Case Studies

How to use Smartbnb for revenue management: An interview with Jordan Locke

We spoke with Jordan Locke to get the inside scoop on how revenue managers can use Smartbnb for their vacation rentals.

Jordan is one of the pioneers in the constantly-evolving vacation rental space, and currently acts as Principal Consultant and Founder at RevPARTY Consulting, helping clients grow their revenue per available room, known as RevPAR.

How did you get into revenue management?

I actually just kind of lucked into it. I was working at Whole Foods Market as a pricing analyst during the Amazon acquisition. It was the right place and the right time to grow… It was great exposure to really diverse but related things.

My first job as a revenue manager was at The Guild Hotels. They had just closed series A and were close to Whole Foods so I figured there wasn't any harm in applying. I think my work on perishable grocery goods really helped me frame challenges with perishable room nights and my analytical experience meant I could apply abstract thoughts to well-defined problems.

The idea of building a system and strategy the way I wanted to was exciting and I was hooked. Now I do the same thing for clients all over the world.

Who do you see as the biggest disruptors in the vacation rental space right now?

I really like what Marriot has been doing over the past few years. They're quick to implement strategic initiatives that are both on-trend and drive business. They're rolling out Amazon Alexa's before even the tech-enabled start-ups. At Coachella, they created an experience for their loyal guests that money couldn't buy, by running a pop-up hotel that could only be purchased with reward points.

I think it's interesting how AirBnB keeps investing in different verticals of the business, whether its acquiring business-focused supply (like Urbandoor), or companies with proprietary tech (like Lyric).

As operations and distribution improve and simplify in the vacation rental space I think we'll see companies acquiring both competitors and business verticles to capture as much of the arbitrage as possible.

Finally, local governments are a huge disruptive force. Vacation rentals have become mainstream and cities are having to get more involved. A larger short-term rental market creates a more dynamic supply and naturally de-seasonalizes price fluctuations, but increasing regulations could take us back towards the traditional hotel model.

Whether its noise complaints, sublease-contract violations, or missing taxes those on both sides of the issue know that how governments adapt to the new market will greatly affect everybody's strategy.

How did you first hear about SmartBnB?

I was working on a revenue management project with a client. They had very limited data and reporting capabilities which was really slowing down the timeline. After brainstorming some solutions, the client said they were using Smartbnb for guest communications, and that it had some metrics functionality. So, we dove into the tool to see what we could use that would save time, money, and effort.

Smartbnb originally wasn't built for revenue management. So, were you able to find and use anything?

Right, Smartbnb was originally made as a communications tool but the data visualizations are extremely intuitive. The data is digestible and allows anyone to review key metrics at a very high level and then quickly identify areas that might deserve some attention.
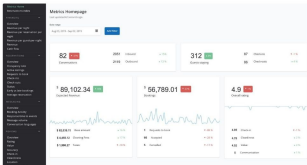
Off the shelf, Smartbnb has pre-made dashboards for quick pulse checks. I also use the export feature a lot; it allows analytical deep-dives with data that can be ingested by any tech stack. For the price, Smartbnb provides awesome business intelligence capabilities with very little work from the property manager.

You mentioned that the data export feature allows deeper analysis. What types of data do you export and what do you do with it?

The data I most often export is the itemized reservations from the reservation index. The excel formatting lends itself to simple data manipulation and the files are easily shared both internally and with clients.

Specifically, the nightly revenue dashboard provides data in a format required for deep analysis that would take a lot of time to setup without the Smartbnb dashboard.

I've used the data to create reporting on KPIs such as percent of nights that are repeat customers, average LOS by day of week, source markets and channels, and average booking windows. I've also created custom solutions for several clients that includes tools for pricing, property underwriting, and forecasting using the raw reservation data exported from Smartbnb.

And how do you use it for revenue management as part of your daily routine?

My clients are always looking for high ROI. They want to get the most value with as few resources as possible. We're always striving to not waste time and money so we especially don't want to recreate the wheel.

Even if Smartbnb was originally made for guest messaging it has lots of premade features that naturally lend themselves to revenue management. Starting from a bird's eye view, Smartbnb really highlights areas that require further investigation.

Like in the overview finance tab, both average revenue per night and average revenue per reservation are displayed side-by side. With a quick look at the dashboard I could notice that average revenue per night spikes every seven days on weekends but the average revenue per reservation stays relatively flat.

What does that tell you as a revenue manager?

The average revenue per reservation staying stable indicates that nightly rates are staying pretty much the same, and if rates are staying the same than the increased revenue on weekends has to be caused by a higher occupancy.

That allows me to drill down on specific questions:

* Are we over pricing weekdays and under pricing weekends?
* Is there just decreased demand on weekdays leaving only gusts that are price insensitive
* How do our weekend and weekday rates compare to our competitors?

These types of questions can often be answered in other Smartbnb dashboards. If not, it lays the groundwork for some great data analysis. Answering these types of questions is what really allows a company to generate more revenue.

So far, you've talked about historical data and benchmarking performance or recognizing trends. How could Smartbnb users use the platform to help make decisions in the future?

The reservations overview is a great dashboard when looking at future stay dates. It shows inventory left to be sold and booking patterns, like on what day of the week are the most reservations placed.

If a particular stay date doesn't look like the others it's a flag that action needs to be taken. Maybe it's due to reviews, so you check the unit on the review rating and review value dashboards.

This can quickly help identify customer service, maintenance, or other operational challenges that affect bookings.

You can use the status dashboard to check for large cancellations that may have affected your booking curve.

You can even compare it to another unit's booking curve on the early vs. late booking dashboard to see how inventory is pacing.

Smartbnb is not an end-to-end revenue management tool (at least not yet!) but it's a great solution for growing management companies. It provides readymade dashboards that provide the fundamental information revenue managers need. Making it from scratch inhouse is time-consuming and costly, a lot of times too costly for management companies. Smartbnb presents an opportunity that most companies otherwise wouldn't have … the chance to start using data now.

What Smartbnb feature most surprised you?

The ability to automatically offer upsells like early check-in and late check-out is a really nice touch.

The industry knows that upsells are one of the easiest ways to generate more revenue but surprisingly lots of PMSs for both hotels and vacation rentals can't do it. It's a huge win for anyone using Smartbnb.

Jordan Locke is the Principal Consultant and Founder at RevPARTY Consulting. He helps clients grow their RevPAR by bringing traditional revenue management techniques, economics, omnichannel e-commerce, and data analytics to the forefront. Previously, Jordan was the first Revenue Manager and Business Intelligence Lead at The Guild Hotels. He created a custom pricing engine and set up systems to democratize data companywide which resulted in an immediate 9% lift in RevPAR Penetration and an average increase of 28% in RevPAR YoY.