

Travellers Seeking Value Turn to Online Holiday Rentals



As travellers attempt to stretch their holiday pounds further during these tough economic times, an increasing number are turning to holiday home rentals for everything from family holidays to reunions and festivals. Not surprising when you consider that per square foot, the cost of a rental can work out up to four times cheaper than a hotel, according to market leader HomeAway UK.

Online holiday rentals move in to the mainstream

Courtney Wylie, General Manager for HomeAway Holiday-Rentals comments, "We are currently on track to hit over 2.5 million visits this January, traffic is up 35 percent year-on-year and advertisers are getting on average 27 percent more enquiries so far this month. While the travel industry in general struggles, demand for online holiday rentals is going from strength to strength as travellers realise they can find a whole home for less per head than a similar standard hotel and stretch their budget even further by taking advantage of self-catering facilities."

This month, HomeAway UK's two sites; HomeAway.co.uk and OwnersDirect.co.uk have jumped in to the top 10 travel websites in the Hitwise 'Destination and Accommodations' category according to travel technology news site, Tnooz.com, which now puts these two large rental sites up there with the likes of TripAdvisor and Travelodge. In case there was ever any doubt, this provides indisputable evidence that online holiday rentals are moving in to the mainstream.



According to industry analyst Mintel, around one in five people currently stay in holiday homes and self-catering holidays are rising every year. In 2009, self-catering holidays were forecast to represent over 60% of all overseas holidays and Mintel expects the self catering market to continue to outstrip general holiday growth and exceed 34.3 million breaks by 2011.

Thanks to the millions of people who own holiday homes worldwide, the choice of rentals is huge, with over 425,000 properties available on the HomeAway sites alone. With this choice, HomeAway rivals the largest hotel chains in the world. The InterContinental Hotel Group, for instance, recently ranked as the worlds largest, with 619,851 rooms.

Born from the dotcom boom, driven by search

But renting holiday homes online is nothing new. The birth of the industry in its online form coincided with the dot-com boom in the mid to late nineties, with a plethora of similar sites popping up around the world. Founded in the most part by partners and taking the form of very simple 'online directories', the growth of these sites took off at an extraordinary rate right from the start. Across the industry, even now, most rentals sites are still experiencing around 20 to 40 percent organic growth, year-on-year, as they provide both a cost-effective marketing solution for holiday home owners and a great source of affordable accommodation for travellers.



Heavily dependent on search from the very start, these sites were well placed to cope in the years that followed, as the internet became an indispensable channel and an effective SEO strategy became integral to success. These were the very building blocks the rentals sites were founded on which meant although they weren't 'pretty' design-wise, they were ahead of the pack when it came to attracting search engine traffic and well placed to compete with new online travel agents and older operators moving online.

Challenges for the industry in 2010

Today, SEO, search marketing and pay-per-click remain key components of the marketing mix for holiday rentals companies, but as for other major OTAs, product and brand are now key too. With the downfall of various operators during the recession, coupled with the rise in user-generated-content and reviews, trust, security, brand image and a satisfying user experience have become integral to attracting and retaining business. Gone are the days of the simple 'online directory' - this is no longer enough for travellers OR holiday home owners.

Consequently, the last few years have seen a major shift of the industry, most notably consolidation and a professionalisation of the sites, as well as the first steps towards addressing the issue of trust. Much like eBay, online holiday rentals sites are 'consumer-to-consumer' businesses, so they are not bound by the same liabilities and rules as travel agents. Holiday rentals sites are essentially classified listings businesses, but when it comes to travellers, this simply will not wash.

The Holiday Rentals Market Q3 2009

- 89 percent of travellers surveyed plan to stay in a holiday home rental in 2010; up from 62 percent in 2009
- Of those travellers who stayed in 2009, 81 percent had previously stayed in a holiday home and 19 percent will be first-time renters.
- 68 percent of holiday home owners report bookings in the third quarter of 2009 were on a par with, or higher than the same period last year.

"HomeAway Holiday-Rentals Marketplace Report"

To this end, HomeAway has introduced an industry leading Rental Guarantee which protects travellers' payments to holiday home owners on its sites should the listing subsequently prove to be fraudulent. In the US, the company has already extended this to offer a paid-for option which also covers bankruptcy, double-bookings, withheld security deposits and misrepresentation. In addition, HomeAway has already launched traveller reviews on many sites, including HomeAway.co.uk and is in the process of rolling these out worldwide.

In the online travel space, content is becoming king as travellers not only look to reviews and forums for insight, but also increasingly spend more time researching holidays online, looking for inspirational articles, tips and advice. To this end, traveller reviews, UGC and quality content, coupled with great product features, usability and trust are the way forward for the rentals industry.

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