

kate&tom's

# state of the market

IS YOUR PRICE RIGHT?

October 2019







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# welcome

This summer, while the rest of the country bathed in record-breaking temperatures, we've been busy welcoming over 11,500 guests through our doors. However, without our amazing team of owners, cleaners, gardeners and, everybody else in-between, this would not have been possible – so a big thank you to **everybody** who has played a part in this success.

In our last report we wanted to empower owners with key insights, and booking trends from the domestic holiday market, to help you keep your listing aligned with current consumer demand. In this edition we want to help demystify the concept of **price** as well as highlight some pricing best practices that we've implemented in our own properties with great success.

By being proactive with your pricing you can help optimise your availability calendar with a view to maximising occupancy all-year-round. We've even included a list of key dates on **page 6** to help you implement a more proactive approach. If you've fallen into the trap of consistently putting on last minute offers to hit your occupancy targets – perhaps it's time you reviewed your rate strategy?



**Hayley Bretherton**

kate & tom's Commercial Manager

# k&t insight...

You can create additional revenue streams  
by allowing guests to bring their four-legged friends...





Waterwheel House,  
Wales.



The Walled Garden, Suffolk.

# what's your rate strategy?

Setting a rate strategy is always a contentious topic – it's part science and part art. Price your property too low and you'll potentially be leaving money on the table. Overestimate the rates and you could end up with a low occupancy rate. There are a multitude of factors to consider when setting your rate strategy, so we thought it would be useful to breakdown the key factors we consider when setting the rates at one of our own properties:

## Breakeven point

First things first, you need to know how much income you must achieve to cover all of your running costs. This includes outlays such as cleaning, gardening and welcome hampers. You should also factor in expenses such as heating, general maintenance and insurance policies. Using that number as your base, then calculate the lowest rate you need to achieve to offset this expenditure – anything on top of that will be your profit.

## Research your competitors

The Internet allows you to easily research holiday rentals from all over the country; meaning you can quickly gauge prices and even get ideas to improve your own property. However, when analysing your direct competitors it's important that you narrow down your search to similar properties in your local area. Look at properties with the same number of bedrooms, bathrooms and extras such as a swimming pools, hot tubs and games rooms.

This will give you a realistic ballpark figure of how much you can charge – you can then choose to undercut your competitors or increase your offering and price higher.



## Seasonality & offers

When planning your rates it's imperative that you account for seasonality. In the nine properties that we own we base our 'peak' and 'off-peak' weeks on the public school holiday calendar. What's more, if your property is in an area where local events cause an increase in demand you can charge an additional premium for these periods. However, even in high demand areas it can be hard to achieve year round occupancy. Therefore, we regularly use early bird offers to try and entice guests to book during the off-peak season.

## Price for short stays

Since 2016 we've observed a 32% growth in short stays. To account for this demand we suggest owners provide guests with a cost for three night weekends, four night midweeks as well as seven night stays – even during the peak season. To ensure you maintain your margins you could use the ratios below to guide your pricing for the shorter three & four night stays:

- Three nights = 75-80% of the weekly cost
- Four nights = 85-90% of the weekly cost

Ultimately, your property's rate is dictated by what guests are willing to pay – there's no right or wrong price. Therefore, you need to be prepared to re-evaluate your position within the market on a regular basis. This will ensure your property maintains itself in a pricing sweet spot. However, what underpins all of the factors discussed above is **being proactive with your rates**. We know that less than 15% of all bookings placed with Kate & Tom's are made within 3 months of the arrival date; so it's crucial that year round prices are available on your calendar for the other 85% of bookings. We'd recommend having prices available for at least the next 12 months, but the further you're able to plan ahead the better.

If you'd like to discuss your rate strategy please contact Hayley, our Commercial Manager.

**Hayley Bretherton**

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# planning ahead

In our last report we looked at booking lead time – this is the difference in time between a booking being placed and subsequently checking-in. However, the purchase consideration period from a guest first searching for a holiday to placing a booking can be much longer. This is in part due to the large group sizes of our bookings, and guests having to co-ordinate multiple diaries, as well as the financial outlay involved. The list below outlines the most popular date windows that were being searched for on kateandtoms.com over the summer months:



## Top 5 date windows being searched for...

1. December 2019
2. May 2020
3. October 2019
4. August 2020
5. July 2020

These date windows can be broken down into two search types; short term deal hunters and organised guests planning ahead.

The short term deal hunters are looking for last minute offers during October half-term and any late availability for the festive period throughout December. To help shift these weeks it can be helpful to place last minute offers, or to open up week block-outs to allow shorter stays.

Whereas, guests who like to be organised for the year ahead are already looking to plan their holidays. Particularly during peak periods such as May, when there are two Bank Holidays, and the summer months. It's worth noting that July & August 2020 searches are a full 12 months ahead and stresses the importance of having year round pricing available to view on our website.

# k&t suggestions

Have you thought about adding any of these offers to your availability calendar? If you'd like to then please contact Alex, our Digital Marketing & Pricing Specialist, using the details below:



## new years eve

This year, New Years Eve falls on a Tuesday so why not provide guests with a special 4-night midweek offer?



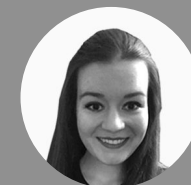
## 2020 early bird offers

January, February & March are traditionally months with low occupancy rates. Why not entice guests to book by providing an early bird offer?

**Alex Bindon**

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## dates for your diary

To help you keep on top of your 2020 calendar we've listed below some key dates. These dates should act as a reminder of when to submit offers & rates throughout the year. We've also suggested when to think about opening up your unsold peak weeks to help you achieve your occupancy targets.



### Submit your 2021 rates

*If you haven't already done so, make sure you've submitted your 2021 rates by the end of this month.*



### Open up your summer weeks

*If you've still got availability over the summer, open up your peak weeks to shorter, mid-week and weekend stays.*



### Winter warmer offers

*With the off-peak months of October & November on the horizon, why not submit some last minute offers.*



### Open up your festive weeks

*If you've still got availability over Christmas & the New Year, open up your weeks to shorter stays.*



### Egg-cellent Easter 2021 offers

*Get ahead of the pack and submit some long weekend Easter offers!*





Marsden Manor,  
The Cotswolds.

# recommendations

## Keep it simple

To improve the chances of an enquiry converting to a booking it's important to make the process as smooth as possible. If the pricing structure of your property is extremely complex it can actually put customers off. You can still vary your rates by different times of the year, just make it absolutely clear why the prices vary.

## Consider reductions on longer stays

In the current market guests are choosing to take much shorter holidays. However, we still receive the occasional enquiry for much longer stays. We would always encourage owners to consider longer stays as this represents a fantastic opportunity for you to hit your occupancy targets. To help get these bookings over the line we'd suggest sacrificing a small reduction on your rates.

## If you fail to plan, you are planning to fail

While this sentiment may seem a little strong, in our experience the more time you spend planning out your rate strategy the greater your chance of achieving a high occupancy rate. Of course there are many other factors at play, but if you take ownership of the factors you can control, the more likely you are to succeed. To help you out, we can use your 2020 rates to populate your 2021 calendar and then tweak them later on in the year – just let us know if you'd like us to do this.



# about us...

kate & tom's is a close knit team based in the heart of the Cotswolds with one big wish: for our guests to enjoy an extraordinary holiday celebration or adventure. Whatever the occasion, whatever the backdrop we have an incredible house for you.

We're proud to support other British businesses and that will always remain our focus. Since we launched in 2005 we've grown to become one of the country's finest holiday letting agencies. However, we don't just list any house in our portfolio. We personally review each prospective property to ensure it has all of the luxury characteristics and friendly features that we know our guests demand.

From swimming pools to billiard tables to marble drenched breakfast bars. From ocean views to private woodlands and everything in-between – kate & tom's portfolio is unrivalled.

## **kate & tom's**

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Owlscombe,  
Somerset.

