consideration for travelers and worthy of attention. If you know your offering checks the major boxes like price, quality, and service, a Draconian cancellation policy might be the thing holding people back. Many Track clients have found this to be the case.

So how do you strike a balance between protecting your revenue and not turning off guests?



Tiered cancellation policies. In this model, a cancellation made far enough in advance is fully refundable, while a cancellation closer to the first day receives only a partial refund.



Credit or flexible rebooking. Value is the key here. Nobody likes throwing money away, so the opportunity to apply the same money toward future travel is a win-win. Limiting it to travel within the next 6–12 months is a reasonable compromise for most.



Cancellation fee. There are some costs associated with a cancellation, up to and including lost revenue. A cancellation fee expressed as a percentage of the booking value or first night's stay protects you from losing out entirely while limiting the out-of-pocket loss (and hard feelings) for your guest.

In any event, it might take some experimentation to settle on a cancellation policy that is crystal-clear and works for you, owners, and your guests. However, **we recommend the most flexible you can live with**. The results speak for themselves, and it would be a shame to lose many bookings if your policy is needlessly strict.



Rules, Restrictions, Fees, and Discounts

Like cancellation policies, excessive rules and restrictions, such as min stay or blackout dates, can hurt more than they help.

The key here is to have as few restrictions and rules as you and your owners can live with. Examples of typical “house rules” categories include:

- Check in/check out times
- [Pets](#)
- Children
- Maximum occupancy or visitor limits
- Quiet hours
- Parties/events
- Smoking/vaping
- Cleaning/departure procedure
- Parking limitations

Owners have every right to steer certain types of guests toward or away from their property based on the rules they set, regardless of what’s typical for your portfolio. That said, you’re the expert and you have a stake in this, too. Counsel them if they insist on a rule that will make the place difficult to rent. If they won’t budge, then your company might not be the right fit. You might even suggest testing the waters with the rules they want and then with the ones you recommend in order to make the business case for more flexible rules.

Discounting is an easy way to lure guests, especially new ones. Everybody likes to believe they’re getting a good deal, so discounts for early bird or last-minute bookings can help you entice first-time bookers. As a bonus, many platforms will give extra visibility to properties running a discount.

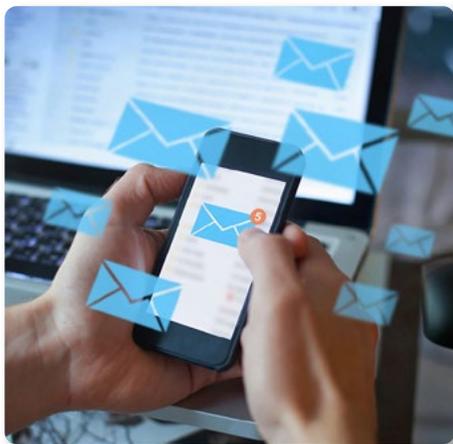
Another great tip here is to take a page from the airlines and offer a nonrefundable rack rate and a higher refundable rate side-by-side near the end of the booking flow. The rack rate may or may not reflect a discount, but it will look like one compared to the refundable rate.

Digital Marketing

Digital marketing has never made it easier to put your brand and listings in front of specific audiences. Some companies use digital advertising exclusively while others prefer a mix of traditional and digital media. Either way, digital marketing must play a major role in your demand-generation strategy.

The true power of digital marketing is in the total audience size and algorithms that essentially reward relevance with a low cost per click. Companies ranging in size from a sole proprietorship to a Fortune 50 mega-corporation can spin up a digital marketing campaign and, in theory, begin serving ads to their desired audience in minutes.

However, the devil is in the details. To take full advantage of these revolutionary demand-generating tools still requires know-how and creativity. If you manage digital marketing in-house, consider the following tips to up your game.



Targeting

The mountain of data that companies like Facebook and Google harvest is their true product. Social media platforms and search engines are merely the pretext and the means. But next to the companies themselves, it's advertisers who benefit most. The ability to zero in on a specific audience would've seemed like science fiction twenty years ago, say nothing of real-time results and adjusting the message on the fly.

To get the most bang for your buck out of digital marketing, you need to target the right audience. The mechanics of targeting aren't that complex, but knowing what parameters are available and which

ones let you zero in on the right online crowd is a big can of worms. That's assuming your ideal audience is targetable in the first place.

The key here is to start with the bigger, more obvious targeting points like demographics or physical location. If you know your guests skew older and come from in-state, then you can already avoid wasting your advertising spend on young people four states away (see below). From there, it's a process of continual refinement based on data you already have or can get.



Data Refinement

Data harvesting is a garbage-in, garbage-out process. Google GA4 tags and Facebook Pixels, for example, give valuable insights into the demographics and behaviors of people who visit your website and/or social media accounts. But these tools are only as good as the setup, and if you don't actually use their data for strategic guidance, then they're not doing you much good.

The key here is agreement, particularly on high-value events like clicking a Book Now or Request Information button. Spot-check third-party data against what your PMS generates to ensure it makes sense. It won't always match exactly, but clear correlations are always a good sign.

Watch out for anomalies such as massive spikes or troughs in the datastream that seem to come out of nowhere. Unexpected behavior can point to duplicate events, tag malfunctions, and the like.

Properly setting up tags, triggers, conversion events, and all the backend stuff you need to generate reliable data is usually best left to the experts. The [TrackEcommerce](#) team has helped countless vacation rental businesses get these behind-the-scenes workflows set up so they generate useful and accurate data.

In any case, the various data-collecting tools will generate mountains of the stuff, most of which you'll never use. What they won't do is validate it, refine it, and tell you what it means. That's up to you and your team (or extended team).



Advertising and SEO

Maximizing your Advertising Budget

Once you've refined and analyzed your data, it's time to put it to work. Assuming you engage in digital marketing already, you'll want to use your data to plug leaks in your ad spend.

Many operators are shocked to learn that they've been wasting a lot of money on PPC ads that don't (and likely never will) drive conversions. That means one of two things isn't working: the content or the ad setup. Sometimes it's the former, but usually it's the latter. If this has happened to you, don't feel bad. It is very easy to miss a setting or make a bad guess, and suddenly you have a quality ad that's expensive but doesn't work.

A prime example is **geotargeting**. Considering how granular ad controls are, anybody can overlook a critical setting. If your properties are 100 miles from L.A. but you set a geo radius of 80 miles, then a huge segment of your market won't see that ad. It pays to be very fastidious when setting up your ads.

Poorly formed **match types**, **keywords**, and especially **negative keywords** can lead to low ROI, too. Say you're Big Al's Beachside Rentals but there's another Big Al's Vacation Valhalla four hours away that has nothing to do with you. Refine your keyword strategy to minimize the amount of search overlap or you'll wind up paying for each other's clicks.

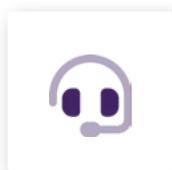
Finally, you'll want to review your allocations and daily limits to stay within your total budget. New features, like Performance Max campaigns and smart bidding, are coming online all the time. As much as we'd all like to "set it and forget it," ads need constant care and feeding, which brings us to ...



Refine your SEO Tactics

Search algorithms, especially indicators of relevance, are ALWAYS changing. So, too, must your approach to search engine optimization (SEO).

We recommend the following strategies to refine your SEO tactics on an annual basis if not more frequently.



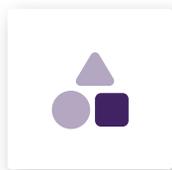
Ask an Expert

Can you say you're an SEO expert? If not, then we strongly recommend hiring someone to audit your current SEO strategy and analyze the overall performance and health of your direct channel.



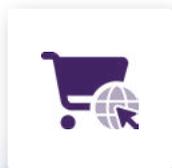
Competitive Analysis

Modern tools enable surprisingly deep insights into your competitive space. Everything from who "owns" the most-desired keywords in your market to the nature of their domain traffic is readily available via free or paid tools. As long as such insights are available, you might as well dig into them and see how you stack up.



Content Strategy

The world of "content" is much more than blogs and static web pages. Virtually anything of value and interest to guests can drive traffic and brand recognition. Keyword tools make it easy to see what people are searching for. Don't have time to produce or edit content? AI, if used as a tool and not a crutch, can be a game-changer.



Eliminate Resistance

"Conversion-optimized" websites minimize the number of steps and decisions required for a booking. Everything from page load speed to the path a user's eye must travel should be optimized.

Loyalty

Cultivating loyalty with the modern vacationer is no easy task, but it's not impossible. The key aspects of loyalty are engagement and value.

Engagement and Re-Engagement

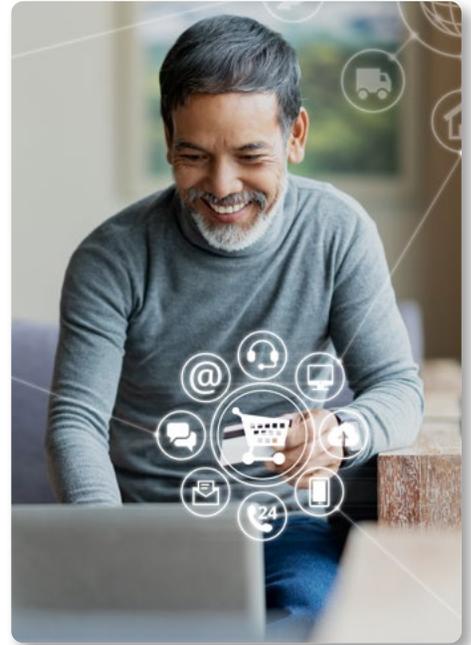
Engagement is all about how and how readily you interact with guests and prospective guests across all communication channels, from the phone to email to social media.

They need to know that you:

- Are paying attention
- Care/value their business
- Can be helpful

We live in a real-time world of infinite distractions and short attention spans. Engaging directly with guests and prospects in a responsive, human, caring, and helpful manner is Loyalty 101.

First and foremost, pay attention. Most companies don't get so many inquiries and comments that they can't keep up. Set up notifications so you can potentially respond within a few hours if needed. Chatbots can be useful for responding to common questions in a timely way.



Whether they plan to spend \$500 or \$5,000, guests rightly expect to be treated as valued customers. A helpful, service-oriented tone goes a long way, as does the clearly communicated desire to earn and keep their business. Be wary of a service tone becoming a sales tone, however, lest you seem desperate for guests.



Make sure that you, and especially your guest engagements, are as helpful as possible. As mentioned above with Eliminating Resistance, aim to make your guests' lives a bit easier where you can. One great way to do this is by curating links that are actually helpful, such as to the best and most current area calendar of events or a trail map. Since hyperlinks are putzy to find and insert, consider keeping pre-made paragraphs or lists handy so you can simply copy and paste.



Remarketing is marketing to past guests in such a way that invites them and (usually) incentivizes them to return. A flash sale during a slow week, exclusively for previous guests, helps keep you top-of-mind even if the promo itself doesn't work. Automated emails on booking holidays or birthdays are another great way to lure back returning guests.



Value

The more perceived value you drive into the marketplace, the more loyalty you create. But it's a fickle kind of loyalty because adding value is a lever anyone can, and will, pull as long as it works.

Modern travelers are pretty good at seeing the value behind the price, but it never hurts to call attention to areas they might miss. If you can make that added value exclusive for returning guests, so much the better.

Book direct savings

Make clear that it's cheaper to book directly through your website than an OTA. Many travelers don't know or care that the OTAs earn a commission off you, but if they know they can get a better deal (rate plus perks) by booking directly, there's a good chance they will. Assuming they're happy with the results, they'll know to go straight to you next time.

Promotions and flash sales

Always be promoting. Just as the rack rate is rarely what anybody pays, most bookings should reflect some kind of discount or special offer. That goes double if you're re-marketing to a past guest or even someone who just abandoned their cart.

Flexible policies

Even simple offers like same-day check in, a softened cancellation policy, or a cleanliness discount can entice a booker. Extending such an offer makes it clear you're willing to earn their business.

Other offers

Reduced rates for extended stays, gap-fill discounts, and free travel insurance are all value-added incentives we've seen recently. By themselves or as part of a bundle, the feeling that you're getting a deal can be powerful—especially combined with a limited-time countdown.

The key word when it comes to value is perceived value, and that will vary from person to person. In general, anything that confers additional value to that particular guest while having little or no hard costs for you deserves consideration.

**Operator
Imperatives
are crucial/key
aspects of running
a vacation rental
company**





Summary

This eBook is the first of Track’s three-volume “Operator Imperatives” series. Put simply, the Operator Imperatives are aspects of running a vacation-rental company we believe are critical for sustainable growth in the modern marketplace.

The further you zoom out from daily operations, the easier it is to see that this industry isn’t entirely unique. Pretty much any business that offers a product or service must make pricing, distribution, and marketing decisions. Hopefully, those decisions contribute to long-term and profitable growth. But as noted earlier, market conditions and technology are always changing. Past experience may not lead to smart strategic decisions in the present, which is the inspiration for this series.

The bottom line is that **market-sensitive pricing, a well-executed distribution strategy, and digital marketing savvy will best position you to thrive in this market.** But that advantage only extends as far as your command of the tools and tactics, which—you guessed it—are always changing, too.



How Track Helps you Execute on the Operator Imperatives

Track's position as an industry leader makes us uniquely able to offer of-the-moment information to customers and prospects alike. We speak with operators across property types, sizes, and regions daily. With each conversation and interaction, we learn something that improves our insight and makes us better. Individual operators don't often have those opportunities outside of trade shows, which is why we enjoy distilling what we've learned into educational materials such as eBooks, blogs, videos, and [webinars](#).

Let's briefly review the broad strokes of what we've presented here and how Track can help you put the new Operator Imperatives into effect:

Pricing

Rate is like a surfer. Its job is to catch a market wave as it comes, ride it in, then do it all over again. Dynamic pricing tools such as [TrackRevenue's](#) Automated Rate Tool help you do this in an automated way so you get the right price for every property, every night.

Dynamic pricing, automated gap-fill tools, and data analytics are just a few of the areas where the latest tech can really help optimize revenue. Rate is still the easiest lever to pull, but knowing when and how much is where the magic happens.

Distribution

Be everywhere you can. Algorithms all work a bit differently, just as guests all plan travel differently. If pushing out or editing listings to a dozen or more channels seems impractical given your current resources, ask us about TrackDistribution's incredible bulk upload and editing tools. You might be shocked to learn how easy it is to expand your online presence.

Perfect and continue to refine your listings. Resist the urge to list the same amenities the same way as you always have. A little savvy can help you highlight the assets and value-adds that nudge travelers closer to a booking they can feel good about.

Be mindful of your policies, rules, and fees. What worked last year might be a turnoff this year, so favor the most flexible policies you and your owners can live with.

Digital Marketing

The better you know your audience, the more you can use targeting to zero in on the travelers most likely to book. In doing so, your ads become more relevant (read: affordable), your conversions increase, and your direct channel takes more business away from the OTAs.

SEO and conversion optimization should be regular activities, not just ones you do when spinning up a new website. Your direct channel is your "golden goose," but it requires constant attention. The experts of [TrackEcommerce](#) can do a lot of the heavy lifting needed to keep your direct channel healthy.

It's never been easier to build a value-based relationship with your guests, especially returning guests. Knowing that they can always expect a good deal and personal attention makes it much more likely that they'll think of you next time they visit the area.