



VRMA INTERNATIONAL CONFERENCE RECAP

Important disclosures can be found in Appendix

We include a recap of the VRMA International conference, some key takeaways, and key quotes below. For our full notes, see the Appendix. The focus of the conference centered on the relatively fast growing \$150B of non-hotel accommodations, which presently account for close to 1 in 4 lodging stays globally. Conference attendance was up 13% relative to last year, with 2,000 attendees of which ~700 were new/first time attenders.

Key Takeaways

- **Marriott Keynote** – We continue to see new entrants to the industry. Last year the keynote was Google, the world’s largest search engine. This year it was Marriott, the world’s largest hotel company. Having recognized an inability to “outsmart or out-manage property managers,” Marriott has looked to the partnership approach in serving the “gap in the portfolio” the ~27% of its 133M loyalty members who indicated use of home rentals. Marriott Homes and Villas plays in the premium/luxury market, and accelerated from pilot to global launch in about a year, available in 150+ markets with more on the way.
- **Property Managers and OTAs** – In a survey of property managers, feelings were mixed on which OTA channels will be delivering more bookings next year. The consensus looks positive on Airbnb and Booking.com, mixed on Vrbo and direct. Data points to OTAs bringing shoulder season business to the traditional “3 month markets” while others would argue a mix shift between distribution channels is taking place. Google seems to be viewed as a leveler of the playing field for PMs. Capital flowing into the industry has allowed for consolidation, while we were reminded that scale bring challenges to localized expertise. While the OTA’s have gained share over the last handful of years, the industry still remains quite fragmented.
- **Highlights from panel discussion with Booking.com** – Booking.com emphasized its intention to be a strong distribution channel for PMs, highlighting the work that has been done over the past year with both connectivity providers and PMs to improve connectivity and enable the use of technology they have built. Booking.com has seen “very promising” results from the recent introduction of star ratings for vacation rental properties. Ratings are determined by an algorithm with 400+ factors, and while it sounds like some PMs want higher ratings (to justify prices) or lower ratings (to set expectations), Booking.com expects increased conversion for PMs as vacation rental properties are now included when a user filters by star rating, the “most used” filter on Booking.com.
- **Highlights from panel discussion with Vrbo** – Still in the midst of the transition from HomeAway, leadership from Vrbo is repositioning time and money to grow the brand globally, noting the only regret “would be that we didn’t do this earlier.” While the company sounds to be increasingly adding languages and currency to the Vrbo.com website, it is clear that the intention to expand more in urban and international markets includes leveraging the scale of the entire Expedia Group family of brands and “letting our brands choose how to best serve travelers” as inventory starts to show up more on the likes of Expedia.com and Hotels.com. Instantly bookable (fastest growing segment of Vrbo inventory) is becoming the “default situation” but also has limits, and Vrbo noted intentions to keep a choice within its business model.
- **Investor Perspective** – Venture capital and private equity highlight the financial commitment that comes along with the master lease concept, believing execution is critical to scale and provide the consistency, stability, and availability the model can provide. Industry participants suggest utilizing the available technology, noting in-house tech is not a property management company’s core competence and further pointing out that only the largest players in the hotel industry (2-5k properties) have built technology such as central reservation systems and can have a tough time staying innovative. The consensus looks divided on whether Marriott entering the vacation rental space will be good for the industry.
- **Urban Game** – When it comes to third-party distribution in urban markets, we often distribution channels discussed separately as “hotel-centric” OTAs (i.e. Booking.com, Expedia) and more vacation rental geared OTAs (Airbnb, Vrbo, etc.). While there are a variety of approaches to distribution with some more focused on selling direct to the consumer, big urban players are more reliant on the major OTAs (players like StayAlfred and Frontdesk respectively source ~25% and ~10% direct). The first 30 days can make or break the life of an urban listing. Reviews are critical for visibility, and industry participants are employ well-thought strategies to get them. Each channel requires a time investment as differences exist in guest expectations, type of guest, and type of content that makes sense, but industry participants note using multiple third parties is often helpful in maximizing bookings.



Key Quotes from the Conference:

- We couldn't outsmart or out manage PMs who have been in the market for many years. – Jennifer Hsieh (Marriott)
- Marriott Bonvoy (loyalty program) has 133M members. In our most recent datapoint, 27% of members are using home rentals. We had a gap in our portfolio to serve that need – Jennifer Hsieh (Marriott)
- It's a very fragmented industry, not everyone is investing as much as others. We added tiers for connectivity partners from ones who adopt all our APIs down to status quo ones. We did that for PMCs as well...we develop a lot of product on our extranet and pull them into connectivity afterward. On that side we've done our part of the job. Now it's making sure the providers are doing that. – Olivier Gremillon (Booking.com)
- Before this (star ratings), when someone was searching on Booking.com for 3, 4, or 5 star properties (most used filter that we have on Booking.com), no vacation rentals were showing up. Now when somebody wants 4-5 star, vacation rentals show up, therefore conversion goes up and everyone benefits. – Olivier Gremillon (Booking.com)
- We don't see Vrbo as having a specific mandate on urban travel...we do want to bring urban travelers to everyone here. We're going after making sure Expedia, Orbitz, Travelocity, or Hotels.com helps fill some of that role... we want to bring all the supply available in a market to bear on our brands and let our brands choose how to best serve those travelers. – Jeff Hurst (Vrbo)
- We're not making changes to our pricing policies. – Jeff Hurst (Vrbo)
- (Instant bookable) is the fastest growing segment of our inventory. Lot of properties benefit from the quote and hold model, being able to talk to travelers to set appropriate expectations. We intend to keep a choice, but as the platform evolves, instant booking is becoming the default situation. – Jeff Hurst (Vrbo)
- Airbnb is continuing to move into traditional VR markets. Airbnb has done great job transitioning from urban inventory to all the VR destinations and getting better and better at that consistently for many years...next year, think we'll see TripAdvisor stay the same, Airbnb and Booking.com making up some ground. – Jeremy Gall (Breezeway)
- What's happening is a huge problem, you are in the middle of being converted from important to unimportant. In the middle of being changed from host provider to your guest to "supply." – Carl Shepherd (HomeAway founder)
- I believe Google coming in will make them more competitive and PMs will benefit from the competition. – Carl Shepherd
- In our ski destination, when we track our OTA %, it's staying the same, the mix is changing to more Airbnb and less Vrbo. For traditional markets, don't think it's more business coming, just mix shift. – Sarah Bradford (Winter Park Lodging Company)
- We see (OTA) bringing more business during shoulder. There was an idea of "3 month markets," therefore no bookings for other 9 months. Lot of that coming from OTAs in what we see across multiple markets. In destination markets, more people are thinking they can own a VR as an investment. – Cliff Johnson (Rented.com)
- Larger you scale, challenge will become overwhelming to be localized, feet on the ground expert in all these destinations. I'll continue to be a master in my neighborhood and travel to others. – Michelle Hodges (Meyer Vacation Rentals)
- A few people understand if they do the hard work, they benefit from the availability of money. Couple players taken the guts to roll it up and benefit from capital. That's happening in the US and Europe. Think this will continue. – Tobias Wann (OYO Vacation Homes)
- Europe is traditionally stronger with direct brands than the US. We have 40k homes under management. Our current share is 50/50 and moving slowly toward more OTA share. – Tobias Wann (OYO Vacation Homes)
- Learn your brand persona. A consistent theme everyone should understand is the value of content. If you are not focusing on that you are very far behind. Why should people choose your brand over someone else? – Dru Brown (Island Time Hilton Head)
- The ability to create video content is cheaper, more available, and effective than ever. Re-invest in events/activities/blog pages. Booking.com will never have a blog about the festival in Gulf Shores...we see the best companies investing in that have good ROI. The ability to evoke feeling from a guest is unbeatable. – Dru Brown (Island Time Hilton Head)
- It's now putting lifestyle photos back in. Not just photos of the beach by itself, the younger traveler wants to see someone there so they can imagine themselves there. – Dawn Kane (Maui Condo and Home)
- First 30 days makes all the difference for the life of the listing. – Jesse DePinto (Frontdesk)
- Focused on getting first handful of reviews. It's the number of reviews that get you a front ranking score. We're focused on the first 5 or 6. We use deep linking, text messaging to drive that. – Eric Anderson (StayAlfred)
- Data shows that before & after getting guest reviews it's very different in terms of page views and bookings. I think 3 reviews on Airbnb, 5 on Booking.com. Know the rules on each booking platform. You want to fight for these first reviews. – Thibault Masson (Booking.com)
- With professional hosts, our check-ins have grown more than 60% in the last year alone. – Clara Liang (Airbnb)
- Host-only commission defaulted to 14%. Reason was direct feedback from PMs. Feedback "I'd like to make sure I have consistent price across all the channels" and it's hard for me to do that on Airbnb. It was an oppy to give all of you control. – Clara Liang (Airbnb)
- Hosts that have switched to host only fee have seen pretty significant uptick in bookings..For the most part, hosts who have adopted have seen more views on their pages, also more bookings and better conversion. – Clara Liang (Airbnb)



- *Almost every part of our system has to be rethought with a business in mind. As we go forward expect more changes – how we work with a host to “solve” the issue and make sure trusted relationship you built with us is addressed in customer service. – Clara Liang (Airbnb)*

Full Conference Notes

Hotels and Vacation Rentals: The Past, Present, and Future

- **Speaker** – Jennifer Hsieh (Vice President, Homes & Villas, Marriott International)

Key Quotes

- *We couldn't outsmart or out manage PMs who have been in the market for many years. – Jennifer Hsieh (Marriott)*
- *Marriott Bonvoy (loyalty program) has 133M members. In our most recent datapoint, 27% of members are using home rentals. We had a gap in our portfolio to serve that need – Jennifer Hsieh (Marriott)*

Full Notes

- Agenda – 1) about Marriott, 2) homes & villas entry and approach, 3) partnering to grow together
- Realized we needed a product that was a little different
- Title changed but need and use case didn't
- About Marriott
 - 7,000 hotels, 30 brands, 120 countries
 - Operating in a disruptive environment – we create disruption
 - Built strong partnerships through branding (ex: Courtyard / NFL)
 - Couple years ago launched over 100k tours/activities
 - Marriott Bonvoy (loyalty program) has 133M members – want to know how to better serve them
 - Eat around town – earn Marriott Bonvoy pts at 11k restaurants
 - **Most recent datapoint – 27% of members were using home rentals**
 - **Gap in our portfolio to serve that need**
- Consumer insights about home rentals
 - What they love: space that allows to connect, amenities/comfort of home, feeling part of destination
 - What they dislike: too many options, no trusted curation, anxiety from being unsure if space will meet their expectations, what happens if something goes wrong
- First step – launching London pilot
 - Marriott working with PMs to curate the best of their homes to meet expectations of Bonvoy members
 - Curate in a way that differentiates from hotel business
 - Started in April (London), expanded in Oct (Rome)
 - Key was finding terrific PMs
- 6 key learnings
 - **Couldn't outsmart or out manage PMs in the market for many years**
 - Want to partner w/the best to identify great product of guest
 - 1) business model was promising
 - 2) partner w/best PMCs
 - 3) customer permission – **ability to earn/burn pts for homes was new concept that opened floodgates**
 - 4) **complements hotel business – 3 Ls: longer stays, larger homes, primarily leisure**
 - 5) new product – a way we hadn't solved for before
 - **Went from pilot to global launch in about a year**
 - Put into market, 5 months later made it bigger, 4 months later put to global scale
- Homes & Villas
 - Global home rental offering – 150+ markets
 - Way we think about within broader Marriott portfolio – don't aspire to be largest (already are)
 - **Want to be world's favorite travel co whether vacation with friends or corporate travel trip**
- Guest profile/trip purposes
 - Family reunion, multi-generational family travel, milestone celebrations, friend getaways
 - Can't tell you how many ppl having 40/50th bday or doing family reunions
- Our promise



- Expertly curated – depth (destination), breadth (types of homes)
- **50% of Homes & villas are in markets w/no hotels – opened up 100 new destinations**
- Trusted hospitality – do the hard work to find the best partners
- Stress free travel – 24/7 support
- Unparalleled loyalty – earn
- Path to success is growing partnership
 - **Global distribution – 100 global markets (76 of which are new for Marriott)**
 - **Will continue to grow destinations over next few months**
 - Villas, slope side homes, beach homes, 1 BR product in Savannah GA or ultra-lux castle in Scotland
 - **Our guests will come for premium and luxury products**
- Early responses
 - **Media perspective – media coverage in 500+ outlets with over 38B impressions globally**
 - Largest redemption bookings:
 - **Have had redemptions for over 2mm loyalty pts (2.5mm loyalty pts in Sonoma, 1.1mm in Barbados)**
 - **I spend 80-90 nights on the road for work – take all my pts and now go to amazing home**

Fireside Chats with Jeff Hurst and Olivier Gremillon

- **Moderator** – Simon Lehmann (AJL Consulting)
- **Speakers** – Jeff Hurst (Vrbo), Olivier Gremillon (Booking.com)

Key Quotes

- *It's a very fragmented industry, not everyone is investing as much as others. We added tiers for connectivity partners from ones who adopt all our APIs down to status quo ones. We did that for PMCs as well...we develop a lot of product on our extranet and pull them into connectivity afterward. On that side we've done our part of the job. Now it's making sure the providers are doing that. – Olivier Gremillon (Booking.com)*
- *Before this (star ratings), when someone was searching on Booking.com for 3, 4, or 5 star properties (most used filter that we have on Booking.com), no vacation rentals were showing up. Now when somebody wants 4-5 star, vacation rentals show up, therefore conversion goes up and everyone benefits. – Olivier Gremillon (Booking.com)*
- *We don't see Vrbo as having a specific mandate on urban travel...we do want to bring urban travelers to everyone here. We're going after making sure Expedia, Orbitz, Travelocity, or Hotels.com helps fill some of that role... we want to bring all the supply available in a market to bear on our brands and let our brands choose how to best serve those travelers. – Jeff Hurst (Vrbo)*
- *We're not making changes to our pricing policies. – Jeff Hurst (Vrbo)*
- *(Instant bookable) is the fastest growing segment of our inventory. Lot of properties benefit from the quote and hold model, being able to talk to travelers to set appropriate expectations. We intend to keep a choice, but as the platform evolves, instant booking is becoming the default situation. – Jeff Hurst (Vrbo)*

Full Notes

Interview with Oliver Grémillon (Booking.com – VP of Global Segments)

- SL – New title as VP Global Segments?
 - Booking.com accommodation segment is 3 segments – independent hotels (sector we started with), global chains (Marriotts and Hiltons), non-hotel (homes and apartments)
 - I am in charge of last two
 - Everything that looks like a hotel (hotel, resort, hostel) – 11 diff hotel types
 - We have 19 property types under “homes, apartments, unique places to stay”
- N Am growth strategy pretty high up on the list – how has the growth strategy evolved?
 - Same strategy. 23 US offices. Big focus for us as a company. Invested a lot in marketing, quite a few TV commercials in 2019. **Did a lot of the things we said we would do last year – working with PMCs and connectivity providers to try to have better products, easier to use, better connected. Lot of what we've done is working with connectivity providers on one side and PMs on another to make sure the parity on APIs is as close as possible to 100%.** Launching new products. Making sure connectivity providers get deeper into needs of VR area. Created VR central for connectivity providers: what APIs are key for VR sector b/c lot of the providers not specific to VR. Lot of that stuff we did with clear focus on the US but also impacts RoW to make it easier for PMCs to work with us.
- You got your bonus based on the N. Am numbers?
 - Feedback I got at dinner and drinks last night was that our share is increasing so apparently we are doing well.
- What's overall strategy – not doing direct integration anymore – how is that strategy going?



- Some direct integration, also working with 600 connectivity partners
- Goal is for anyone to work the way you want – 1 property on the app or hundreds w/ preferred connectivity providers
- Pretty agnostic on the connectivity side – not getting into connectivity or going into property management
- Goal is to be strong distribution for PMs – making sure integration with as many connectivity providers as possible is as strong as possible. Very fragmented industry – not everyone is investing as much as others. We added tiers for connectivity partners from ones who adopt all our APIs down to status quo ones. We did that for PMCs as well so when you choose connectivity provider you see that. It's one thing on our side to have all the content/ APIs, but if nobody on other side to capture it's not gonna work. We have connectivity providers and property management companies on our connectivity advisory board. Can't be PMCs or providers on their own.
- Industry not as well educated with knowing the difference – where do you see market today?
 - One thing trying to do, lot of connectivity providers not specific to us, so we created VR central that says these parts of the API are really key to work with Booking.com. Ask our partners to put friendly pressure on connectivity providers to make necessary API adoption as well so the connection works as well as it can. We develop a lot of product on our extranet and pull them into our API connectivity afterward. On that side we've done our part of the job. Now it's making sure the providers are doing that. Whether it's by selecting some that do a good job or pushing the entire industry.
- See Booking.com having amazing relationships with partners – where is that partnership strategy going?
 - Goal is the same – we are a distribution platform and but know some connectivity providers and partners are doing better than others. If there is a way to curate the providers that PMCs can use and showcase that on our website or any other form, everyone will benefit. It's a service we give to our partners by giving info we have on what actually useful to PMCs. The main goal is to showcase. If something is useful product for PMC, that's useful. Do we have financial benefit? No.
- Booking.com doing AI based ratings on properties?
 - Started from discussion 1.5yrs ago. An issue with VR from guest perspective, if you want something luxury, it's difficult to find. Most ppl would increase the price for it to be an expensive place. But an expensive place is usually a big place, not a luxurious one. Started from there an expanded to other things. How can we give that specific information to guests? People are used to the 5-star hotel system b/c use it all the time. We did a few different things, have a machine learning model, put together 400 features into it to come up with what your apartment/villa can be. Before this, when someone was searching on booking.com for 3,4,5 star (most used filter that we have on Booking.com), no vacation rentals were showing up. Now when somebody wants 4-5 star, vacation rentals show up, therefore conversion goes up and everyone benefits.
- Could be extremely dangerous – we did a session where we went out to properties and rated them. There was a 5 star property that smelled. How do you handle that?
 - The model is quite fancy. To be a 4-star property in New Orleans, you need A/C. If you are in Copenhagen or Amsterdam, the model detects you don't need A/C and most of the apartments don't need that, so it's not in the model. You can't do that on 100k cities globally without machine learning algorithms. We tested against Croatian standards. Not bulletproof but that's the beauty of the model, you can throw more data at it.
- I'm guessing PMs want ratings to be lower?
 - Goes both ways. Some want ratings higher (justify price), some want lower (manage reviews/expectations). We don't ask them, something we want to run ourselves. We think very promising from what seen so far. If we can pull off as an industry, will be great for the guests.

Interview with Jeff Hurst (Vrbo – Chief Commercial Officer)

- Give some background on the re-branding issue?
 - No offense when people say HA. We view as repositioning of resources in the brand that many of you told us has been the stalwart in the industry for a long time. If any regrets looking back on my decade, one would be that we didn't do this earlier. Vrbo as a brand has been succeeding/growing year after year. Acknowledgement it's a brand that has a ton of equity and loyalty and great repeats. Something we wanted to get behind and tie our identity to. One of the reasons we hadn't done it years ago was feedback from people in this room. It was the original heritage of the brand "rentals by owner" that we could build a brand spanning all ownership types. It is PMs and the full gamut of inventory.
- Vrbo brand didn't have same attention over the years – had to re-elevate that?
 - Not expensive b/c a dollar invested in Vrbo is the best dollar we can invest. It may personally have taken an emotional role. Been here a long time. We let the data decide and ended up with Vrbo as the champion brand and will increasingly be around the world. Vrbo is an iconic brand for the industry and travelers. Want to see it grow and provide great guests to everyone in the room.
- How did the brand translate in international markets (Europe/Australia/SE Asia)?
 - Vrbo is a .com website. Increasingly adding currency/languages to it. Looking to grow it around the world. More to come on how we roll it out across the world. It has more resident pronunciation name globally and think it will accelerate in how we introduce ourselves and Expedia Group to new travelers.
- What is Expedia strategy next to Vrbo? When I travel to US I see advertising for Expedia homes?



- Acquisition almost 4yrs ago. Every day/week/month/quarter we get closer aligned to bringing experiences better together. Entire thesis behind deal is to be more powerful together, give broader distribution, awareness and help the category. **We've come a long way, wish it would have been faster. It really is working. As you see it on Expedia and start to see on Hotels.com, we've got oppy to serve people well.** It's all competition for us and competition that helps everyone in the room. That's our core mission. How do we help you do your jobs and help everyone have great vacations.
- HomeAway software sun-setting V12 – hasn't been announced when or why?
 - In convos with each customers to do in a way that works for them. No line in the sand. Software is critical to PM business. Thought we could invest, raise the bar for software. Think that happened. There are more software options in the market today. Things have to change. We're embracing a change from V12 to Escapia, because Escapia has better product scores, more modern architecture, leader in the industry, more modern, etc. We doubled support hours. We built Escapia in a manner that people should be a rush to get there. Software is sticky and we want to make it easy.
- Seeing massive growth in urban PMCs – still a space you want to tackle?
 - **Vrbo is part of Expedia Group play for urban. Expedia is massive and urban...see a lot of our role being ways to attract/find more inventory to serve more use cases. That's what we're focused on. Don't see Vrbo as having specific mandate on urban travel. We do want to bring urban travelers to everyone in this room. Going after making sure Expedia, Orbitz, Travelocity, or Hotels.com helps to fill some of that role. Laser in on traveler side of how do we serve families.** Sometimes they have really challenging urban use cases. Want to have POV to help family have great stay. On the supply side hugely dynamic. **Want to bring all the supply available in a market to bear on our brands and let our brands choose how to best serve those travelers.**
- How would you formulate value proposition today?
 - We're a marketplace. Traveler and partner value prop. Partner: We provide people/resources to help you grow better than anyone else on the planet. Thousands of people dedicated. When competitors talk about their footprint, a lot of the stuff they do we already did. Connectivity partners, how do we raise the bar for service? Right tools and resources to grow: tools, data, distribution. Our goal is to be trusted partner to everyone. We've been at it for very long time. Traveler side: lot of what we do is not only trying to bring more traffic but the best traffic. Longer LOS, respectful guests, families.
- Where are you in terms of instant bookability?
 - **It's the fastest growing segment of our inventory. Follows traveler choice, but there is a limit to it. Lot of properties benefit from the quote and hold model, being able to talk to travelers to set appropriate expectations. We tend to keep a choice, but as the platform evolves, instant booking is becoming the default situation.** Provides access to channels which otherwise don't support it. We encourage it, but there are use cases where I get it, it's not for everyone. Because we want to make sure families find the perfect home, we don't take that out of the equation.
- Does that give you competitive advantage in luxury?
 - **Still connectivity issues in luxury space with real time availability and considerations that don't show up well through distribution channels. That helps us in certain use cases. Proud to offer it and certainly intend to keep doing so.**
- Company looming around an IPO?
 - You can't set your watch on when Airbnb is gonna IPO. Think will be good for the category, another place with more awareness/eyeballs. I'll approach it with curiosity but no fear. They've been a competitor for a long time. In my personal experience going public didn't make it a whole lot easier. Assume there will be a lot they have to work through.
- What's your opinion on master leases – millions of balance sheet as debt, making amazing margins while industry is forced to find diff ways of making \$ because the OTAs are putting pressure on distribution. What's your view?
 - Nothing scary about it to me. Lot of the co's born out of regulatory necessity. That's the way the category travelers want to experience. ½ BR homes, a kitchen. Interesting space they fell. All partners/customers of ours, glad they're filling it. Travelers need this choice. Lot of this more prevalent in Europe than the US. Happy to have them as options. Very different capital model, takes a ton of cash. Intriguing traveler value prop. As long as there's a need for it, think it will be a healthy growing business.
- Booking.com now taking commission on services/cleaning fees? How does Vrbo view that?
 - **We're not making changes to our pricing policies.** Don't love the low cost carrier analogy. The low cost carrier model is commodity as a service. Need to get from A to B at more than 400mph. Not a lot of differentiation there. Pricing is getting more transparent and easier. Number of places with prohibitive minimum stays and cancellation policies is decreasing. View as another step of driving more consistency vs. expectations. Don't think ends up like low-cost carrier model b/c the category is so diverse. There are unique things you can charge for because you create unique value. Ultimately category that I don't think can become commoditized.

Q&A

- How does what Google doing in the category affect your business?



- JH – Think Google doing what they've been doing for a long time. They're a partner of ours. We do incredible amount of business with Google. Constantly introducing new products they think can make it easier to explore the world of information. Recent developments of more of a meta model is something all the players take a different approach to. We view as a partner and interested to see what they come up with next and how we can introduce more travelers to the category.
- OG – We are not participating in this product. **We've worked with Google for a long time. On that specific one we looked at it, talked about it, didn't feel that right now it is very useful to the customer so not participating in the program right now. Always happy to look at new ways to drive demand and make it easier for customers.**
- Agoda decided not to go on Agoda, what does that mean for Booking.com?
 - OG – **They most likely pulled out because they were not satisfied with the result.**
- Oyo in one week acquired more properties than Vacasa did in 5 yrs. How do you see their strategy?
 - OG – Oyo great partner to us both on the hotel and home side. Still figuring out if can go into 16 other businesses like wedding, club kitchen, etc. Sometimes difficult to keep up with everything they do but amazing what they have achieved. Personally impressed w/speed of execution and working with them from the hotel to the home side.
- Are they “using” you to generate demand and not need any OTAs going forward?
 - OG – Already the case in India. Their direct brand is very strong. Much more difficult to do that at scale and speed in the rest of the world.
 - JH – Nothing frightening or scary about the developments. Opportunity for more travelers to get introduced to the category enjoy their stay and repeat. Sometimes they come direct, sometimes they come through us. The more the larger players want to be in this category, it's all helping the tide rise. If Oyo wants to be super aggressive with capital to make that happen, excited to see that.
- Branding – lot of talk of VR moving into segmentation. Do you see VR falling into what hotel industry has done?
 - OG – Some standardization phenomenon happening especially in cities b/c it's what the guest wants to some extent. Value in players like Marriott having seal of approval on certain properties. Our version is by having a vetting process in general and putting rating process on top of that, everything that can actually help the customer manage expectations up front is good. Used to be you need to have a pic. Ppl now realize you need at least 20 pictures. Review system. All of this important. Good way to make sure travelers who have not used getting more comfortable with it.
 - JH – Don't think of as new developments in category trying to create consistency in actual experience. Can you create consistency in expectations?
- If a hotel person booking a 4-star VR property on Booking.com?
 - JH – I'm glad they're trying it. I've even stayed at 4 star hotels experience it sometimes hasn't been a 4 star hotel. **Little things like what room you're in can drastically change the experience. I think that is exponentially exacerbated in vacation rentals.** Trying to get experience right.
- More detail on what drives that – what can they do to improve that?
 - OG – Over next few months will start giving advice. **Some things you can't do anything about (size and location). Stuff like having a coffee machine that is highly rated. Few things like that where you can influence the score.**
- Risks of execution to Marriott?
 - JH – In the past had lot of success in timeshare space. Thing encouraging about Marriott presentation was that **for someone to use points to stay in a vacation rental is likely to get them hooked to the idea that that is the only way to go to the beach, etc. As they do that, they'll run out of points faster than the enthusiasm for traveling that way.**

Survey Says: Industry Visionaries on what's next for Vacation Rentals

- **Moderator** – Amy Hinote (VRM Intel)
- **Panel** – Carl Shepherd (Founder, HomeAway), Jeremiah Gall (Breezeway), Cliff Johnson (Rented.com), Sarah Bradford (Winter Park Lodging Company), Michelle Hodges (Meyer Vacation Rentals), Tim Cafferty (Blue Realty Services & Outer Banks Blue Realty Services), Tobias Wann (OYO Vacation Homes)

Key Quotes

- *Airbnb is continuing to move into traditional VR markets. Airbnb has done great job transitioning from urban inventory to all the VR destinations and getting better and better at that consistently for many years...next year, think we'll see TripAdvisor stay the same, Airbnb and Booking.com making up some ground. – Jeremy Gall (Breezeway)*
- *What's happening is a huge problem, you are in the middle of being converted from important to unimportant. In the middle of being changed from host provider to your guest to “supply.” – Carl Shepherd (HomeAway founder)*
- *I believe Google coming in will make them more competitive and PMs will benefit from the competition. – Carl Shepherd*
- *In our ski destination, when we track our OTA %, it's staying the same, the mix is changing to more Airbnb and less Vrbo. For traditional markets, don't think it's more business coming, just mix shift. – Sarah Bradford (Winter Park Lodging Company)*



- We see (OTA) bringing more business during shoulder. There was an idea of "3 month markets," therefore no bookings for other 9 months. Lot of that coming from OTAs in what we see across multiple markets. In destination markets, more people are thinking they can own a VR as an investment. – Cliff Johnson (Rented.com)
- Larger you scale, challenge will become overwhelming to be localized, feet on the ground expert in all these destinations. I'll continue to be a master in my neighborhood and travel to others. – Michelle Hodges (Meyer Vacation Rentals)
- A few people understand if they do the hard work, they benefit from the availability of money. Couple players taken the guts to roll it up and benefit from capital. That's happening in the US and Europe. Think this will continue. – Tobias Wann (OYO Vacation Homes)
- Europe is traditionally stronger with direct brands than the US. We have 40k homes under management. Our current share is 50/50 and moving slowly toward more OTA share. – Tobias Wann (OYO Vacation Homes)

Full Notes

- AH – Introducing founders and property managers. Carl Shepherd (HomeAway founder), Jeremiah Gall (Flipkey founder), Cliff Johnson (Vacasa founder) – all three no longer with their companies.
- Categories: 1) distribution/OTAs, 2) tech, 3) consolidation

Distribution/OTAs

- Which OTA listing sites are PMs using the most?
 - Survey response: 87% Vrbo, 80% Airbnb, 50% Booking.com, 40% TripAdvisor
 - The survey went back and forth, started at Vrbo, Airbnb took the lead, within last 24hrs
- What happened to TripAdvisor? Sold Flipkey in 2008, left in 2013.
 - JG – Couple factors. Airbnb continuing to move into traditional VR markets. Despite Trip/Flipkey share going down, Airbnb has done great job transitioning from urban inventory to all the VR destinations and getting better and better at that consistently for many years. Interesting to see what this chart looks like next year. Think we'll see TripAdvisor stay the same way, Airbnb and Booking.com making up some ground. When building Flipkey, was chasing HomeAway and wanted to be friendliest guest marketplace on the planet. Did that for a while, left, and took some of that friendliness with us.
 - TC – Nothing here surprises me. What happened to TripAdvisor? They lost touch with the customer.
- How are you in the "none of the above" category?
 - MH – When we started listing with Vrbo, it was as a listing platform. We couldn't divide up marketing money to be relevant in every market that visited our area. Utilizing them as resource to reach ppl we otherwise couldn't reach made sense. The transition of Vrbo didn't mesh with ours and became more of a booking site. Ultimately decision to pull off was that it was a competitor, not a marketing asset.
- What % of bookings (stays, not revenue) from OTAs expected in 2020?
 - Survey response: 48%
 - Phocuswright expectation was 70% by 2018
- Why is Europe number higher?
 - TW – Europe is traditionally stronger with direct brands than the US. We have 40k homes under management. Our current share is 50/50 and moving slowly toward more OTA share.
- In three years, will the channel be delivering more/less bookings for PMs?
 - Survey response: more = Airbnb and Booking.com, less = Vrbo, mixed = direct
 - Strong perception that bookings on Airbnb will be higher. Booking.com some optimism. Vrbo
 - A little bit of the same perception that we had of TripAdvisor at some point
- Is there any new business being created?
 - CJ – Big shift from hotels to VR as preferred travel choice. Bringing more business for everyone.
 - SB – Agree in a metro area. In our ski destination, when we track our OTA %, it's staying the same, the mix is changing to more Airbnb and less Vrbo. For traditional markets, don't think it's more business coming, just mix shift.
 - CJ – Seeing more business coming during shoulder seasons. Lot of times thinking markets were "3 month markets," therefore no bookings for other 9 months. Lot of that coming from OTAs in what we see across multiple markets. Supply side in destination markets, people thinking they can own a VR as an investment.
- Sold HA to Expedia in 2015. Pulled you out of retirement. Survey response for 2020: 56% expect Airbnb to grow, 28% for Vrbo.
- Happy with the way Expedia handled HomeAway since the purchase?
 - CS – Idea that people think something will happen in 2020 is suspect, reflecting more hopes/aspirations than reality. Expedia paid \$4B, they get to do what they want. That's the answer to that question. Whether or not they can convince everyone in this room that it's "Ver-boh" and not VRBO, I don't know. They can spend as much marketing dollars on that as they choose, but every dollar spent on that is less dollars against Airbnb which still continues to buy more traffic. Am I happy about it? I was sitting in my house the other day thinking yes I'm pretty happy. I do worry sometimes about the industry.



What's happening is a huge problem, you are in the middle of being converted from important to unimportant. In the middle of being changed from host provider to your guest to "supply." Every time someone says you are "supply" you need to slap them. Once you become supply, you become superfluous. Important to realize that you have power. Without what you do, guests don't have great experiences. That needs reflected more in the business relationship with Expedia, Airbnb, and Booking.com than it currently is.

- How can they change?
 - CS – See yourself less as the caretaker. You have 2 customers. You care about both of them. The OTAs care about one (the guest). They set it up so the guest gets everything. Two things going on: 1) power of the big guys, and 2) generational shift to millennials. Millennials like experiences. You need to provide experiences. House is important, but experience of going someplace you need to demonstrate. The OTAs are not able to control guest experience.
- What can property managers do?
 - TC – I have more to worry about than Vrbo, Airbnb, and Booking.com. Just got a call about needing a Great Dane moved. Tell me what app I use to do that? It's boots on the ground. When you lose the relationship, you lose the importance of what you do.
- Name a concern PMs should have about Google's new VR platform?
 - JG – Don't think you should be concerned at all. Raise your hand if you don't think you have enough distribution channels right now? You don't want another channel you could be more competitive and change the landscape a little bit? **Think it's a good marketing channel for PMs that could level the playing field and put a little money back in your pocket.**
 - TW – Biggest concern is giving them the keys to the kingdom, AKA marketing power.
 - CS – You have to realize HomeAway, Airbnb, Booking.com are all paying Google for traffic. If they don't have to pay for traffic, Google could price under HomeAway, Airbnb, and Booking.com. I think you should be excited. **I think Google will bring pricing down. Think it will be a leveler for pricing.** Right now the only way these guys make money is by ratcheting up. They're at saturation. Rates are going to go up. They'll tell you they won't but have no choice. They have shareholders. **I believe Google coming in will make them more competitive and PMs will benefit from the competition.**
- Think Airbnb will come around?
 - CS – Airbnb always says they won't do things that they *always* do. Don't ever believe Airbnb.

Technology

- What is NPS for VR software?
 - CJ – NPS used to determine health of relationship with customers. One question how likely are you to recommend software/product. 9-10 are promoter, 7-8 are promoter, 6 and below detract.
 - Survey response: -33
 - Survey response: 41% of PMs looking to switch software within 2yrs
 - MH – I am surprised. Anything above 70% is considered world class. We can all agree -33 is super low. Software in general terms across industries came in at ~30. Makes me think it's user expectation. So much changing – Airbnb, Google, Vrbo, what's coming in today and tomorrow. Security deposits, how we communicate with guests. PMs may be looking for a system that does everything for them, it simply doesn't exist. We would rather hear no and realistic expectations than what's in development and may never come to fruition.
 - TC – Someone who gives a 6 is eh. Don't think the avg. consumer understands the 1-10. In terms of the future, think there are opportunities. Such a personal industry. So many people, not sure two operate the same. We might see people willing to switch in next 3 yrs, but don't know if an answer.
 - CS – PMs have always told people they are gonna change software in the next 1-2yrs. It's hard to change software. The last thing you want to do is transition. Unless the software company will make it painless to switch, I don't see a lot of shifting in the next few years. Looking for guests, making sure homeowners are happy, making sure housekeeping is working, it's a really hard decision for most small businesses to make.
- Was it the right thing to discontinue software?
 - CS – Sure some MBA from some school told them to. First resorts needed to go. You have to evolve as well. I do know large companies don't operate the same as smaller ones. The number of versions of software out there was impossible to maintain. In LT it's better if fewer software packages keeping up with changes and bringing them to you. In LT I think was good choice to limit.
- Would you advise to focus on one?
 - CS – Need to talk to customers and figure out. If they need to do it and make some changes it's fine. Software needs to be leading you, you don't need to be leading software. If you cannot take full participation this year. V12 it was time to make a change. We tried really hard to make it work, just too labor intensive. If you want top software you can't do it 17 times, do it one time and do it the best. One great offering vs. 5 different offerings coming out of Expedia.
- Is more coming or will they aggregate?
 - JG – It simply doesn't exist, everyone operates differently. The idea one piece of software can handle such a complicated business in VR is impossible. This hotel is run on 25 different software – check-in, front desk, cleaning rooms, food & beverage,



revenue management, etc. Your business is more complex than that. It seems preposterous to me that it could be done at the level you want it to. Where this is going on the hospitality side. Experience makes you special and is where you need to invest your time.

- SB – Sad to me we have to deal with 10-20 software platforms. Our goal is service. We got into the hospitality industry, not the software industry. All we do is send emails asking if things are fixed and following up. I want to be a guest and owner property manager.
- CS – Two things people should realize. You can fight the way it works or adapt. When you adapt you can be in the river taking you someplace. Be worried that “this is the way I do something. The software should support it. If the software doesn’t do that it’s wrong.” No – you could do it differently and benefit from that workflow. Systems analysts are trying to make it easier for you. When you want a break in the flow, that has to be maintained forever, has to be thought about every time they change a bit. That’s hard and gets harder when things break. We all hate Bill Gates but use windows.

Consolidation

- Why so much consolidation at the top?

- TW – This is an industry that attracts a lot of money right now. With a lot of money, it always looks where it can go easiest. **Would be a hell of a job to consolidate the industry piece by piece. A few people in here that understand if they do the hard work, they benefit from the availability of money. Couple players taken the guts to roll it up and benefit from capital. That's happening in the US and Europe. Think this will continue.** When money is available, it will find ways to make it work. You need to build operations that last and make guests/homeowners happy. Jury still out – easier piece is that money is available. Harder piece is getting it running.

- Concerned that service levels won't be maintained?

- TW – We are a consolidator. Top concern when buying or partnering with PMs is making sure personal touch remains intact. Hospitality is a people business. You can apply some economies of scale. Our company can't afford to build all these systems themselves. At the end of the day, in the field when being operated, we have to make sure we keep the personal touch.

- Thought about growing by buying other PMs?

- MH – Feel guilty because we are on 38 miles of beach that is incredibly VR friendly. So many variations between my beach and outer banks beach. Expectations of guest arrival (sheets/no sheets, concierge services) differ. To be successful as hospitality provider, need to know the area you are in. **Larger you scale, challenge will become overwhelming to be localized, feet on the ground expert in all these destinations. I'll continue to be a master in my neighborhood and travel to others.**
- CJ – Learn a lot from every acquisition you do. Learned over the years to play into that. **Definitely think consolidation will continue, also lot of new PMs coming into the industry.**

- Vacasa says represents 3.3% of available market in the US and 1% globally?

- CS – Help me understand. 3.3% of the market in 2011 would have been 99k properties. It's all in the definition of what is the available market. We have a marketplace that is huge, people don't really understand how big it is. Don't think anyone has close to 3.3% of the available market. The number was 6M in 2011.

- What % of the VR industry could actually be consolidated?

- CJ – More consolidation in Europe, we're not as used to it in the US. Not a bad thing, gonna hit a point unlike hotels, VR will always remain the opposite. There will likely be some bigger brands due to tech. 20 years ago couldn't do that.
- MH – Bigger question, 3yrs out how many of those consolidated efforts will still be standing?
- SB – Everyone talks about these big companies taking over. Feel like if you know your niche and do what you do well, watch your revenue, customer service, and owners, you're fine.
- CS – Premise is wrong here. Haven't had a team out to look at this since 2014, but last time there were over 6M houses in US and Europe available to rent by the public. When looking at % of 6M, you could have 1% and have a very large business, but not 10%. Believe there is a place for consolidators, need huge investment in tech. Can't provide that great experience in a place never been to, unless everything at your finger tip so the call center sounds like they're there.

Master Every Stage of Booking Funnel: Creative Ways to Drive Revenue throughout Traveler Journey

- **Moderator** – Peter Scott (Bluetent)
- **Panel** – Maslin Seal (Village Realty Holdings), Dawn Kane (Maui Condo and Home), Dru Brown (Vacation Company), Sharon Walker (Walker Luxury Vacation Rentals), Ned Lucks (Bluetent)

Key Quotes

- *Learn your brand persona. A consistent theme everyone should understand is the value of content. If you are not focusing on that you are very far behind. Why should people choose your brand over someone else? – Dru Brown (Island Time Hilton Head)*



- *The ability to create video content is cheaper, more available, and effective than ever. Re-invest in events/activities/blog pages. Booking.com will never have a blog about the festival in Gulf Shores...we see the best companies investing in that have good ROI. The ability to evoke feeling from a guest is unbeatable. – Dru Brown (Island Time Hilton Head)*
- *It's now putting lifestyle photos back in. Not just photos of the beach by itself, the younger traveler wants to see someone there so they can imagine themselves there. – Dawn Kane (Maui Condo and Home)*

Full Notes

- **What tools and techniques have proven the most effective for getting your business found online?**
 - DK – Depending on the inventory, demand for the inventory, familiarity of the inventory to clients, each is a diff factor. We have weekly meetings with Bluetent on strategies, demand, what's happening in the market, and make changes when something is not working. Everybody is on board.
 - PS – This stuff changes so often. Whether you are in FL, CO, or HI, need to be active.
- **What are thing you've seen / focus for you in building a new PMC?**
 - DB – Biggest thing not talked about – you need to learn your brand persona. Who is looking for what within your inventory? Can tailor marketing efforts to those needs. We found ways to get into narrow niches of your brand. Goal is to have as much occ that we can get as much rev for our owners. We all have diff peak seasons, etc. Trying to understand what people are looking for / when is the point of impact to make them want to interact w/your brand. **Consistent theme everyone should understand is the value of content. If you are not focusing on that you are very far behind.** Why should people choose your brand over someone else?
- **Creative tips – YouTube advertising**
 - DB – **Ability to create video content is cheaper, more available, and effective than ever. Re-investing in events/activities/blog pages. Booking.com will never have a blog about the crawfish festival on Oct 15th in Gulf Shores. Not gonna happen. It's a choice of time, space, and money, but we do see the best companies investing in that have good ROI. The ability to evoke feeling from a guest is unbeatable.**
- **The room has 100 brands combined – how to use digital to raise brand awareness?**
 - DB – In our world, it's trying to understand how to integrate service level to your guest. Using social media and email marketing. You have to get people to consume your brand. Through websites you should be focusing on that as your main platform of consumption.
 - DK – We held onto domain names for inventory that is unique enough to draw attention to itself. We developed those into individual micro sites using rezfusion (smaller cloud). **It's now putting lifestyle photos back in. Not just photos of the beach by itself, the younger traveler wants to see someone there so they can imagine themselves there.** Monitoring what's happening, using the insights we have to continue to grow/learn. What does the traveler look at, click on. We all have unique things that happen where we are.
- **Outer banks repeat rates high. You have robust email marketing program. 18k reservations. What are you doing?**
 - MS – We have several brands – Village Realty, etc. We planned what to talk about in each email touch. Just having it there. Don't know if we send any more emails. We've had time to practice it. We also keep it simple. Don't need 3 paragraphs. Just need awesome picture, couple sentences, "book now." Not "sign up" AND "book now."
- **Philosophy on developing luxury brand in Austin – how do you think about brand?**
 - SW – Company I worked in before this business has strict identity guidelines. From a consumer POV, if your brand doesn't bleed luxury, they'll think twice about staying with you. Brand consistency is vital. Lot of mom & pops don't understand.
- **Convert – turn lookers into bookers**
 - NL – Often talk about frictionless ecommerce. Ability to throw things into a cart and pick back up where you left off. In our sites you can add things to your trip. Being able to share the cart by link or email.
- **Photography/content getting people to largest luxury houses?**
 - SW – Testing free grocery delivery with our concierge service. We don't just take pics of each room. Call those utilitarian photos. Have seen ppl actually stage big fancy houses – ppl can see themselves walking in a room with a buffet out. We set tables, set out stuff. Airbnb, Booking.com, etc. is not just showing you homes, they are showing ppl using those homes.

Hospitality Masterclass: How to Deliver Best Guest Experience & Increase Revenue

- **Moderator** – Ian Ackland (Booking.com)
- **Panel** – Eric Anderson (StayAlfred), Alex Nigg (Properly), Thibault Masson (Booking.com), Jesse DePinto (Frontdesk), Shruti Challa (Sonder)

Key Quotes

- *First 30 days makes all the difference for the life of the listing. – Jesse DePinto (Frontdesk)*



- *Focused on getting first handful of reviews. It's the number of reviews that get you a front ranking score. We're focused on the first 5 or 6. We use deep linking, text messaging to drive that. – Eric Anderson (StayAlfred)*
- *Data shows that before & after getting guest reviews it's very different in terms of page views and bookings. I think 3 reviews on Airbnb, 5 on Booking.com. Know the rules on each booking platform. You want to fight for these first reviews. – Thibault Masson (Booking.com)*
- *Superhost is a very important one to us with our inventory, we do everything we can to maintain that. Airbnb Plus has mixed results. Pulling in right direction. We haven't quite seen the payback yet in what we've invested. – Jesse DePinto (Frontdesk)*
- *Because we are all multi-unit distribution, the hotel-centric type OTAs are stronger for us, so greater distribution going thru Booking and Expedia. Less so about unit type than booking type. Booking.com gives us more international, better in primary Tier 1 cities. Expedia better in shorter term and Tier 2 cities. Airbnb further bookings window (30-60 day) and much stronger on west coast. – (StayAlfred)*

Full Notes

- Ian Ackland (Booking.com) – Adding new properties / new distribution channel – how much thinking about ADR, RevPAR vs. date of first booking / review?
 - SC – Understand how like and unlike a hotel. Rev mgt – copy a lot from hotels in dynamic pricing. Unique things about accommodation category to be innovative about distribution. Bringing on about 1,000 properties a month in markets we've never launched in. Very dependent on leisure demand (vs. group, business). Primary thing we think about is driving rank on OTAs (Expedia, Booking.com, Airbnb, Vrbo). We track time to first review, review count/ratings score. Done a lot of modeling that review count/time to first review has direct relationship with RevPAR. How quickly we can get to those metrics matters.
 - Short-term: non-scalable ways to drive first review (ex: giving a welcome basket). **We have city GMs that text/call customers and ask them to leave review on Booking.com or Expedia. Sending email that backlinks into Booking.com review page.** Saying maybe you should remove staffing portion of review score. We take 80/20 approach to new channels. We experimented withholding inventory at one point. Do with bigger partners vs. long tail OTA distribution. Don't spend a lot of time thinking about new channels. More about how to optimize the big channels.
 - JD – **First 30 days makes all the difference for the life of the listing.** Our rev mgt team actively involved: deciding which leases to take on all the way to delivering first couple stays/reviews. If graded by over performing the market, want to do everything to create 5-star experience. Qualitative and quantitative approach. The quantitative stuff: encouraging 1 night bookings. If the next 7 days have the change of 7 reviews, much more likely to build flywheel effect. Incentivize one night bookings and last minute bookings. Since operating in multi-family, how much do we care about ratings on OTAs vs. relationship with owner/PM. If doing lot of 1 night stays and dropping rates, could run into issues w/people booking last min party houses. Most success with holistic strategy.
 - EA – **Focused on getting first handful of reviews. It's the number of reviews that get you a front ranking score. We're focused on the first 5 or 6. We use deep linking, text messaging to drive that.** With first reviews, also going to past guests and pulling demand lever. We have 800k past guests. We go to the CGO (chief giver of opinion) team.
- IA – Main drivers of service quality consistency? How do partners reduce risk of a negative view?
 - AN – We see 50k jobs every month. We found 27% of the jobs had issues, 8% had very serious issues (no keys in lock box, gross fridge). Need to have really good standard operating procedures and fix the things that are going wrong. 1 thing we found. A/C often the batteries in remote control. Second driver is good workflows between you and the cleaning staff. How do u make sure everyone appropriately trained. Inspections incredibly important – always things missed. Most doing traditional inspections. One thing we found called remote instructions.
 - SC – Looking at reviews and incorporating into standard operating procedures. Some of our units can get noisy. By dissecting these reviews maybe should put earplugs. I believe in testing/learning a lot. Sometimes your property is not ready. Potentially listing a not ready product and re-listing it later is good.
- IA – Reviews is a key driver for conversion on whatever distribution platform – what do we know about those kind of step changes/review counts or recovery time from negative reviews?
 - TM – If you mess up with cleanliness, very hard to have any good reviews. **Data shows that before & after getting guest reviews it's very different in terms of page views and bookings. I think 3 reviews on Airbnb, 5 on Booking.com. Know the rules on each booking platform. You want to fight for these first reviews.** We look at services like swimming pool, cleaning, unit size, location. Location comes into play – we put weights on these things. Apartments in London will be smaller than Denver so you shouldn't be penalized as much for a smaller property in London vs. Denver. Getting a bad review is a cost. You can't qualify for Preferred or Genius programs if quality score is under 7. We started taking sanctions against properties with very low quality review scores.
 - EA – It's not just about your overall review score, right behind review score is the recency of the review and volume of reviews.
 - AN – Lot of confusion on ratings vs. reviews. A rating can help you get the right review Getting the mix between.
 - IA – Exactly the convo I have with partners day in and day out. **A new distribution channel is not just plug and play, important to consider what type of customer you want to attract.**
- How do you approach a new channel? Flywheel? Vrbo Preferred, Airbnb Superhost, Booking.com Preferred?



- JD – We built around Airbnb, checked all the boxes in other channels as much as we could. Taking our time served us the best. Airbnb Plus, Airbnb Superhost, Booking.com and Expedia Preferred. **Superhost is a very important one to us with our inventory, we do everything we can to maintain that. Airbnb Plus has mixed results. Pulling in right direction. We haven't quite seen the payback yet in what we've invested.** Not the best to speak to Expedia and Booking.com.
- SC – Wealth of info if you Google or account manager. If you can test it, do it. We have 1,000s of units so can put one population in Preferred and see the impact on RevPAR or booking volume. If I have to increase my commission by 3% will I make that up in higher ADR? Easy for us to do that – we take 3% x share of Booking.com to get that impact. The partners know when to use A in market X or B in market Y. We invested there and can reverse it if doesn't work.
- EA – **Booking.com Preferred has been well worth it for us.** Across all the premier programs your mileage will vary. Some of these Airbnb programs that worked well for his team. Hasn't worked so well for us. Our model works better on the more hotel-centric channels. Very much A/B testing kind of approach. Don't assume the promises of any one program will work. **In general we found very worthwhile to test into this program.** You have to think about each channel separately.
- Brand.com and the OTAs are both major distribution channels?
 - EA – Made conscious effort towards end of LY. Takes a village. Mixture of all those channels. We started driving 20% direct, now at 36% and want to keep that going. It's about driving down the cost to acquire over time. We've not invested a single dollar in pure brand play but into driving direct bookings thru digital media. Brand is primarily experiential. Our primary focus from brand perspective is delivering great stay.
 - SC – How you invest in brand matters. We would never invest a lot in performance marketing. We want to increase the demand curve.
- Which OTA works well for large groups / multi-gen / luxury rental or 1-3 BR destination condo?
 - SC – None of the OTAs particularly great in Group bookings. Get through local sales using HotelPlanner, Cvent, or direct. Luxury bookings we do see it on all the OTAs, but some niche ones (ex: HomeGuide great in London). Our properties avg. 1.4 BR, equal distribution across Booking, Expedia, Airbnb. We do have higher rating scores on Airbnb vs. Booking/Expedia because more understanding of what our product is in that space. Lot of what we work on is managing expectations.
 - EA – Enormous overlap – avg. traveler consults 38 online destinations before booking a trip. Looking at everything then going to preference. **Because we are all multi-unit distribution, the hotel-centric type OTAs are stronger for us, so greater distribution going thru Booking and Expedia. Less so about unit type than booking type. Booking.com gives us more international, better in primary Tier 1 cities. Expedia better in shorter term and Tier 2 cities. Airbnb further bookings window (30-60 day) and much stronger on west coast.** In general, measure each month, look at booking windows. Booking.com and Expedia great for us in sharing what customer demographics they can.

Fireside Chat with Clara Liang, Airbnb

- Speakers – Simon Lehmann (AJL Consulting), Clara Liang (Airbnb)

Key Quotes

- *Majority of PMs on our platform have less than 20 listings. – Clara Liang (Airbnb)*
- *With professional hosts, our check-ins have grown more than 60% in the last year alone. – Clara Liang (Airbnb)*
- *Host-only commission defaulted to 14%. Reason was direct feedback from PMs. Feedback "I'd like to make sure I have consistent price across all the channels" and it's hard for me to do that on Airbnb. It was an oppy to give all of you control. – Clara Liang (Airbnb)*
- *Not great at communicating value from our fee structure. It's ultimately about having full control over what the guest sees. Inclusive of CC processing, FX changes, all the things packaging together to make simple, meant to give you the choice. – Clara Liang (Airbnb)*
- *Hosts that have switched to host only fee have seen pretty significant uptick in bookings. They figured out when it's the best price possible and consistent they get more bookings. We have work to do explaining bookings. For the most part, hosts who have adopted have seen more views on their pages, also more bookings and better conversion. – Clara Liang (Airbnb)*
- *Couple months ago introduced Airbnb Luxe. Many thought Airbnb Luxury Retreats now available on Airbnb Luxe. We have core marketplace (majority), Airbnb Plus, and Airbnb Luxe. Many PMs we work with in Luxe business we work with across entire portfolio. Some renting out 2nd and 3rd homes but largely PMs. – Clara Liang (Airbnb)*
- *Almost every part of our system has to be rethought with a business in mind. As we go forward expect more changes – how we work with a host to "solve" the issue and make sure trusted relationship you built with us is addressed in customer service. – Clara Liang (Airbnb)*

Full Notes

- Context around what you do at Airbnb?



- Head up our luxury business and professional hosting. Working with hosts to build great tools and policies to grow PM businesses.
- What is professional hosting and what PMs do you work with?
 - The original stay was an air mattress on apt floor but more around that. Have grown platform over next 10yrs. Lot of ppl started as individual hosts and grown great PM businesses about what Airbnb brings. **Majority of PMs on our platform have less than 20 listings** in a lot of cases. They are hospitality entrepreneurs but also deeply local. Use term “host” to be very inclusive. At the core is about providing great hospitality. Hosting at its core is fundamentally human. Whether business of scale, building from ground up, or renting your apt.
- What % of inventory is professionally managed?
 - We aren't sharing that publicly. We are building a lot of tools for PMs. It's been part of our expansion. **With professional hosts, our check-ins have grown more than 60% in the last year alone. More in leisure travel destinations. Seeing tremendous growth all across the board including vacation destinations, bit of an expansion from what we've done.**
- In the US, 80% coming from OTAs. Lot of audience here more leisure oriented, what can they do to improve conversion and work with Airbnb to become a more significant channel?
 - Reaching guests is about providing great experience. Able to find a great home, price they are paying is fair relative to local city or GO. When they book your home you're likely to say yes. When they check in they have a great stay and come back to book. Between automated dashboard alerts, tips/insights, all aimed to boost visibility to get more guests and more 5 star stays. More 5 star stays you get, more guests we want to send your way.
- Would you say if a RBO host has normally higher ratings than PM inventory?
 - Not just by host type. **Overwhelming trend that more checkouts at scale, harder to maintain quality. Airbnb Plus status isn't just about growth, also about personal attention at scale.** Making sure review system is powerful. Reviewed review system API to give all detail/data from reviews API into their system. Can manage the details. Having insight into great data.
- Connectivity / tech adoption. Using tech to enable connection. Onboarding strategy? Aggregators/channel managers plugging into Airbnb API or also smaller PMs?
 - All comes down to host choice. PMs choose to use tools directly or use 3rd party tools. We have hundreds of integrations. Easier/faster than ever to connect to us. Also invested a ton and built up a team for tooling. Constantly adding things to make it easier to manage business. 2 yrs ago “I need calendar listing page to show all my listings at once, 1 yr ago “it's hard to manage my team to give permissions to adjust photos/pricing”, in the last year “taxes, while they were great for individual homeowners, not exactly how PM businesses work.” Now you can specify which taxes you want Airbnb to collect from the guest. That's not everywhere in the world yet. We're in 100k cities. Working with all those governments takes time.
- Content quality – are you encouraging 3rd party integrations vs. direct. Easy to provide an API, but a PM with 50 properties says “what is an API?”
 - Flexibility important. When you integrate to Airbnb thru API or software provider, easy to move everything in bulk. Within last year introduced portal to login and make adjustments. If you want to add/edit photos, slightly tune wording, add a disclaimer to be different/highlight a feature within your listing. Our guests respond well to personal things that make a property unique. That extra touch goes a long way even if integrating thru API to add personal touches.
- Airbnb Plus
 - Show of hands – roughly 15% of the room using
 - Introduced 1.5 yrs ago – elevated tier where homes inspected (over 150 items). Airbnb Plus quality is merchandised to guests. Expanded from 12 to over 300 cities. Thousands of listings around it. Pleased with early data we are seeing. Higher views, higher bookings, slightly higher rates. Also learned it's been too hard for PMs. One thing we're working on is to make it easier to bring more homes onto Airbnb Plus.
- Are Airbnb Plus listings exclusive?
 - **Investing so much into design consultation by merchandising you and putting above any other listing to bring you more guests at a higher rate. Can't speak to the details on enforcement. Feels like a community. Maybe today not exclusive and “getting away with it” but for the promise we're making to our guests, I hope those relationships carry more than a 3-6 month “sprint.”**
- Commission – dependency on OTAs increasing at large. Now introducing commission for PMs. Why did you do that?
 - Over the last yr introduced host only fee. Instead of guest/host breakdown, final price take fees directly from host. Introduced as auction between guest/host split or host only fee. Guest fee was not always the same. **Host only defaulted to 14%. Reason was direct feedback from PMs. Feedback “I'd like to make sure I have consistent price across all the channels” and it's hard for me to do that on Airbnb. It was an oppy to give all of you control.**
 - **Who prefers straight commission model? Nobody raised hand**
- From perception standpoint might be different – I hear a lot from customers I consult with: I'd rather pay Airbnb 3-5% commission as professional host. Why should I pay 14%?



- Point you're raising is something we can do better at. **Not great at communicating value from our fee structure. It's ultimately about having full control over what the guest sees. Inclusive of CC processing, FX changes, all the things packaging together to make simple, meant to give you the choice.**
- Is it going to remain a choice?
 - **Hosts that have switched to host only fee have seen pretty significant uptick in bookings. They figured out when it's the best price possible and consistent they get more bookings. We have work to do explaining bookings. For the most part, hosts who have adopted have seen more views on their pages, also more bookings and better conversion.**
- Search algorithm – what are 3 core pillars behind it? How can they improve listings for search algorithms?
 - It's a ML model that looks at 100s of diff variables. What it's optimizing for – best home for trip customers are looking for. What makes it best? Great price, likely for their request to be accepted, and their stay they have will be a great one. 100s of other things but really about the basics.
- Reviews, availability, content. I work a lot with financial analysts – in the past we had to educate the investment world about listings. For the industry it's totally irrelevant, it's the availability of inventory that matters. Of course not gonna show.
 - I don't want to misspeak or represent. No idea whether amount of days available impacts sort order. **Many hosts only list for a couple weeks at a time and that very well may be the best listing.**
- The argument was there are 480 professional hosts out there who only depend on Airbnb. When Luckey Homes gets acquired by Airbnb people run to Amsterdam or Austin b/c gonna lose it all?
 - Want to reassure that acquisition of Luckey is something you shouldn't be worried about. Luckey started by hosting themselves on Airbnb. The Luckey team built great tech stack to scale operations to better serve homeowners. The reviews API came thru the Luckey team and challenges they had scaling. Sometimes you need to live/breathe feel with pain to build better tools. I hope in a few yrs we're not only talking about managing listings but making it easier/faster to manage the basics so you can spend more time putting the experience on top.
- Is Luckey still around?
 - Yes. Based out of Paris. Manage properties in a couple cities around Europe. Their tech team is partnered w/professional hosting tech team.
- Is Airbnb throwing out a free PMS into the industry?
 - We have no news to announce with regards to a PMS. That's not the intention and we don't have any announcements rights now.
- Luxury business?
 - 2 parts – Luxury Retreats (acquisition 2yrs ago) – helps guests book castles, villas, islands with full concierge service provider. Yoga instructor/private chef all options. **Couple months ago introduced Airbnb Luxe. Many though Airbnb Luxury Retreats now available on Airbnb Luxe. We have core marketplace (majority), Airbnb Plus, and Airbnb Luxe. Many PMs we work with in Luxe business we work with across entire portfolio. Some renting out 2nd and 3rd homes but largely PMs.**
- View on Marriott? How do u view the program of Marriott?
 - Think really interesting acknowledgement that guests travel for variety of reasons. Hotel tonight b/c in town for one day. Airbnb mission – any place, any price, any duration, any lead time. Calling it a form of flattery that the experience we deliver our guests.
- HotelTonight – how does that fit into things?
 - All our expansion – more choices for our guests. Some hotels have been listing on Airbnb for awhile. When a brand new guest comes to use and their first stay is booked with a hotel, 90% of the time they book a home when they come back. Bringing new ways of guests to stay with us adds to the flywheel. **Last minute bookings was a fast growing % of our guests which HotelTonight was good at. Addressing that booking window. More opportunity, more guests.**

Q&A

- Anything in works for review system for PM? Plans to make changes to rating system for PMs?
 - Earlier this year announced change. Superhost used to be zero cancellations. Now it's 1 in 100. Instead of 10 bookings, makes room for 30 day extended rentals to also be able to become a super host. Airbnb Plus was designed for listing level only. To give PM a choice, these would be part of core marketplace and Plus would be separate.
- Any plans for roll up professional pro host pilot or make easier for those providing hosting services/support to work with more than 5 hosts (limited).
 - Yes, our product lead is in the back. Rolled out teams feature for businesses.
- No detail on line items, shows up as “other”?
 - Pricing transparency is something working on. Over time could be optional. Parking/no parking. Pet/no pet. Would like to make sure types of fees you're adding
- We get our lowest quality guests (damage, noise complaints). Better level of support for PMs



- Extenuating circumstances / why not selling insurance?
 - Damage / reimbursement policy. Over the last yr, essentially cutting B2B model. **Almost every part of our system has to be rethought with a business in mind.** It's part of the journey we've been on. We added folks to our team to address this. **As we go forward expect more changes – how we work with a host to “solve” the issue and make sure trusted relationship you built with us is addressed in customer service.**
 - Extenuating circumstances definitely something we hear you on – want to be human. Things happen in life. The reincarnation of the program put hosts in a bad spot. Separately, we are looking at what trip protection would look like in a way that we could still support our host. Your feedback we are hearing in spades.

Strategies and Lessons Learned by Property Managers and OTAs

- **Moderator** – Tim Cafferty (Outer Banks Blue), Sarah Bradford (Winter Park Lodging Company)
- **Panel** – Clara Liang (Airbnb), Gianbattista Vespucci (Booking.com), Steve Milo (Vtrips), Darik Eaton (Seattle Oasis)

Key Quotes

- *As we continue to expand and add categories (VR, boutique hotels, independents) requires a lot of things we built for core Airbnb to work a little differently because businesses do things differently...we continue to refine feedback and changes are underway. – Clara Liang (Airbnb)*
- *When choosing channel partner, the connection might have more to do with success or lack thereof on the channel than you think or the OTA itself. – Darik Eaton (Seattle Oasis)*

Full Notes

- SB – What is Booking.com approach?
 - GB – We are a marketplace. Booking.com started many years ago, investing a lot in trying to understand as much as possible what customers really want. Investing a lot in creating demand from different so many regions and strategic partnerships. We A/B test a lot; try to understand the best setup for the property, try to understand if customer needs are being matched. Start with the demand. With the demand, we provide insights to PMs to list their properties. **We think super important to take friction out. The operations with PMs are a big pain point. We are trying to decrease as much this friction. We double down on productivity side to make PMs life easier.**
- SB – Heard Booking.com very much for studios and 1-2 BR condos, Airbnb last min/shorter stays, Vrbo higher stay value / larger homes. What is Booking.com looking to do? Hotel model with condos or trying to get more large home market?
 - GB – Started with hotels, used to be what we call multi-unit properties (different choices in same building, also apartments). **4 years ago we started the Booking.com home team.** We discovered our customers are looking for diff types of experiences. Really love homes & apartments. **We see much higher review scores in VR vs. hotel side. Also diff types of customers. If business booker, for short stay prefer hotel/aparthotel, for longer stay prefer home/apartment or villas. It really depends on the market.** We try to differentiate as much as possible to keep the standard.
- TC – What is #1 OTA we must list on and why are we not doing it?
 - SM – Booking.com. **For 5 yrs we have been working with Booking.com. Lot of bumps along the road. We finally got it right and have seen massive growth in booking.com due to them being methodical, metrics based, constantly looking at our account.** Met with them today, asked how we can increase it more. Have been really happy/pleased with Booking.com, have very customer centric in our view. Give Airbnb credit too – 6 yrs ago couldn't find contact info for Airbnb to get them to come to VRMA. Came to first VRMA 6 yrs ago. They meet, want to hear feedback, and have solutions. Maybe answer next year will be Airbnb.
 - DE – **Booking.com and Airbnb are doing a great job of listening. The infrastructure of team organization is great. Really impressed with Booking.com sending people to offices 1x a quarter, meeting 1x1 working on how to increase business with them,** what opportunities. Airbnb stays in touch and are available. Find out who Airbnb market manager is, they will help.
- TC – Why Booking.com have such a good rep in Europe? How will you build reputation in N. Am?
 - Booking.com founded in Amsterdam. European roots. So much focus on reaching as many customers as possible. Brining customers from other platforms and transforming into bookings. The kind of travelers we have vary from country to country. We what we also did well was have people on the ground. In Europe have been able to bring together global approach with localized insights to engage in convo w/partners. Something we've done quite well, listening a lot to partners. Also trying to apply to VR world. Helping us make sure we are proper marketplace for customers to find answers and also bringing PM businesses to next level.
- TC – Airbnb Extenuating circumstances policy?
 - SM – If guest calls in with emergency, can cancel within 24hrs. Problem b/c we have owners who contract with us and expect that revenue. We offer guests the oppty to take trip insurance. In our place we ask if they want it to document. Because of that,



we have to mark Airbnb rates up higher than other OTAs to compensate for extenuating circumstances risk. Friction point hopefully Airbnb can address.

- Airbnb – extenuating circumstances, why do you collect taxes, hard to split out fees? Why don't you fix it?
 - CL – Our core business started as individual homeowners in renting out own spaces. That's where we focused on design and built out products that were easy to use. **As we continue to expand and add categories (VR, boutique hotels, independents) requires a lot of things we built for core Airbnb to work a little differently b/c businesses do things differently.** It's been a journey, there's a reason it's called "professional hosting."
 - Extenuating circumstances: designed around "life happens." Extenuating circumstances was designed to be the right experience in how we take care of people in our community. **We continue to refine feedback and changes are underway.**
 - Taxes: we built agreements with 500+ regions to make easier for hosts to get taxes (collect and pay on their behalf). Didn't work so well for business. Over the last year built stuff. Now if you tell us you're a business and give business ID, you can go in and add 6 diff tax items where we charge the guest & pay you your amount. Not in every city. One example of how root in homes needs to be expanded into businesses.
- Ease of onboarding process by OTA?
 - DE – Booking.com was about 18 month process, but I was early adopter & felt pain of that. Trying to get on early, they had some learning to do. Most complicated factor was lots of units in one condo complex which they wanted to make under one hotel. Doesn't make sense b/c each one of those owners is different, charges a different rate for a 1 BR, have different views, etc. they didn't have enough categories to break out unit types. **Went back & forth how to deal. Once you do get on and live, takes a bit to really take off, whereas Airbnb you list and not unusual to have a booking within 48 hrs. Airbnb advantage: rewards new listings so heavily that it gets the algorithm in your favor.** Prob take market share that way.
- SF – I can't integrate, been trying to get on Booking.com for 2 yrs. How do I get on Booking.com?
 - GV – **Moving from hotels into VR business, specifically PMCs has been quite tough. We changed in registration process for VR b/c in past was really hotel focused. Today it's 9x lower the time to upload.** Also want to make it easier. If your portfolio of 100 properties, you can start with a couple. Will let everyone understand what type of customers we have, what tools we have. Dangerous to delegate your business. Use the providers, use the tool set we have. When uploading, don't stop. Curious how many ppl go on our site and look at the content/quality. Through tech, you gain something. The experience of the guest is already online.
- How did you integrate?
 - SM – We started 5 yrs ago. Tried to go direct with their hotel interface. Took 9 months and pulled plug because could not get hotel interface working. Lessons learned: some channel managers to avoid and some to try. Much better starting with one and seeing if you can build up a book of business. Booking.com, Expedia have complex onboarding processes. It's based on PMS. With Booking.com we use NextPax. With Expedia we use VacayConnect. Airbnb gone back and forth between direct connection and channel manager.
- Airbnb choice to pay 3-5% or 14%?
 - CL – No changes to announce. So much feedback that the original fee structure of 3-5% with variable guest fee on length of stay, price of booking, many thought difficult to control price. Ask from us was make it easier.
- Most companies have preferred pricing?
 - GV – We like simple things. Prefer to increase value we bring. For PMs we invest a lot in support. Showcasing more PMs on our platform. Before not possible for customers to know if managed by professional manager or not. Today we showcase this to our customers, really believe there is value in the way the properties are managed.
- Star ratings?
 - GV – Big project. Introducing classification of VR inventory on Booking.com. Expectations cannot be left to listing itself (description, pictures, reviews). Reviews are subjective. Based on different criteria (changes from destination to destination). Guest perspective: understand guest expectations. Before this, as soon as you use star filters – no vacation rentals. Also giving ability to increase quality score.
 - SM – I think very clever idea. It's not just reviews, its ratings. We consider ratings to be the condition of the property. Most important is transparency. More transparency on ratings (completely different than reviews). I know form working with them it will improve.
- Biggest mistakes with OTAs?
 - DE – **When choosing channel partner, the connection might have more to do with success or lack thereof on the channel than you think or the OTA itself.** For Airbnb we push rates/availability to take advantages of their changes.
 - CL – Experience they want is increasingly authentic. Growth without great customer experience is dangerous. Gets much harder when you have 100 properties vs. 20 properties vs. 1 property to provide personal care. Understanding quality reviews, review feedback, responding w/your team
 - GV – We need to become more flexible understanding demand and adapt. Mistake Booking.com made 6 yrs ago – launched Villas.com. Thought we needed to build a diff platform for different type of accommodations experience. Thought we'd move Booking.com properties onto Villas.com. Today we have one stop shop for accommodations. Together it's strong. 47% of our customers willing to book VR on Booking.com.



- With Booking.com entering market with no traveler fee, nervous Vrbo and Airbnb will take away traveler fee?
 - CL – Today we've got flexibility for what works for their business. Have not made any announcements about fees and don't anticipate any. For now you've got the choice.

Perspectives from Urban Market Executives

- **Moderator** – Alex Nigg (Properly)
- **Panel** – Andreas King-Geovanis (Sextant Stays), John DeRoulet (StayAlfred), Jesse DePinto (Frontdesk)

Key Quotes

- *Now that everything is integrated, difficult to optimize 2,500 listings. We optimize maybe 10% of the listings and only cream of the crop gets shown. Once you start getting bookings on 10%, the rest of those guys disappear and never get shown. – John DeRoulet (Stay Alfred)*
- *Is direct growth wishful thinking? Everyone “expects” direct to grow, but when you look at the numbers every year it goes down. Some markets are making positive developments, but on average OTA is gaining share. – Alex Nigg (Properly)*

Full Notes

- Direct vs. OTA mix?
 - JD – We are 25-30 direct%. Expedia more successful for us in “B class” cities. Next is vacation rental channels – share has shifted more to the hotel style OTAs. Have to sell more product on these bigger hotel channels. Pretty even distribution among the OTAs. Airbnb 10%, couple years ago was 20-30%. **Now that everything is integrated, difficult to optimize 2,500 listings. We optimize maybe 10% of the listings and only cream of the crop gets shown. Once you start getting bookings on 10%, the rest of those guys disappear and never get shown.** As you scale to larger amounts it's hard to optimize listings at scale.
 - AG – 40% direct, relatively easy to get there b/c of the product. Closely followed by Airbnb, Booking.com, then Vrbo. Have legally zoned single family homes in urban markets, those tend to perform better on Vrbo (but they have been on the out).
 - JD – Started as Airbnb marketplace. Primarily vastly Airbnb today. Our avg. is 2-4 units a building, so that product plays really well to Airbnb marketplace. The guests that come in thru Expedia/Hotels.com tend to think they are getting a hotel. Direct less than 10%. Just launched direct booking website. Prior to this were not even mobile bookable. Majority of visitors mobile. We were getting lot of mobile web traffic. Very little Vrbo, but Expedia and Booking.com are good at the business travel groups.
 - Domio – We see majority of OTA bookings from Airbnb. Helpful to drive channel marketing and direct bookings. Airbnb allows us to do both. We don't see a ton of bookings coming from Expedia or Vrbo. After Airbnb it's Booking.com then Homeaway.
- **Is direct growth wishful thinking? Everyone “expects” direct to grow, but when you look at the numbers every year it goes down. Some markets are making positive developments, but on average OTA is gaining share.**
- Most important tech to invest in?
 - Domio – guest portal. The piece that is most crucial is prob rev mgr side. If everyone is using them, where is the competitive edge? Prob need investment in rev mgt.
 - JD – Launched PMS, in house rev mgt. Our consumers are tech, savvy, the nature of the biz is tech-savvy. There's a number of things tech can solve to continue driving that value to the guest. One thing we haven't built that I want to build is channel manager.
 - AG – Channel managers sound like most miserable ppl at this conf. Think tech is an enabler, not a differentiator. Think rev/yield mgmt differentiates, we know our properties better than BeyondPricing. **Building tech is analogous to getting into furniture making. Focus on core competency and let people be good at what they are at.**
 - StayAlfred – If going to the well of venture capital, you do have to do it b/c that's how they justify giving you that money. **The most important tech you can develop is your website experience** in booking and check-in to differentiate. You could scale up to 3-500 units without making investments in developers yourself. Sometimes we do projects outside of the main product. Price Labs: don't use rev mgt but they built tool for us. If you're in the less than 300 unit range it makes sense.

Investors Roundtable

- **Moderator** – Alex Nigg (Properly)
- **Panel** – Simon Lehmann (AJL Consulting), Sascha Hausmann (Howzat Partners), Katherine Grass (Thayer Ventures)

Key Quotes

- *There is no tech enabled PM. Either you're a PM or get out of the room. Let's put things into perspective. What are we doing in this industry? We are connecting a guest to a host. It's not that difficult. – Simon Lehmann (AJL Consulting)*



- *Need to execute all pieces with great care. They are given more stability/availability and offering. With any business, how well being executed/scaled is critical. Whenever others are raising money, it's a good sign even for the competitors. – Katherine Grass (Thayer Ventures)*

Full Notes

- Quick view of interesting topics
 - SL – Master lease arbitrage. Take leases and use as debt on balance sheet. Also Oyo becoming hybrid hospitality company.
 - SH – Marriott moving into segment. Lot going on in tech the last few years and more to come in the next few.
 - KG – Distribution: how are PMs distributing content for most accessibility/distribution possible.
- Marriott headlining VRMA?
 - SH – Bad idea. Hotel co coming into VR in late stage. Strategy behind it doesn't benefit the industry. Not necessarily a positive that a brand with standard moves into an industry that got big b/c it didn't have standardization.
 - KG – Good idea. At some point standards need to be introduced to new markets. Think it's good and will open up new distribution channels.
 - SL – Think the strategy makes sense in leveraging Bonvoy. Strategically find it makes a ton of sense. Where I would challenge it, headline said Marriott taking on Airbnb. Would never second that. The requirements Marriott has in order to be on their platform, to scale and onboard that in a meaningful way to serve that size of the market.
 - SH – Hotel industry consolidated and built brands. Next consumers got really fed up with that. They got fed up with no differentiation/uniqueness. Hotels lost business b/c people wanted to do something unique. Taking hotel model and putting onto VR. Brings distribution but don't think good idea.
- Sonder, StayAlfred, Domio, Lyric have raised a lot of money. WeWork – industry realized that taking bet on arbitrage oppy b/w ST and LT rentals is scary. Good b/c decreasing competitive pressure or bad b/c going to deflate valuations?
 - KG – How are you executing your biz, negotiating leases, monitoring them? **Need to execute all pieces with great care. They are given more stability/availability and offering. With any business, how well being executed/scaled is critical. Whenever others are raising money, it's a good sign even for the competitors.**
 - SH – We work too early to say if will have impact on funding or not. Don't think will have negative impact on VR space or master lease. Master lease is a lot of inventory under a single brand. VR was successful until now.
 - SL – Don't have We Work effect on Sonder, its 6,500 properties. Valuation different story, but property size peanuts. Its hyper local b/c you can scale it. See the danger in caring for the debt that is created. Debt financing is easy b/c money is free. You can put your money under a tree & makes more than putting in the bank. Sonder has over \$200M debt on the balance sheet to account for these master leases. There is an economic cooldown coming, could change dramatically.
- Pricing levels in some markets – seeing some saturation. Nashville has had so many units added b/c of master leases that there could be ADR pressure?
 - In any market with new units vs. demand. Any location needs enough demand to fill the rooms. Over capacity will lead into ADR going down. Also a trend you see across accommodation, also on hotel side. Berlin has an impact on pricing, more ppl fighting for the same customer.
- Worried about Oyo in US?
 - SL – Oyo is not just buying market share at all costs, they are being selective in what they buy. Looking at Oyo buying same amount of inventory. Oyo wants to become the hybrid hospitality company in the world. They have unlimited cash to figure out how. Strategically haven't figured out how to put it together. Tried to squeeze the strategy of Oyo and that was not coming. They hired people in every market, go 360 MPH, 20-25 yr old guys working 24 hrs days.
 - KG – Signifying up the quantity that they signed up comes at the price of quality/consistency. Could see inability to control consistency of brand which ultimately comes back to bite them. From investment standpoint not very attractive now. Oppy: with Oyo's take of branded franchisee model, begs question of how much IT needs to go into these properties.
- If I'm Oyo and have my eyes set on the US – who do I buy?
 - KG – I lived my whole life in Europe. This is typical mismatch in geographies. You see chain concentration, not the same type of model.
 - SH – Integration of acquisitions is a big challenge. Lastminute.com bought 52 companies in 3 yrs and failed in the end b/c they couldn't integrate them. Oyo reviews are 3.2 – 3.4. Still a lot that needs to be done before a threat. In the US distribution is 70-80% chain, 20-30% independent. In Europe over 80% of wealth created by small/middle class. Nothing wrong with building a 40 yrs business and milking cash at the end. I don't think anybody should be rushed.
- Sonder spending 25M developing software in house. BookingPal convincing ppl they need tech?
 - SH – Large hotel co's all have in-house tech. We're talking 2k-5k properties. Have hotel groups with 50-150 hotels, they would never build a CRS. All of a sudden you get another issue which is having to be innovative with that tech.
 - SL – **There is no tech enabled PM. Either you're a PM or get out of the room. Let's put things into perspective. What are we doing in this industry? We are connecting a guest to a host. It's not that difficult.** We've seen it with urban and leisure startups. The only thing I'm advising or raising capital is there is stuff you might want to do proprietary like a guest communication platform.



- SH – It also creates complexity. Doesn't come without risk. Better off utilizing components. If you spend 25M in house on tech development, you can spend a lot. That's not their core competence. The cost to maintain channel distribution is a cost that is not part of their core competence.
- What do you say to Vacasa or Turnkeys losing money?
 - KG – You look very differently when a company is B2C that has to gain market share and eyeballs and get eyeballs back.
 - SL – What is the overall strategy? Questioning if that's what Vacasa is really doing. Where is that being distributed? Nobody in the world has created a successful B2C brand. Lot of other things where cash is being burned right now, far away from building consumer facing brand.
- Ever going to see tech consolidation?
 - SH – I hope the consolidation never happens. If you try to build a one-stop shop solution, you cannot be great at everything. We have to open up and build stuff that allow us to something. You should combine best. There are two PMSs on the hotel side that built open APIs. See a lot of co's going into the same thing. **Amazed how many rev mgt systems in VR – more than hotel industry – they won't all survive.**
- Airbnb investing in Oyo – should PMs be worried?
 - SL – No. think they just want to be part of it. Oyo distributes on Booking.com, they distribute everywhere.
 - SH – I see Oyo as hotel / VR company and Airbnb as an OTA. Right now I wouldn't be concerned.
- Airbnb going public – is valuation real?
 - SH – **A company is worth what somebody else is willing to pay for it.** We've seen worse companies getting higher valuation than Airbnb. Personally I run companies w/several hundred employees. Going public changes the face of the company. Priorities change from driving your product. I think bureaucracy within Airbnb that wasn't there 5 yrs ago.
- Starting a tech co – Go to angel or VC's first?
 - SL – **Carl Shepherd said “this will be the revenge of the small PMs” and 24hrs later I agree with him. Seeing more network effect (working together to provide more value). We see the revenge of the small PM.**

Appendix

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