



5 Keys to Successful Vacation Rental Ownership

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After possibly years of considering making the leap into second home/cabin ownership, looking through hundreds of properties online, struggling to narrow it down to your favorites, driving up the mountain to look at those final few, and then eventually making an offer and enduring the fun of the escrow process, you can finally officially call yourself a second home/vacation rental owner!

Now what?

As you go online and research the thousands and thousands of articles, blog posts, and news articles on how to be a successful vacation rental owner, you'll no doubt discover very quickly that everyone has their own approach. The key is finding the one that makes the most sense for YOU!

As the owner of a successful vacation rental myself, I am often asked by clients, guests, and folks considering a purchase of their own property, "What is your secret?" They see that our calendar remains fuller than most like properties in the area throughout the year and they want to know what our "secret sauce" is. I've spent some time trying to figure out what it is that sets our cabin apart from the rest and I've identified a few things that we do that make us different, or at the very least, cause us to stand out from the majority. We're far from perfect, and trying to be better daily, but I hope you find these helpful as you embark on the fun adventure of vacation rental ownership!

Number 1: The Monday Morning Meeting Effect

They say that the only thing certain in life is death and taxes, but I submit that the ever-popular Monday morning meeting should get some consideration as a life certainty as well. Before I ventured into the field of real estate full time, I was a senior leader for a Fortune 500 company. During my time as a leader there, every Monday morning was consumed by a meeting, or in most cases, a series of meetings, meant to recap the previous week's performance and discuss the goals and initiatives of the week ahead. What I discovered during those meetings, at least with the teams that I lead, was that there was always time to discuss how the weekend went, either before the meeting started or directly afterwards. I can't tell you how many times an employee or co-worker talked about the vacation, cruise, event, etc. they had just experienced during the previous weekend. Sometimes the reports were not the greatest, but sometimes, the memorable times, the reports were raving oohs and ahhs about how fantastic their experience was. In those times, I often researched the event or destination for myself and ended up doing it or going there as well. This is what I like to call *The Monday Morning Meeting Effect*.

At our cabin, our goal is to provide amenities that are so amazing, our guests feel compelled to tell people about it when they return to their

home, office, church, mom's play groups, you name it. When you are preparing to rent out your home, condo, or cabin, you should always run it through the filter of, "What are people going to talk about Monday morning when asked, 'Hey, how was that cabin you stayed at?'" If you can't think of anything unique or different about your property right now, neither will they, and the best endorsement you can possibly hope for will be, "It was great to get away." That, having zero to do with your cabin, does not generate a desire in the person hearing the report to frantically log on to your website and book their stay to get in on the "get away" fun!

***Number 2:* Don't Focus on Renting Your Cabin, Focus on Creating Your Brand**

In today's age of social media and internet usage, companies that grow and succeed at a sustainable rate are the ones that obtain, and keep, the mindshare of it's potential customers. In the arena of vacation rentals, there are tens of thousands of choices a consumer has when they begin their search for a place to stay. If you've spent any time scrolling through cabins on VRBO or HomeAway, you know how tedious this can be and after a short while, the properties tend to run together. Each cabin becomes the equivalent of Charlie Brown's teacher, easily ignored. Don't let that happen to you!

Rather than be another vacation rental that you hope people will scroll to and eventually find and like based off your pictures, leverage the power of the internet and social media to create a brand for your property that others will seek out. At the time I'm writing this article, we have a network of close to 10,000 potential and former guests. I am confident that if you were to put a photo of 25 different

cabins in front of them, most, if not all, would be able to successfully find our cabin from the masses. Why? Because they are familiar with The Wiggins Family Cabin brand. They've seen the newsletters, the social media posts; they've participated in the contests, the giveaways, the funny messages, etc. Whether they know it or not, they are aware of the brand and if/when they decide to book a cabin in the woods, their mind will go directly to ours first. Whether they book ours over someone else's, that will be up to them of course, but as a vacation rental owner competing in a sea of similar properties, having that chance as a result of brand awareness is all I can ask for!

***Number 3:* Always Treat People the Way *They* Want to be Treated**

It seems simple, right? Mom taught us this at an early age and after a while, it either stuck or it didn't. We all know people who fall on one side of that line or the other.

When it comes to being a vacation rental owner, one of the common things you'll do is charge a security deposit. There have been times that something has broken while a guest is at our property and they have opted to let us know (rather than hide it or possibly pretend they didn't know anything about it). In those moments when the damage is proactively reported, I'd rather eat a \$50 repair bill and give back that full security deposit in the name of understanding and customer service, ensuring a potential return trip from an otherwise great group of guests, than to rightfully withhold that \$50 from the security deposit and create animosity or unkind feelings between guest and owner.

I know that some of you might be thinking this approach is not good business sense. I would

argue the point that it is just the opposite. Your goal as a vacation rental owner is to create raving fans who, when asked about their experience at your property, will shout from the rooftops just how great you were to work with. You want them to come back right?! How much are you spending on marketing and advertising your property? Is \$50 and a happy guest who will go out and sing your praises to their friends and family smarter business than keeping that \$50 and sending off a disgruntled guest, sure to tell everyone they know that they should avoid your property like the plague? Just listen to Mom, she knew exactly what she was talking about when she told you to treat others the way they want to be treated!

***Number 4:* You Have to Spend Money to Make Money**

In my quest to raise business savvy children, I'll often provide short lessons in Business 101. For instance, I'll randomly shout while at the dinner table, "Buy low..." and my children will return in enthusiastic glee, "...sell high!" We talk about generating revenue. We talk about profit margins. We talk about how business works. I'm confident that if I were to shout the words, "In business, you have to spend money..." to my kids, they would return fire with, "to make money!" If my kids get the concept, you should too!

Over the years I have become friends with the owner of the cleaning company that services our cabin. Steve is his name and he is a true entrepreneur and businessman. Being the competitor that I am, I'll often ask Steve where I rank amongst the 70+ cabins that he services on the mountain in terms of bookings. Early on he would say, "You're getting up there, probably in the top 10 or 20." For quite some time now his answer has been, "You're my #1 cabin by far!" I've asked why he thinks that is,

and his reply was simply, "People don't understand that you need to spend money to make money. You do." He went on to share that my competitors would often hang on to old, outdated furniture, cookware, sheets that were so thin they were starting to fray, bedspreads that were around during Grandma's Senior year in high school, etc. He pointed out the difference between a flat screen TV mounted on a wall vs. a 1995 box TV sitting on a TV stand. The difference between a rickety old BBQ that had seen better days and a newer, chrome BBQ kept in great condition by staying covered and cleaned when not in use. Free wifi vs. no wifi. You get the point. If you want your vacation rental to be successful, you can't be afraid to invest your hard earned money to ensure that it will be. If you invest it wisely, your return on investment will be substantial.

***Number 5:* 75% of a Lot is Sometimes Even Better than 100% of a Little**

If you've spent some time researching other cabins on VRBO or HomeAway, no doubt you'll notice the range of prices for seemingly similar properties. Why is that? Sometimes people don't understand that they don't get to dictate what people will spend for their property. With perhaps a few exceptions, the market gets to dictate what people are willing to spend to rent your property. So you have two ways to approach how you set your pricing. You can believe that your property should be \$300 per night, and you know what? You're probably right! And the best part is that there will be people and families that will agree with you. You'll book a weekend here and a weekend there, will fill up your holidays, and as a result, you'll subsidize your cabin expenses throughout the year.

With our cabin, our approach is a bit different. Based on what our competitors are charging, we could probably charge upwards of \$250-\$300/night given the size and amenities that our cabin offers. Rather than doing this and being booked at 25-35% for the year, we've chosen to set our price points just below that market rate in an effort to engage more guests over the course of the year. The concept has worked very well for us. In fact, through the end of July, nearly 92% of our weekends (Fri-Sun) had been booked, and nearly 73% of our weeknights (Mon-Thu) had been booked! It becomes a win-win situation because we are generating more revenue throughout the year, while providing a very cost effective option for families to get up and enjoy the cabin and the mountains. In our experience, 75% of a lot has proven to be more lucrative than 100% of a little.

So there you have it, another article in a sea of others just like it. As you're discussing what will make you different, I hope you'll consider incorporating elements of some or all of my Big Five:

- ✓ *The Monday Morning Meeting Effect*
- ✓ *Don't Focus on Renting Your Cabin, Focus on Creating Your Brand*
- ✓ *Always Treat People the Way They Want to be Treated*
- ✓ *You Have to Spend Money to Make Money*
- ✓ *75% of a Lot is Sometimes Better than 100% of a Little*

The good news is that you can take some from every piece of advice you get and craft your own strategy that will lead to a successful venture into vacation rental ownership. Good luck!

About the Author

Blaine Wiggins is a former Fortune 500 company Vice President turned full-time REALTOR® and Vacation Cabin Expert, specializing in both West Valley Real Estate and second homes (cabins) in the White Mountain towns of Heber-Overgaard, Show Low, Pinetop-Lakeside, and their surrounding areas. He is active in his church and community of NW Glendale, AZ, has been married to his wife Teesha for 15 years, and is the father of five children ages 12 to 6 months. You can find him on Facebook and Twitter @ListWithBlaine or via his website, www.ListWithBlaine.com.

