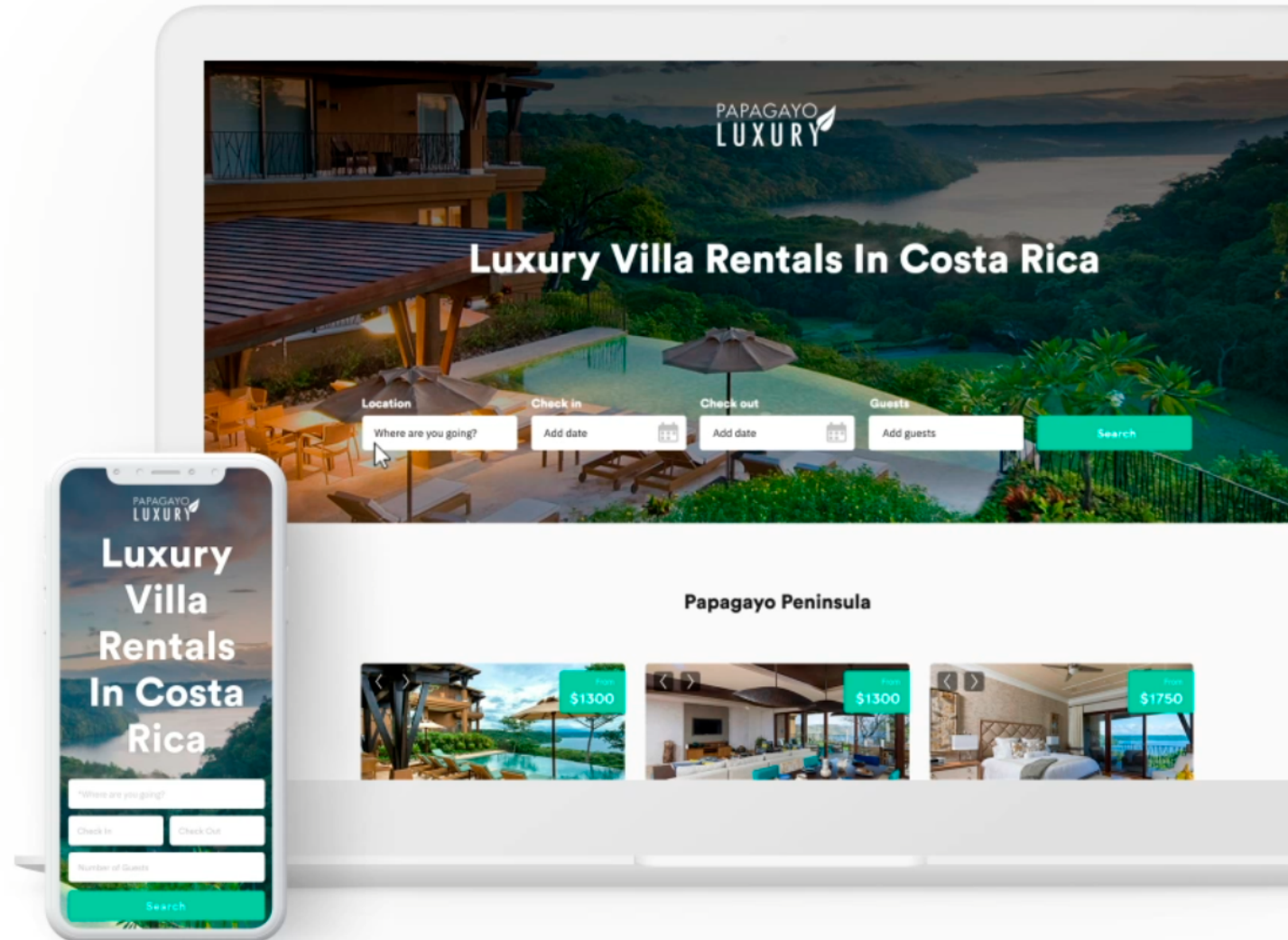




Direct booking sites:

Open the door to listing site independence












Lately, and more so since the turbulence of 2020, the short-term and vacation rental industries have seen a proliferation of vacation rental listing sites (Airbnb, Vrbo) and online travel agencies (OTAs) including Booking.com, HomeToGo, and more. Hosts and managers wanted to list properties on all these sites simultaneously, the tech world responded to this need with innovative software.

Listing on multiple bookings sites is now a term called “multi-channel distribution.” The premise is simple: To attract more potential guests, hosts and managers should list on as many sites as possible. As there are no upfront costs (commissions get paid upon booking), this marketing strategy quickly became popular with industry professionals.

Unfortunately, many hosts and managers rely on vacation rental listing sites and OTAs to reach guests. But what if there was another way to get reservations?

In the last few years, more and more owners and managers have questioned how to regain control of their booking process. They achieve this with Direct Booking Sites to attract their own leads, without outside help.

In this paper, we’ll explore the following topics related to Direct Booking Sites:

-  What is a direct booking site
-  Listing site independence (and how a Direct Booking Site is a first step to get there)
-  What industry peers are doing when it comes to Listing Site Independence
-  The downsides of operating a Direct Booking Site
-  Hidden benefits of securing independent bookings
-  The economics of a Direct Booking Site
-  The three options available to hosts and managers
-  How a Direct Booking Site fits in with a company’s processes
-  Pre-Built Direct Booking Sites and the Hostfully advantage

What is a direct booking site

Before platforms like Airbnb, Vrbo, and Booking.com, vacation rental owners used to rely on direct bookings for reservations which came in via phone call, email, or even fax. Few hosts operated websites; instead, they secured bookings through word of mouth or traditional advertising.

Fast forward 20 years, and listing sites have become dominant. Guests book via listing sites (Airbnb, Vrbo) and OTAs (Booking.com), and learn about great properties through social media and search engines (Google, Bing). Many hosts and managers bring guests onto their Direct Bookings Sites through social media and paid advertising. Once there the Direct Booking Site becomes a portal where a guest can make a reservation.

Direct Booking Sites can be simple, with just a few pictures and a “contact us” page, or have the look, feel, branding, and functionality that you’d expect from a major hotel chain. Most give guests the option to view availability for properties and complete a reservation all on the site.

The Bookings Funnel (and where a Direct Booking Site fits in)

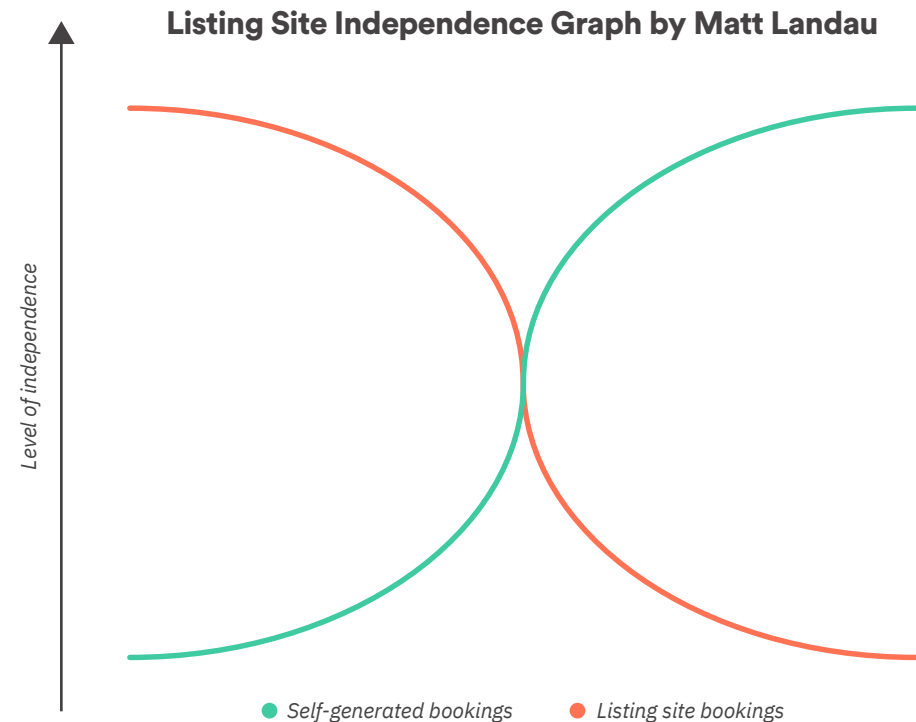


Listing site independence

(and how a Direct Booking Site is a first step to get there)

As property owners or managers grow their portfolio, they slowly expand their distribution across several portals. This is because managers feel the need to diversify booking sources, become independent from one or two major platforms, and pay fewer finders fees for each reservation. Diversification provides more opportunities for advertising a property portfolio, which in turn reduces vacancies.

Despite this independence, many of the most successful property managers still rely on third-parties for income. True independence happens when a business can secure a significant proportion of bookings on its own. This move toward independence was conceptualized by VRMB founder Matt Landau and called “Listing Site Independence”. In an [industry study](#) that was completed over 5,000 times, he found that there is a direct correlation between level of business independence and % of direct bookings.



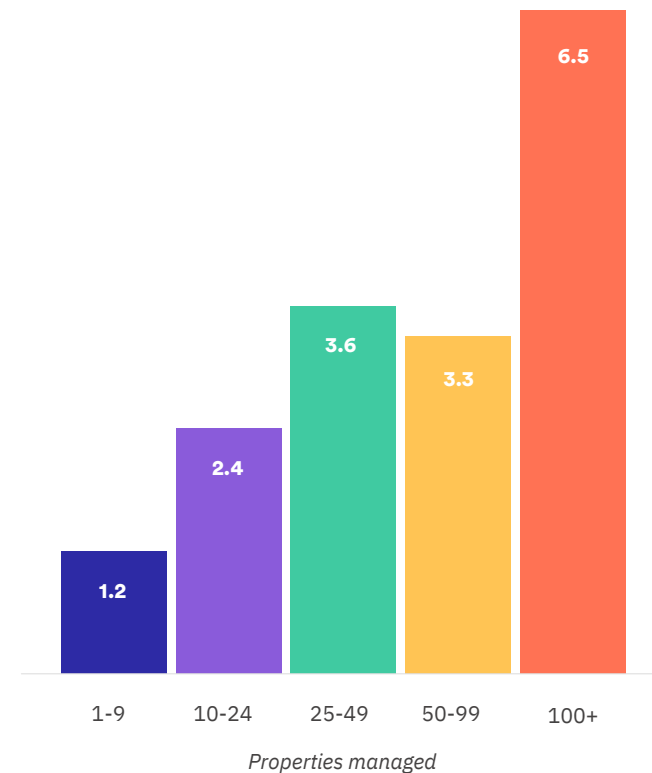
It's not one or the other; it's both

As the chart from the previous page shows, even the most “independent” short-term rental companies (80% and above) rely on both listing sites and their direct booking site to run their business. Listing sites have loyal customers. Guests like the branding, user experience, and online safety of dealing with a large company like Airbnb or Vrbo. Guests may not think of searching the internet for vacation rental companies. So, despite an owner’s or manager’s hardest efforts to become independent, listing sites are still necessary to attract certain types of vacation rental guests. Few short-term and vacation rental companies achieve 100% independence, but as we’ll see in the later sections, a balance between direct bookings and bookings through listing platforms brings several benefits.

What your peers are doing when it comes to listing site independence

When it comes to claiming control over booking sources, short-term and vacation rental owners and managers tend to branch out as they grow. An analysis of active distribution channels amongst Hostfully clients clearly shows this trend (see chart to the right.)

**Average Active Distribution Channels
(may include direct booking site)**



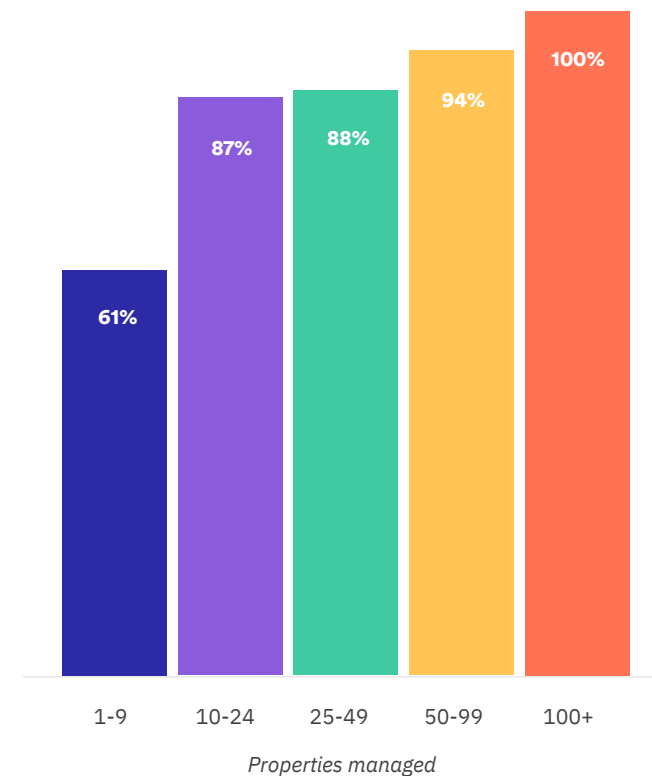
This isn't surprising given that managing properties at scale requires automated tech solutions (like the Hostfully Property Management Platform), which make it easy to list on many sites.

Digging deeper into the data, specifically the level of adoption of Direct Booking Sites, paints a similar picture. Smaller short-term companies are less likely to have a Direct Booking Site, whereas all large ones (100+) have one.

Hosts and managers with fewer properties report that operating a Direct Booking Site either isn't worth it for them, or is a technically-challenging task. Fortunately, various solutions are now at hosts' and managers' fingertips that make it simple to set up a Direct Booking Site.

“Large vacation rental companies are 80% more likely to use a Direct Booking Site”

% Vacation Rental Companies with Direct Booking Websites



Common misconceptions about Direct Bookings Sites

Why aren't more vacation rental companies trying to achieve listing site independence, and why the discrepancy in adoption rates between small and large ones? Several root causes may explain the trend:



Syncing reservations

Hosts and managers who don't already use a property management platform (PMP) and rely on one or two listing sites may have a challenging time syncing reservations with their calendars. A Direct Booking Site will increase the odds of a double-booking if calendar syncing only happens manually.

Advice: Before attempting building a Direct Booking Site, hosts and managers who aren't already using a PMP should invest the time and energy to get it up and running. Aside from multi-channel distribution, the use of a PMP brings other advantages, such as enabling third-party dynamic pricing, business analytics, and reservation lead management.



Insurance

Many hosts rely on the major listing site's insurance to protect their assets, and don't believe they would have the same protection with their own Direct Bookings Site. By operating a Direct Booking Site, they believe that paying for independent insurance premiums will be an extra expense.

Advice: Hosts should always protect themselves with independent insurance, even when using listings sites. While listing site coverage is free, payouts aren't reliable. Additionally, hosts may need more coverage for serious (and costly) liabilities that fall outside under general listing policies.



Creative and technical barriers to entry

The phrase “building a website” may scare property managers who believe that it requires coding, graphic design and creative content writing. Most hosts and managers don’t have these skills and believe that it will be expensive.

Advice: Tech solutions available to hosts and managers have evolved in recent years to break down this entry barrier. Many solutions, from turnkey, to DIY drag-and-drop short-term website builders, do not require little to no technical expertise.

Limited people power is another broad reason when managers don’t build Direct Bookings Sites - leaving smaller companies less likely to have one for themselves. A large operation (25+ properties) will likely have insurance in place, access to automation tools and the technical and operational staff to set up a Direct Booking Site.

Luckily for smaller companies, modern PMPs (like Hostfully) level the playing field at a low cost. PMPs can integrate third-party software that makes direct bookings easy and safe. These include multi-channel calendar syncing, insurance coverage per booking and automatic guest screening. On top of that, many PMPs come with pre-built Direct Booking Sites, or the ability to insert code into a custom-built website (more on that later in this paper).

Hidden benefits of securing independent bookings

When hosts and property managers think of the benefits of operating a DBS, the first thought that comes to mind is saving on commissions. While that is the immediate and most observable benefit, there are several others. Some of these are non-tangible and boost each other year after year:



Guest database

When hosts and property managers think of the benefits of operating a Direct Booking Site, the first thought that comes to mind is saving on commissions. While that is an immediate and most observable benefit, there are several others as well. Some of these benefits can even build up year after year:

Repeat bookings: Once a guest is in your database, you can send out retargeting emails to attempt a repeat booking a few months later. With automated email marketing tools (i.e.: MailChimp, Constant Contact), creating a retargeting sequence is easier than ever to implement.

Marketing blitzes: Retargeting marketing doesn't have to limit itself to repeat guests for annual vacations. Hosts and managers can use retargeting strategies to fill short-term vacancies by sending out a one-time email to their entire guest database. Combined with discount codes (see below), this is a strategy that many successful hosts and managers use to fill vacancies in low seasons.



Discounts and promo codes

Short-term and vacation rental companies with a social media presence can use it to attract guests to their Direct Booking Site. An incentive to convert the lead into a booking is to offer discounts and promo codes. The concept is similar to eCommerce businesses that advertise a discount code on social media to get visitors to their sites. The strategy is similar to the marketing blitz campaign.



Cancellation policies

Vacation rental listing sites and OTAs have their incentives for implementing their rules for cancellations. These usually balance in favor of the guest (so they can get repeat users) and as was seen during the pandemic, can be changed at any time with important consequences for hosts. With a Direct Booking Site, hosts get complete control over their custom cancellation policies. This can lead to more stability if stricter cancellation rules are in place.



Branding and Differentiation

Listing sites and OTAs present all properties the same way. This can cause problems for hosts and managers if their branding clashes with or competes with the listing site brand. Direct Booking Sites are a great way to reclaim some of that branding decision-making. Hosts and managers can use as many (or few) images as they want, and unify the branding, color palette and marketing style across the entire site.

The economics of a Direct Booking Site

Direct Booking Sites offer a range of benefits. However, many hosts and managers' main concerns come down to costs. Many rental companies operate on tight budgets and already run significant daily operating expenses. And while intangible benefits are great, for most, it comes down to dollars and cents. Logically, a Direct Booking Site should break even with the listing sites or OTAs' commissions. The first step to evaluating this is to take a look at the costs of distribution channels:

	airbnb	HomeAway vrbo	Booking.com	tripadvisor FLIPKEY
Owner Fees	3%	5%	15%	3%
Subscription Fees	-	or \$499*	-	-
Credit Card Fees	0%	3%	Region Specific	3%
Guest Fees	0-20%	5-15%	0%	8-16%

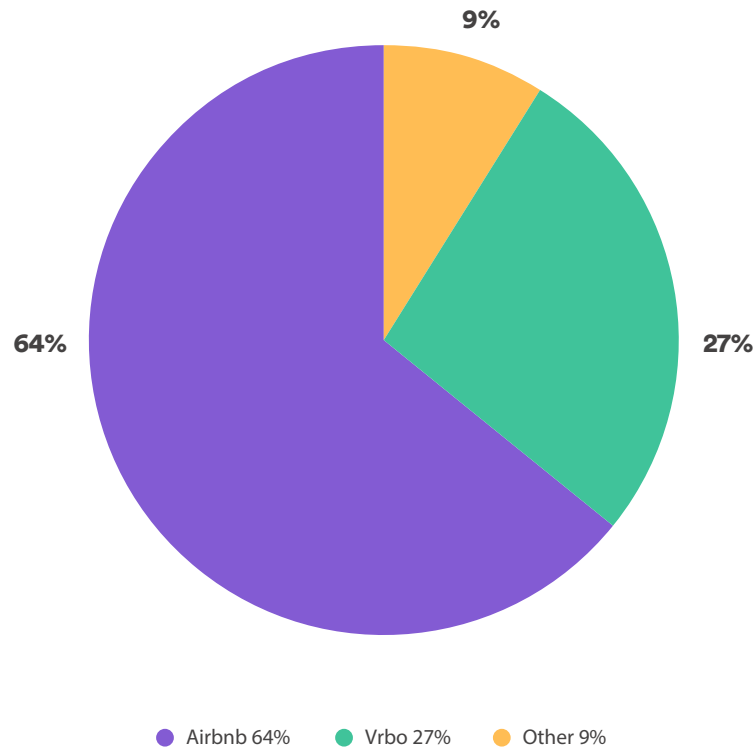
Vacation rental marketing fees of the various booking platforms

** The host can choose a per year flat fee or a pay-per-booking model. If you're operating a highly-profitable or luxury rental, it might be cheaper to pay the \$499 fee up front.*

Next is to look at how short-term and vacation rentals acquire bookings across the industry. To do this, we collected reservation origin data amongst Hostfully clients who don't use a Direct Booking Site.

Origin of Bookings For Short-Term Rental Companies Without Direct Booking Sites

**% Reservation Source by Listing Site
Companies without a DBS**



The last step involves assumptions by fixing occupancy rates and average daily rates. For this sample calculation (based on 2020 data), we will use a 50% Occupancy Rate and a \$250 Average Daily Rate (ADR). To simplify the sample calculation, the 9% “Other” will be split between Airbnb and Vrbo:

Occupancy Rate	50%
Average Daily Rate (ADR)	\$250.00
Annual Income	\$45,625.00
<i>Calculation; [Occupancy Rate x 365 x ADR]</i>	

%Bookings From Airbnb	69%
Income From Airbnb	\$31,481.25
<i>Calculation; [Annual Income x %Airbnb Bookings]</i>	

Airbnb's Commissions	\$944.44
<i>Calculation; [Airbnb Income x Commission]</i>	

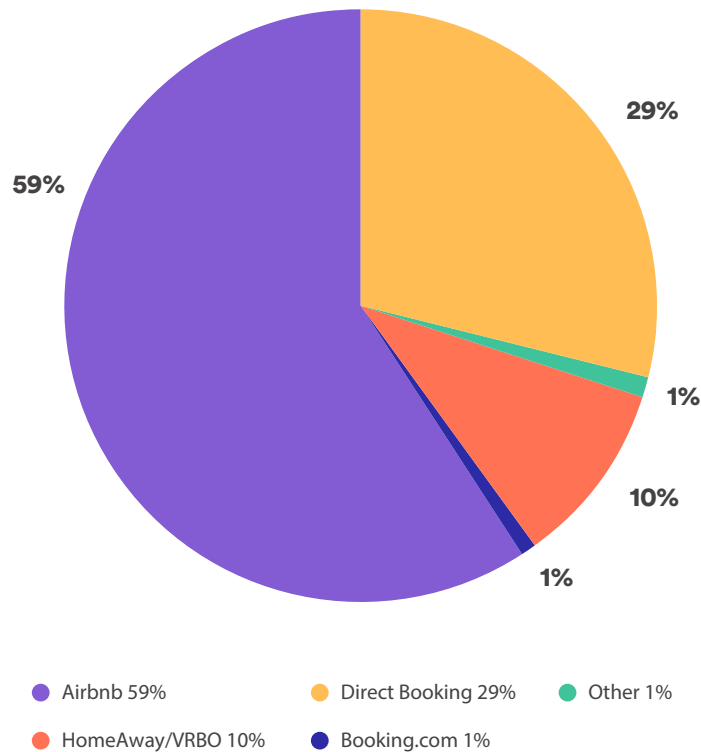
%Bookings From Vrbo	31%
Income From Vrbo	\$14,143.75
<i>Calculation; [Annual Income x %Airbnb Bookings]</i>	

Vrbo's Commissions	\$707.19
<i>Calculation; [Vrbo Income x Commission]</i>	

Annual Commissions Paid **\$1,651.63**

Source: 2020 reservations logged in the Hostfully Property Management Platform

% Reservations By Distribution Channel



Source: 2019 reservations logged in the Hostfully Property Management Platform

Note that the \$1,651 paid in commissions is per property. Based on these sample calculations, a host with 5 properties would pay over \$8,000 in annual commissions. For portfolio managers, this expense is even more significant. At 20 properties, commissions reach a staggering \$33,000 per year.

But how much earnings could a company acquire through a Direct Booking Site? To get a clear answer, we looked at reservation origin data amongst Hostfully clients. Given the turbulence of 2020, we used 2019 data instead. As the chart to the left indicates, companies with a Direct Booking Site secure almost 30% through Direct Booking Sites.




At 29% of all bookings coming from a Direct Booking Site, a typical host or manager with 5 properties would reclaim control over \$66,000 of earnings, and save approximately \$2,400 in commissions. At 20 properties, that number climbs to \$260,000 in earnings from the Direct Booking Site, and a savings of \$9,500 per year.

Hosts and managers who want to estimate commissions and savings calculations with their own data can try our easy-to-use calculator.

[See Your Personalized Report](#)

The three main types of Direct Booking Sites

Implementation of Direct Booking Sites remains a challenge for many hosts and managers. Although many are jacks or jills of all trades, few know how to code or create custom graphics for a Direct Booking Site. Fortunately, in the last 10 years, several options have emerged that don't require these two niche skills:

Option	Description	Cost
 <p>Pre-built out-of-the-box</p>	<p>Pre-built out-of-the-box websites are generally available as part of a range of features in a property management platform (PMP). No coding or website building is required from the host or manager; the pictures, pricing and calendars are synced directly from the PMP.</p>	<p>Assuming the host or manager already uses a PMP, the website is a no-cost option. To accept payments from guests, a payment provider like Stripe will charge approximately 3%.</p>
 <p>DIY website builder + plug-in from PMP</p>	<p>Hosts and managers can choose to build their own websites. It gives them more flexibility for the website's layout and content, branding, contact pages, and linking to social media accounts. For the DIY route, hosts can use WordPress, a free basic platform. Numerous guides exist and themes (templates) are available at reasonable costs.</p> <p>As for accepting bookings, some PMPs like Hostfully come with a code that can be inserted on any web pages.</p>	<p>Hosting will be the primary recurring expense. Cheap hosting costs anywhere from \$9 per month, and higher-end services (faster load speeds, more storage) can go up to \$80 per month. There will be a requirement for a payment provider which will add a 3% expense on all transactions.</p>
 <p>Custom site + plug-in from PMP</p>	<p>Larger vacation rental companies can commission the building and maintenance of a website to professionals. Similar to the DIY option, a plug-in from the PMP handles bookings. However, companies that want additional features can build their own widget that connects to the PMP (at additional expenses)</p>	<p>Suitable hosting (fast loading speeds, high storage and bandwidth) costs on average \$80 per month (\$960 yearly). After the initial expense of building the website (varies depending on the site's complexity), estimate approximately \$2,000 per year for general maintenance and updates.</p>

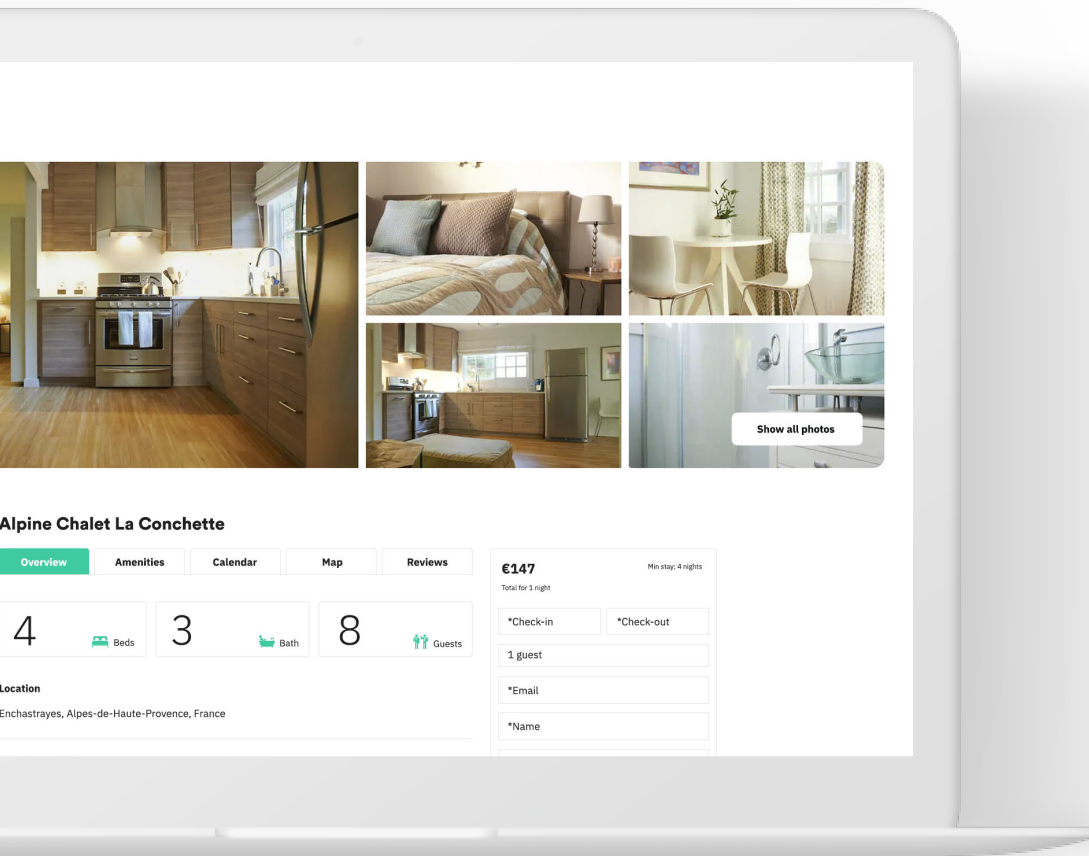
How a Direct Booking Site fits in with a company's processes

Whichever option a host or manager chooses, a central feature required for a Direct Booking Site is a property management platform (PMP). This tech tool will act as a hub for syncing reservations and pricing across all distribution channels.

It's also important to note that companies that use dynamic pricing software will also see price changes reflected on their Direct Booking Sites in real-time. When the PMP receives a notification to update pricing on the listing sites and OTAs, that same notification will also update the Direct Booking Site.



Pre-built Direct Booking Site and the Hostfully advantage



Hostfully’s industry-leading property management platform (PMP) is built from the ground up to help vacation and short-term rental owners and managers streamline their processes and increase their bottom-line. This powerful PMP also comes with a pre-built Direct Booking Site option for hosts or managers. The customizable Direct Booking Site was also designed with user experience in mind to increase the odds of converting visitors into guests:

Because Hostfully is built with Open API (accessible to Premium clients), clients can create beautiful custom websites that integrate seamlessly into their PMP. To see an example of how the Hostfully API can be adapted to a company’s unique needs, please read this case study:

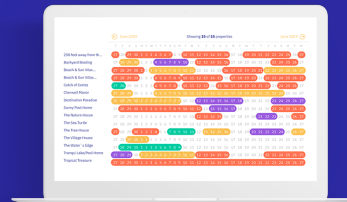
Case Study: Multi-site sync and custom development

On top of facilitating the integration of Direct Booking Site into short-term and vacation rental companies booking sources, the Hostfully PMP also comes with other features that reduce repetitive tasks, facilitate automation and boost the bottom line:

- **Multi-channel distribution:** increase your marketing reach and generate more revenue
- **Digital guidebooks:** boost the guest experience, cut down on communications, and upsell products and services for extra income
- **Pre-built direct booking site:** generate your own bookings and gain independence from listing sites
- **Central messaging hub:** easily manage guest communications on one interface
- **Booking pipeline:** follow-up on leads and increase conversions
- **Automated and SMS messaging:** save time and automatically send guests key information based on programmable triggers
- **Integrations:** connect other vacation rental software like turnover and cleaning, dynamic pricing, and credit card processing
- **Payments processing:** easily collect payments from direct bookings or from upsold services and products to guests
- **Property management data:** make informed decisions based on data
- **Owner financial reports:** save time and effort in preparing owner reports
- **Open API:** keep using your custom software but also gain the benefits of the Hostfully PMP



**Property Management Platform
& Digital Guidebook Provider**



We'll be happy to answer your questions

See the other features of the PMP in action

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[Schedule A Demo](#)