

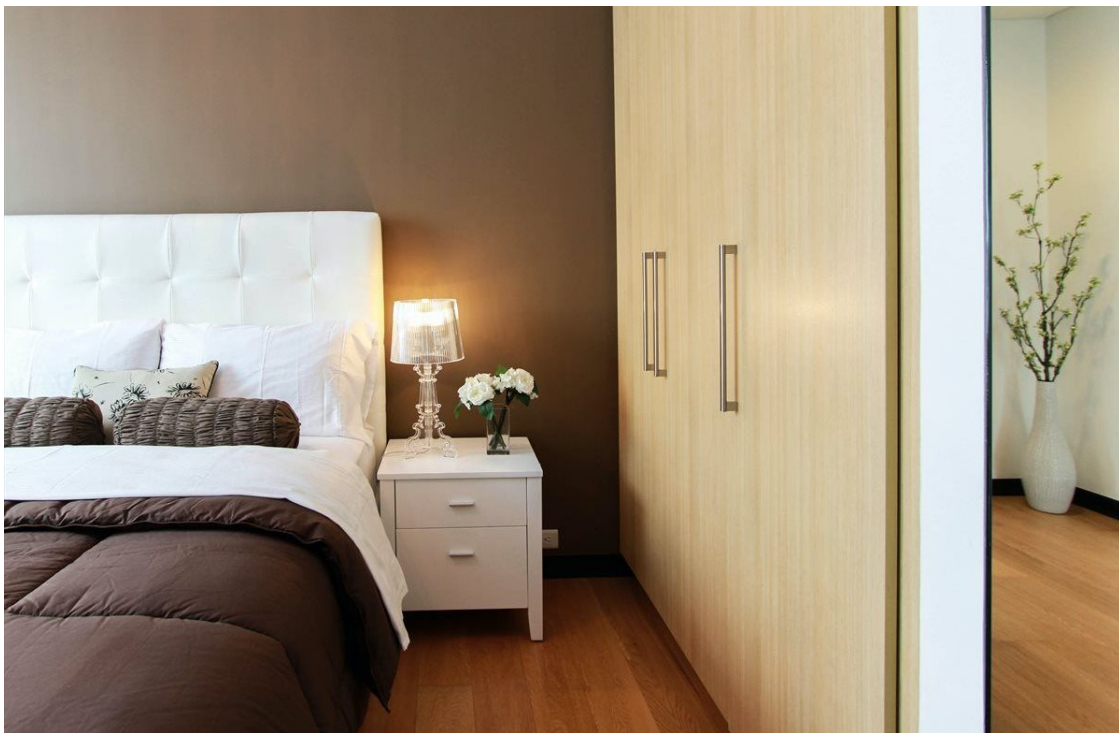
Holiday rentals: Don't take on unnecessary risk for short-term gains

By [Jason Mellow](#)

26 Nov 2020

Well, what a year it's been - and the tourism industry has been one of the hardest hit. Among the casualties, the once-booming industry providing accommodation for holidaymakers or businesspeople.

The recent news that South Africa is now open to some international tourists is good news, but it will take time for the numbers to pick up - the impact of lockdowns around the world is hard to predict. In the meantime, many property owners are dropping prices to attract local tourists, especially now that that business travel now seems likely to be permanently affected.



Mary Whitney via [Pexels](#)

But while building up a local clientele makes a lot of sense in the long term, cash-strapped hosts may be tempted to skimp on overheads to maximise their reduced profits.

Before we consider today's realities, let's just take a moment to recall just how successful one of the most successful hosting platforms, Airbnb, has been.

Figures show that from 1 June 2017 to 31 May 2018, South Africa's [Airbnb](#) hosts and guests generated an estimated R8.7bn in economic value – and created around 22,000 direct and indirect jobs. The figures would be much higher if one took into account all the other hosting platforms, of course.

To save this enormous industry and its potential, cutting costs will be necessary but the process must be highly selective. Property-owners should carefully consider the impact of cost-cutting on their brands in the long term, and the potential risk to which it could expose them.

Specifically, both marketing and insurance can seem like prime targets for cost-cutting, but the impact could be devastating. Marketing is essential to the long-term survival of any business and if costs need to be cut, then lateral thinking is needed to keep the property's reputation alive. Various social media channels can be used to great effect for the expense of a little effort, for example.

Insurance is a complex issue. **Property owners should carefully consider the following issues:**

- Public liability. Guests suffering injury on the property can result in hefty claims.
- Theft of guest property. Guests' property may be stolen from the property, with high-value items most likely to be targeted.
- Theft or damage relating to the property. It is an unfortunate fact of life that guests may steal or damage your property. Other causes of damage could be fire or flooding.
- Compliance. There is always the risk of falling foul of zoning or health regulations.

All of these risks, and there are likely others, need to be assessed. If you are thinking of letting out your primary residence during the holiday season, make sure you discuss the implications with your insurer.

Here are our top tips for property owners looking to make the most of the Christmas holiday season and beyond:

- Sit down with your insurance broker and work out if there are any smart ways to reduce your premium without taking on unacceptable levels of risk.
- Make a list of other cost-cutting possibilities and then assess them in terms of their impact on your brand over the long term. For example, a bunch of flowers from the garden could replace expensive welcome gifts while still enhancing the guest experience.
- Move your marketing online to get more bang for your buck. If you are not good with technology, enlist a friendly teenager.
- Take a look at your cancellation conditions as well as those of any booking platform with which you are associated and work out how best to protect yourself in the event of changed lockdown levels.
- Ensure you have solid Covid-19 protocols in place and that your staff are trained to follow them – and let your guests know what you are doing. This could be the single biggest factor in ensuring they feel comfortable and give your property a great review that will lead to more bookings.
- Consider additional things you can do to make guests' stays more pleasant, but without breaking the bank. Make more information available in the room, perhaps, or try and negotiate special deals with local restaurants for your guests.

With any luck, tourism will bounce back in due course, but the decisions you make now will determine how well-positioned

you are to benefit from any uptick. Give yourself the best chance of success.

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