

Creating a Marketing Plan for Your Vacation Rental

Pointers for attracting more travelers, getting your financials in order, and determining your personal keys to success.

Whether you're new to renting or a 20-year veteran, it's a good idea to examine your marketing strategy to make sure you're targeting the right renters, aligned with market trends, and maximizing the financial potential of your home.

1) Do a Situational Analysis

Target Markets: If you've been renting your vacation home for awhile, you likely have a profile of your typical renters. However, it doesn't hurt to do an on-paper assessment of your target renters. If you're brand new to renting, you may have to do a little bit of research into your area to determine which groups you should target.

Demographics. Which demographic buckets do most of your renters fall into in regards to age group, gender, familial status, household income, and education level? It's likely that other renters similar in demographic to your past guests will also enjoy your home. Remember: While you may specifically target certain groups in your marketing, you cannot restrict renters based on race, color, national origin, religion, sex, familial status, or handicap (disability).

Geographics. Where do your guests live year-round? Are they international travelers? Do they fly or drive to your destination? If they drive, how far is the trip?

Market Needs: Look at your vacation rental market as a whole: Are there any traveler groups that are being underserved?

Market Trends: What has changed in your market in the past year? 5 years? 10 years? Look for trends in the number of visitors, demographics of visitors, new construction in the area, sharp increases or decreases in property values, significant increases in property taxes, or new or proposed ordinances regarding short-term rentals.

SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis: Completing a SWOT analysis will help you determine where your vacation home's strengths lie, where you can improve, what opportunities exist in the market, and what threats loom on the horizon.

Strengths.

- What does your home offer that other homes in your area do not?
- What makes your home special?
- Are your rates competitive?
- What do you do as an owner that is better than other owners in your market?
- Examine your portal website listings: What does your ad do well?

Weaknesses.

- What do other homes in your area offer that you do not?
- Are there any areas where your home could be improved (updates, décor, furnishings, etc.)?
- Examine your portal website listings: What could be improved about your ads (better photos, more compelling descriptions, etc.)?

Opportunities.

- Are there any improvements being made or attractions being added in your market (outlet mall, theme park, etc.)?
- Does your property cater to any of the following growing market segments?
 - Seniors or snowbirds
 - Business travelers
 - International travelers
 - Families with grown children

Threats.

- Is there a lot of new construction in your area (i.e. increase competition)?
- Has there been a significant increase in property taxes for non-homesteaded homes?
- Is there movement in your market to restrict, limit, or ban short-term rentals?

Competition: In positioning your vacation home, you should consider who you're competing against for your target travelers, what they offer, and how their pricing compares to yours. After you've compiled a list of your biggest competition, take note of where they currently advertise, which marketing tactics they've chosen to implement, and how you can more effectively or persuasively reach the target customers you have in common.

Other Vacation Accommodations in Your Vacation Market. This could include other vacation rentals in your area, as well as hotels, bed and breakfasts, all-inclusive resorts, hostels, RV parks, or camp sites.

Other Vacation Destinations. Often you're not just competing against other accommodations in your area you may also be competing against vacation homes and hotels in surrounding areas or even other markets altogether.

Property Offerings

Amenities. An amenity is anything included in your home that may be of interest to potential renters. The next time you're at your vacation home, go room-to-room and make a list of the items in each room.

Suitability. Who is your home perfectly situated for: Families with small children? Persons with disabilities? Seniors? Travelers with pets?

2) Set Your Marketing Strategy

Marketing Objectives: What are your high-level goals for marketing your vacation home: To receive inquiries? To book a certain number of weeks? To accrue a specific amount of revenue?

Positioning: When setting your marketing strategy, it's important to determine how you're going to position your home. That is, what is the theme or suitability of your home. A big mistake that many vacation homeowners make is trying to target uncomplimentary groups of travelers. For example, an Orlando area home "Mickey's Paradise" that's family-friendly may not also be the perfect home for a guy's golfing getaway.

Marketing Mix: Most marketing activities conducted by vacation rental homeowners fall into the categories of online advertising, offline advertising, and word-of-mouth marketing.

Online Advertising. The Internet has quickly become the most cost-efficient means of advertising a vacation rental home.

- Portal Websites like HomeAway.com or VRBO.com
- Specialized Websites like your Chamber of Commerce
- Personal Websites

Offline Advertising.

- Print media like newspapers and magazines
- Radio or TV
- Collateral material like business cards, rack cards, or fliers

Word-of-Mouth.

- Customer relationship marketing efforts to past guests
- Referrals
- Charitable donations

Marketing Research: *Get to Know Your Target Customer.* Take the time to do some research about your target renter. The best way to do this is by talking to past guests, friends, and family members about what they enjoy about your home, what could be improved, what they're looking for in a vacation, etc.

Become an Expert on Your Vacation Market. Travelers will often look to you for advice about your area. Put on your travel agent hat and learn about the area attractions and restaurants that may interest your target renters.

Stay Current with Events in Your Market. It's important to stay abreast of events in your area. Consider subscribing to the local newspaper in your vacation home market or set up Google News Alerts to come to your email.

Follow Industry Trends. Staying educated on the vacation rental industry will give you a leg up in marketing your home.

3) Get Your Financials in Order (Budgets and Forecasts)

Break-Even Analysis: Even if you do not rely heavily on rentals to cover the expenses for your home, it's important to determine how much money you have coming in and how much you have going out each month.

Revenue. What monies do you expect to bring in from rentals this year?

Formula for projected revenue for primarily weekly rental markets: (# of Peak Weeks x Peak Rate) + (# of Off-Peak Weeks x Off-Peak Rate) + (# of Weekends x Weekend Rate)

Formula for projected revenue for primarily nightly rental markets: (# of Peak Nights x Peak Nightly Rate) + (# of Off-Peak Nights x Off-Peak Nightly Rate)

Expenses. What do you expect to spend this year to keep your vacation rental running? Formula for projected expenses: (Mortgage including PITI + Homeowners Association Dues + Utilities + Cable/Internet/Phone) x 12 Months. Note: The formula does not include capital improvements.

Cash Flow: For vacation rental homeowners on a tight budget, you may want to calculate your monthly cash flow.

Sales Forecast. During which months do you get the majority of your income? Be sure to factor in payment schedules, but to simplify the cash flow process, do not include any refundable deposits (otherwise you'll have to also include the refund in your expenses).

Expense Forecast. Determine when you will have money coming out of pocket? Which expenses occur monthly (e.g. mortgage, utilities, etc.)? Quarterly (HOA dues, dry cleaning duvets, etc.)? Annually (portal website subscriptions, income taxes, etc.)? Don't forget about seasonal fixed expenses like chimney cleaning, leaf bagging, snow removal, landscaping, etc.

Milestones. Calculating your projected cash flow should help keep you aware of where you stand in relation to your rental goals. In addition, consider setting milestones or benchmarks for where you should be when. If you hit a milestone and determine that you're not on course, then it's time to implement a contingency plan.

Contingency Planning: What potential difficulties do you foresee in renting your vacation home? Brainstorm all of the potential problems that could plague your efforts in renting your vacation home and create a plan for combating each one. By preparing contingency plans, you won't be caught off-guard when a less-than-ideal situation arises.

4) Determine Your Personal Keys to Success in Renting Your Home

After creating a marketing plan for your vacation rental home, you should be able to answer the following questions:

- Who is your target market and how is your home best suited for them?
- What is your home's theme or position in the market?
- Which marketing vehicles should you use to reach your target renters?
- How many peak weeks, off-peak weeks, and weekends do you need to rent to break-even on your fixed expenses?
- What are the potential risks in renting your vacation home and what can you proactively do to prepare for them?

What constitutes success for you and your vacation rental might be different than other homeowners in your area and even your next-door vacation rental neighbors. The key to personal success in renting is to set goals for yourself and your vacation rental. By setting goals before you begin, you always have a number of booked weeks (or nights) to work toward and will more likely stay motivated and fulfilled.