

rentalo.comTM



Vacation Rentals, Hotels, Bed & Breakfasts

Marketing study: Online directories of Vacation Rentals

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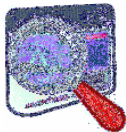


INTRODUCTION

How much should you invest in marketing for a Vacation Rental? As a generally acceptable rule of thumb, hospitality businesses should invest 8% of revenues in marketing ^[1]. However, in real life the marketing budget is typically one of the more "controllable" business expenses, and as a result, it is often target for "cost cutting".

There are many options available for vacation rental owners, both individuals & property management companies, to advertise ^[2] their businesses. One highly effective marketing option available to property owners is to list their properties in online directories. Also referred as "aggregators", typically these directory sites display property information and photos provided by the homeowners. ^[3]

According to industry experts, there are more than 1,000 sites offering some form of listing service in the vacation rental industry. The purpose of this document is to provide vacation rental business owners and managers, both existing & aspiring, a comparison reference among the top performing online directories in the vacation rental industry. In order to facilitate this comparison, Rentalo.com used Hitwise. Hitwise is an online measurement company. The data presented in this document is from a custom category based on Rentalo analysis, and selected by Rentalo.com.



CASE STUDY

For the purpose of this study, we narrowed down the list to 45 online directories that met the following criteria:

CONTENT: Large Inventory

We selected directories that have a 1,000 or more vacation rentals listings.

BUSINESS MODEL: Subscription Type

These are directories that charge a fixed annual fee (or membership) per property listing.

BUSINESS MODEL: Lead Generation

Directories that offer an unlimited number of referrals (leads) while listing is active, without charging a commission (per booking) fee or a fee per lead.

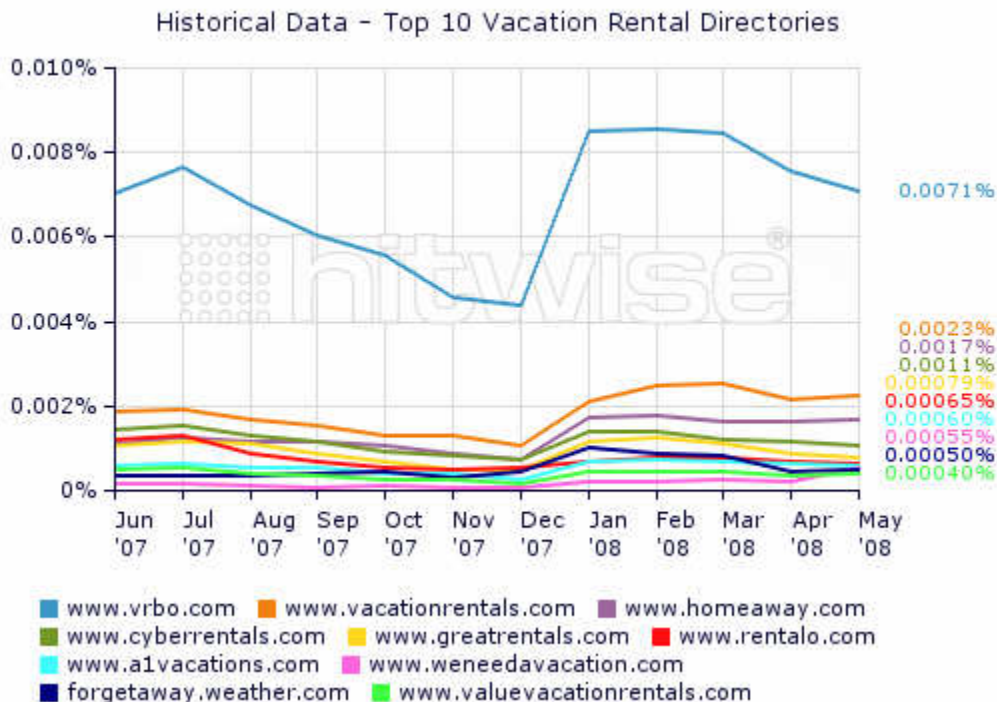


MARKET SHARE STATISTICS

The chart below shows the top 10 online directories that showed the highest market share in the month of May of 2008. Please refer to appendix A to find the list of all the online directories included in this study.

<input type="checkbox"/>	Rank	Website - [Show domain]	Market Share
<input type="checkbox"/>	1.	Vacation Rentals by Owner	38.12%
<input type="checkbox"/>	2.	Vacation Rentals	12.12%
<input type="checkbox"/>	3.	HomeAway	9.17%
<input type="checkbox"/>	4.	CyberRentals.com	5.83%
<input type="checkbox"/>	5.	GreatRentals.com	4.23%
<input type="checkbox"/>	6.	Rentalo.com	3.49%
<input type="checkbox"/>	7.	A1Vacations	3.24%
<input type="checkbox"/>	△ 8.	Cape Cod Vacation Rentals	2.94%
<input type="checkbox"/>	▽ 9.	forGetaway.com	2.70%
<input type="checkbox"/>	▽ 10.	Value Vacation Rentals	2.16%

The graph below shows a historical chart of the market share on the top 10 vacation rental directories from June 2007 thru May 2008.





The table below shows that the top 10 sites receive 99.4% of the market share or traffic within this industry.

Traffic Distribution		
Rank Range	Traffic	
Top 1	37.7%	
Top 3	58.6%	
Top 5	69.3%	
Top 10	84.0%	
Top 20	94.6%	
Top 50	100.0%	

The table below shows the top industries that visitors visit prior to visiting these on-line directory sites.

Top 10 Upstream Industries		
1.	Computers and Internet	63.74%
2.	Search Engines	49.07%
3.	Travel	16.74%
4.	Destinations and Accommodation	13.35%
5.	Email Services	8.94%
6.	Business and Finance	5.72%
7.	Shopping and Classifieds	3.50%
8.	Social Networking and Forums	3.09%
9.	Real Estate	2.93%
10.	Portal Frontpages	2.02%



The chart below shows a breakdown for the "Computer and Internet" industry category which represents 63.74% of the traffic received by the vacation rental directories.

Upstream - industries visited before Vacation Rental Online Directories

Displaying results 1 to 139 of 139 industries.

<input type="checkbox"/>	Industry	Upstream Share
<input type="checkbox"/>	☒ Computers and Internet	60.62%
<input type="checkbox"/>	- Search Engines	45.16%
<input type="checkbox"/>	▽ - Email Services	9.17%
<input type="checkbox"/>	△ - Social Networking and Forums	3.39%
<input type="checkbox"/>	△ - Portal Frontpages	2.24%
<input type="checkbox"/>	▽ - Graphics and Clip Art	0.26%
<input type="checkbox"/>	▽ - Software	0.19%
<input type="checkbox"/>	△ - Web Development	0.12%
<input type="checkbox"/>	▽ - Hosting and Domain Registration	0.07%
<input type="checkbox"/>	☒ - E-Greetings	0.06%
<input type="checkbox"/>	☒ - Internet Advertising	0.04%
<input type="checkbox"/>	△ - Hardware	0.02%
<input type="checkbox"/>	▽ - Paid to Surf	0.01%

And the chart below shows a breakdown for the "Search Engines" sub-category which represents 45.16% of the traffic received by the vacation rental directories.

Upstream - websites visited before Vacation Rental Online Directories

<input type="checkbox"/>	Rank	Website	Related	Upstream Share
<input type="checkbox"/>	1.	Google	▶	32.24%
<input type="checkbox"/>	2.	Yahoo! Search	▶	7.12%
<input type="checkbox"/>	3.	MSN Search	▶	1.78%
<input type="checkbox"/>	4.	Ask.com	▶	0.93%
<input type="checkbox"/>	5.	Dogpile	▶	0.76%
<input type="checkbox"/>	6.	Windows Live Search	▶	0.55%
<input type="checkbox"/>	7.	AOL Search	▶	0.41%
<input type="checkbox"/>	8.	My Web Search	▶	0.28%
<input type="checkbox"/>	9.	Blingo	▶	0.17%
<input type="checkbox"/>	10.	Google Image Search	▶	0.17%



CONCLUSIONS

Even though there are several sites available in the Internet for property owners to advertise their properties, 84% of the travelers searching for vacation rentals online visit the top 10 online directory sites.

The most prominent source of Internet traffic for vacation rental directories at 45.16% are the search engines. This means that these sites invest heavily on search engine optimization efforts.

The second largest source of Internet traffic to these sites is email services at 9.17%. This means that a significant portion of the traffic going to these sites is "recurrent" and most likely, the result of periodical email newsletters sent to their opted-in list of registered travelers.

Savvy property owners and property management firms should take advantage of the success of these top directories to market their properties more efficiently. By advertising on these top 10 sites, they can reach 84% of their target audience, and save time and marketing dollars invested in efforts such as paid Internet advertising or search engine optimization efforts.

Moreover, the cost of advertising on these top sites is very reasonable when compared to the benefits they offer. Based on a recent survey, for an estimated USD\$1,300 per year, owners and managers can list a property in all the top 10 directories of the vacation rental industry!

Successful business owners agree with this quote: "It takes money to make money." Consequently, if you own or manage one or more vacation rental properties and want to generate \$15,000 or more in rental revenues each year, as a minimum you should consider listing your property in all these top directory sites.

REFERENCES

- [1] Buying and Running a Guesthouse or Small Hotel: Make a Fresh Start and run your own guesthouse, Dan Marshall
- [2] <http://en.wikipedia.org/wiki/Advertising>
- [3] http://en.wikipedia.org/wiki/Vacation_rental



ABOUT RENTALO.COM

Rentalo.com was launched in 1999, and it is based in Miami, FL, and has an "A" rating status with the BBB (Better Business Bureau) for successfully applying exceptional business ethics since 2004.

With a growing database of 800,000 leisure and business travelers and 15,000 registered travel agents actively searching for accommodations online, Rentalo.com is the only travel lodging directory attracting travelers searching for all types of short term lodgings including hotels, vacation rentals and bed and breakfasts.

Demographics – Over 45% of your traffic comes from households earning \$60,000-100,000 per year. When compared to the percentage of the US population in that demographic, Rentalo.com is overrepresented, which means that our site targets a highly desirable target audience.

Brand Awareness – From June 2007 to June 2008, Rentalo.com has grown in searches to www.rentalo.com by 129.6%.

ABOUT THE AUTHOR



Alfredo Purrinos has over 20 years of professional experience in the fields of e-commerce and engineering. During the last 6 years, Mr. Purrinos has been fully dedicated to the management, development, and operations of Rentalo.com. Mr. Purrinos started his career as a systems engineer working for the US Federal Government; National Aeronautics and Space Administration (NASA) at KSC, FL. He also worked 7 years as a consultant for small, medium and large-size firms, leading many private enterprises through the decision making and implementation processes of networking and telecommunications solutions.



ATTACHMENT A – LIST OF SITES INCLUDED IN THE STUDY

forgetaway.weather.com
www.10kvacationrentals.com
www.a1vacations.com
www.alwaysonvacation.com
www.arrangeyourvacation.com
www.beachhouse.com
www.bestvacationrentalsonline.com
www.choice1.com
www.condorentals.com
www.cyberrentals.com
www.escaperental.com
www.evrentals.com
www.findrentals.com
www.findvacationrentals.com
www.goin2travel.com
www.greatfamilyrentals.com
www.greatrentals.com
www.gulfcoastrentals.com
www.homeaway.com
www.hotstays.com
www.ivacationonline.com
www.lakerentals.com
www.mediavacationrentals.com
www.myvacationrentals.com
www.ownerdirect.com
www.perfectplaces.com
www.rentalo.com
www.rentalexpress.com
www.resortquest.com
www.resortsandlodges.com
www.triphomes.com
www.vacationhomes.com
www.vacationhomes2rent.com
www.vacationrental.org
www.vacationrentaldirect.com
www.vacationrentalnet.com
www.vacationrentals.com
www.vacationrentalsusa.com
www.vacationsbyowner.com
www.valuevacationrentals.com
www.vamoose.com
www.vlbo.com
www.vrbo.com
www.vrconnection.com
www.weneedavacation.com (cape cod vacation rentals)
www.zonder.com

Note: If you own a vacation rental directory and would like for us to include it to our list, please send your request to info@crm.rentalo.com and we will be glad to include it in future studies.