

Guest Service Fees Explained



“GUEST SERVICE FEES (AN EXPLANATION)” OR DO YOU HAVE MONEY TO BURN?

If you have arrived at this page then you may well have searched for “Guest Service Fees”, why you are being asked to pay them when booking a vacation rental and why they even exist!

These terms are more and more often found when a booking for accommodation is made via an online travel site (OTA). There are two examples shown below relating specifically to holiday rentals.


AIRBNB Guest Fees

Extract Quote from investopedia: “The primary source of Airbnb’s revenue comes from service fees from bookings. Depending on the size of the reservation, guests are required to pay a 6% to 12% non-refundable fee. With every completed booking, hosts are also charged a 3-5% fee to cover processing of guests payments. When a reservation is booked, guests pay the service fee unless the host cancels or retracts

the listing. If the reservation is altered, Airbnb adjusts service fees to accommodate users.”

<http://www.investopedia.com/articles/investing/112414/how-airbnb-makes-money.asp#ixzz3uJxX3nJF>

In the example below the Service Fee is \$68 and the owner may be charged 3-5% on top of this. As a guest this could represent up to 15-17% of the cost of the stay. In the illustration below the guest service fee is approximately 12% of the cost.

\$105 AUD		Per Night
Check In	Check Out	Guests
<input type="text" value="12-12-2014"/>	<input type="text" value="17-12-2014"/>	<input type="text" value="2"/>
\$105 AUD x 5 nights	\$525 AUD	
Cleaning fee	\$41 AUD	
Service fee 	\$68 AUD	
Total	\$634 AUD	
Request to Book		

Bookings From Online Ads

You can receive additional bookings from travellers that learn about Airbnb through Google ads. There will be a 12-15% host fee just for reservations that happen as a result of these ads. You'll have the option to accept or decline these reservation requests as usual.

Get additional bookings from online ads. [Learn more.](#)

Why are you opting out of these bookings?

- Choose a reason
- I don't want any more bookings
- The host fee is too high
- I don't want guests coming from online ads
- Other

[Save](#)

Recently, and unknown to guests of course, there have been offers to owners to increase exposure by supplementing the Airbnb Google adverts for the owners properties. As you can see from above the owner may see up to a 15% charge and the guest a 12% charge. Now we are close over 27% of the cost of your stay (paid to Airbnb). As a guest, imagine what you could save with a little knowledge!

VRBO Guest Fees (A HomeAway website and brand)

The following is an example of a service fee for a booking made on VRBO, who are rolling out guest service fees now across their network (Jan 2016). The service fee here is almost 6% of the total. If the owner is using their free to list option then they are almost certainly paying 10% commission as well.

Note: You need to click the “see details” to spot this extra charge.

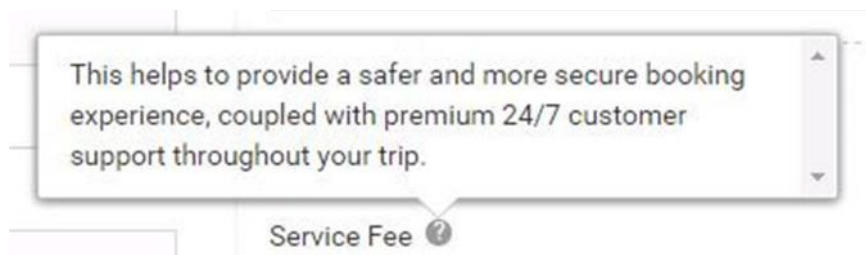
Your quote

Rental Amount (15 nights)	CAN\$7,500.00
Cleaning	CAN\$350.00
Tax	CAN\$392.50
Service Fee	CAN\$431.75
<hr/>	
Sub-Total	CAN\$8,674.25
Refundable Damage Deposit	CAN\$2,000.00
<hr/>	
Total Amount	CAN\$10,674.25

WHY ARE THESE CHARGES INCLUDED?

The simple reason is of course to make a profit, pay back shareholders and increase brand dominance and increase bookings, so increasing the cycle of profitability and growth.

The actual site explanations are slightly different of course and are shown on Airbnb and VRBO in a similar manner.



Consider the explanation above. Are you going to call these companies if you have a problem with access to the holiday home? Are you going to call to make sure there are logs available for the fire, or if the pool can be heated on arrival or some flowers and champagne left for your anniversary? So what is premium service, when its at home?

The service cost of transacting a \$10,000 booking is the same as a \$1000 booking so why the difference and percentage allocation for these fees (excl. card fees of course). Why not a straight \$20 each time?

DO YOU HAVE TO PAY ANY OF THESE FEES?

NO: We anticipate up to 90% of “full properties” (not shared accommodation) can be booked direct and on other sites more cheaply and do not carry these punishing costs.

Booking direct always gives the best results, as you are dealing with the actual manager or owner. Who else knows the property and location better: those on-site or an advertising website in San Francisco which has pictures, writing and promises!

Many guests are new to booking online and will research, quite naturally, by gravitating to these biggest, slickest and most advertised or recognised brand in the business. These are more often the ones that have paid the most money to be at the top of Google or another search engine.

REASONS GUESTS BOOK ON AN “OTA” WEBSITE

The simple reasons people book on these sites and spend too much is due to a number of misconceptions, fine print and psychological management.

1. They believe this is the only place they can be booked and are exclusive to the site. This is very unusual in the vacation rental world. Most owners and managers use many sites to advertise and also have their own websites and will reward you for booking with them and avoiding your extra fees and their punishing advertising taxes.
2. The psychology of the look to book process is nothing new, but if like most of us, you don't consider that you are being manipulated constantly, then the process is working.

Subliminal messages cover these websites. Booking.com is the worst with “Guaranteed Best Price”, “Free cancellation on most rooms” supported by “hurry, one room left at this price”, “booked 2 hours ago”, book securely, etc. Messages are also constantly emailed to guests, advising on the best way to pay, book and be happy!

You almost feel impelled to book something, somewhere right now and ensure you get a property with a 10 star review as well. It’s not all true of course, do not be fooled and read on.

3. It’s simply convenient and doesn’t take a lot of extra work and the choice is vast in one place online.

DELIBERATE MISCONCEPTIONS

Some of the messages on these OTA sites lead you to believe that their policies are better suited to you. Pay securely using their payment system (which makes them more money) as you cannot trust the owner or manager is the inference.

There is a fundamental issue here as the OTA site, as an advertiser to a Guest and manager of their money trusts the owner to provide the accommodation, to make sure it is clean, managed, the utility bills are paid, the gardens kept in order the pool to be treated, the log burner to have logs, the arrival instructions to be supplied, the laundry to be changed and more. They also have never seen the property and trust the photos and descriptions are accurate.

They do however suggest you cannot trust owners or managers directly, even if they rely entirely on the owner’s listing.

2. Terms:

The fine print is invariably hidden or in in faint text. How often do you read them? These sites actually do not process a booking themselves, they are simply an advertiser, who takes the money (and often via third parties, or in the case of

Booking.com send the card details on) and have no liability; this is passed to the owner and manager as if you booked direct.

Some will say they sign you up to various insurances, but read the forums on their validity. You are of course paying for any of this in the process and independent specialist insurances or your own insurance may be more appropriate.

Reverse the argument:

Q: If they need to sell you insurance on a product, why would you buy it anyway?

A: It makes more money

3. The Payment Misconception

If anybody pays by credit card, they are covered for any form of fraud, mis-selling, misrepresentation anyway, so the “branded” payment systems in these OTA’s are misleading. You can pay any company anywhere at any time and still be covered by your card provider, when using a credit card.

The industry has for a long time taken two payments, a deposit and a balance. These days OTA’s take all your money in one go! So if something goes wrong and the terms are strict you lose it all, not just the deposit.

4. You are data!

Once you have booked and paid on an OTA, your data is mined to provide more “golden opportunities” for you to spend money. Your booking data is invaluable to them; expect some correspondence to come a guest’s way shortly!

AS A GUEST, DO YOU WANT TO SAVE MONEY?

Many guests search by price initially as understandably they have a budget. Many OTA companies employ all manner of methods to present you with what they think are your ideal accommodation. If you have signed in and given details, your profile may be mined. You will be tracked via cookies to see what you look at, when and for how long.

The move into artificial intelligence is helping and hindering as it's invariably positioned for profitability. This is a combination of choice and showing the most profitable volume of properties.

As you can see from above, whatever is presented can be up to and over 20%+ too expensive regardless of what is offered to you if you booked direct.

IS IT WORTH IT?

Ask yourself the question. If you visited a comparison website to buy a car for \$10,000 and you found what appears to be a good deal and then bought it online immediately, would you be happy to pay an extra \$2000 fees?

Or would you be happier going to the dealer and saving this amount, getting a free service for the first couple of years, test drive the car, inspect the wheels and check over the logbook. Plus get a great trade-in deal next time you went there?

Most rentals are over \$1000 and many reach into the high 5 figures, so savings are considerable and \$millions being thrown away daily.

HOW TO SAVE UP TO 20%+ ON GUEST FEES

– The simple answer is to find the property directly; email and/or call, then ask as many questions as you like unhindered.

– When you book, use a credit card and you are secured in any eventuality.

– **Mention the price shown on the OTA and mention the guest service fee to the owner or manager.**

Although Google is not helping by allowing all the big companies to dominate search and alienate the 6 million individual holiday home owners, it is very good at helping to resolve this problem. Some advice:

1. **DO NOT:** Try to communicate via a closed email system within an OTA. Their rules are that they take a high percentage for the privilege of seeing them and to re-invest a percentage in dominating search.

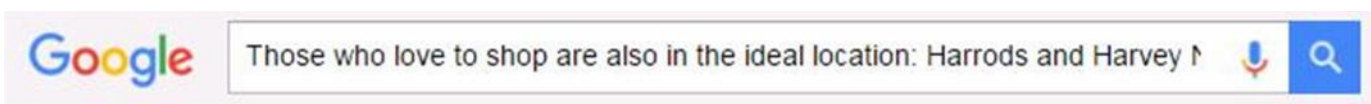
These systems remove personal details, web addresses and more. It is frustrating to attempt this and is against the site's terms. Move to Google search and try the following:

2. **DO: USE TEXT SEARCH.** Many sites use the same text. Copy out some of the unique text (example below) and paste into Google search. Here is a random example taken from London on VRBO. Most of these sites will remove the name of the actual property, but if you can find this name in the text then use this as well.

COPY:

Those who love to shop are also in the ideal location: Harrods and Harvey Nichols are only three minutes away by direct Underground metro line. You will find wonderful antique shops and boutiques.

PASTE



RESULTS

Stunning one bedroom London vacation rental from Ivy ...

<https://www.ivylettings.com/properties-to-let/ec4/> ▼

Those who love to shop are also in the ideal location: Harrods and Harvey Nichols are only three stops away by direct Underground metro line. You will find wonderful antique shops and boutiques. Beatrice from the Ivy Letting's team ...

Earls Court Square, Pro-Managed - Flats for Rent in London

www.airbnb.co.uk › United Kingdom › London ▼

Nestled on a quiet square just off the bustling Earls Court Road, welcome to one of Ivy's most ... Those who love to shop are also in the ideal location: Harrods and Harvey Nichols are only three stops away by direct Underground metro line. You will find wonderful antique shops (including the brilliantly named 'Butchoff', ...

from £190 /night - Find Holiday Homes

www.holidaylettings.co.uk › ... › Central London/Zone 1 › Earls Court ▼

3 Bedroom Apartment in Central London/Zone 1 to rent from £1330 pw. ... Those who love to shop are also in the ideal location: Harrods and Harvey Nichols are only three stops away by direct Underground metro line. You will find wonderful antique shops (including the brilliantly named 'Butchoff', which is at the top of ...

Earls Court Gardens 2, Pro-Managed - Flats for Rent in ...

www.airbnb.co.uk › United Kingdom › London ▼

★★★★★ Rating: 4 - 4 reviews

An impeccably kept three-bedroom home with high ceilings and plenty of natural light, your ... Those who love to shop are also in the ideal location: Harrods and Harvey Nichols are only three stops away by direct Underground metro line. You will find wonderful antique shops (including the brilliantly named 'Butchoff', which ...

Earls Court Gardens 4 (IVY LETTINGS), Fully... - VRBO

www.vrbo.com › Europe › England › London › Kensington & Chelsea ▼

16 Dec 2015 - Those who love to shop are also in the ideal location: Harrods and Harvey Nichols are only three stops away by direct Underground metro line. You will find wonderful antique shops and boutiques. Beatrice from the Ivy Letting's team particularly recommends the brilliantly named 'Butchoff', which is at the ...

The results when Google is searched show the manager's website first and all the others behind it who wish to take some of your hard earned money! This one shows "ivylettings", who are in London, not the USA. Worth a call or email!

3. DO: USE IMAGE SEARCH

Google also as an incredible image search option. As you would expect most properties only use one set of images as photography is expensive.

This means the same photos are shown on different sites, generally in a different order. Google uses two types of image search however, the actual graphic and associated text, so results vary.


Here is an example.

<https://www.vrbo.com/24191#>



On this particular property the image is fairly unique. It is not furniture in a room or a generic library shot, it is a photo of a great picture in the hallway. Not many photos are going to be like this and the colour contrast and distinct image helps.

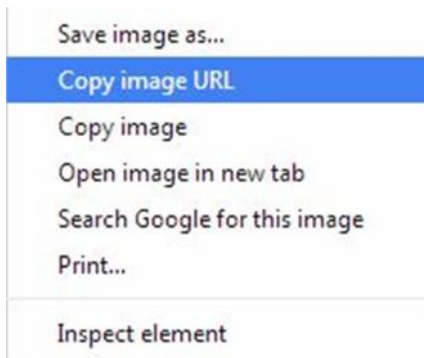
We then took some prices on specific dates to see what the “Guest Service Fee” would be.

Rental Amount (7 nights)	€3,444.00
Tax	Included
Service Fee 	€167.72
Total	Hide details €3,611.72
PAYMENT SCHEDULE	
Due Now	€1,889.72
Due Apr 10	€1,722.00
Estimated total in USD	\$4,018.20*
You will be paying in the property's currency EUR (€).	
*Exchange rate may vary.	

On this sample it was just over EU167, no small number. The prices are shown below.

SAVING YOURSELF GUEST FEES

Now search on the selected image and make a search. Right click using your mouse or tablet equivalent and copy image URL.



Go to Google images:

<https://images.google.com/>

then click on the small black camera icon:



And add this image URL: <https://imagesus-ssl.homeaway.com/mda01/a6f52710-965b-44ae-b7c4-2d7281594159.1.10> and see what results you get.

Any business that has an email address and phone number, says they manage it, is well worth a call. In this case it's obviously a website of the local manager who has a international custom.

With this particular property the manager is “Parisperfect” a site crying out for a phone call and to speak with the team who took the photos, who will ensure your stay is well organised and everything you need is to hand.

We called them and they knew the property inside and out and were happy to answer all our questions and also recommend alternatives that suited our needs better.

You aren't going to call VRBO are you and ask where the best local coffee shop is, you can bet these people know!

Plus their rates are free of Guest Service Fees! You just saved EU167, enough money for a great night or a couple of cheap return flights across Europe and more.

Jul 04, 2016	to	Jul 15, 2016	€492	High Season
Jul 16, 2016	to	Sep 02, 2016	€392	Mid Season
Sep 03, 2016	to	Sep 26, 2016	€492	High Season

Unless you are earning EU100 every 10 minutes, or EU600 per hours this seems a pretty good return.

WHY IS THIS IMPORTANT?

1. Firstly it saves you a lot of money. This is the easiest explanation. On average we calculate this works out at a salary of \$600 per hour for doing the extra research! Not bad!
2. Would you recruit a nanny to look after your children, pay the recruitment site thousands and hope for the best? The least you could do is speak to her before moving ahead in your child's future AND save money!
3. Imagine you owned a home and you rented it out. Very few owners actually make any money. Rentals allow them to manage the upkeep, for them to enjoy occasionally and for guest to enjoy more often! They are not hotels who make more money from the bar bill's, restaurant, room service, meeting room hire

and more. Hotels only sell a fraction of their product each time and due to this and incremental non-room income, can naturally adopt more pricing pressures.

Any increased costs to owners do however mean less investment on repairs and renewals and care overall.

If booked on an OTA the guest is anonymous and booked by a third party who takes a sizeable fee, they are also less inclined to leave you the bottle of wine or heat the pool free of charge as they will be left out of pocket.

This is “double dipping”, they bill you and they bill the owner or representative manager, who may pass the fee on the owner.

If you are one of the many who has booked a hotel the same way and wondered why you were next to the lift or miles from reception will be familiar with this treatment.

OUR ADVICE: BE SMART AND USE OUR 3 POINT PLAN!

1. RESEARCH ON THE OTA'S AND RESEARCH SMALLER SITES. IF YOU FIND THE LARGE BUSINESSES INTERFERE WITH YOUR SEARCHING ONLINE AND ARE EVERYWHERE YOU LOOK, THEN USE OUR [**CHROME BROWSER PLUGIN TO HIDE THE OTA's ON SEARCH WHICH IS LINKED HERE.**](#)
2. IF YOU FIND A FEW PROPERTIES YOU LIKE AND CAN ENQUIRE DIRECT ON A LISTING SITE(GETTING RARER) THEN DO SO. IF THEY INSIST YOU “BOOK NOW” OR “REQUEST TO BOOK”, THINK “SAVE MONEY” AND MOVE TO 3. BELOW.
3. USE THE SEARCH IDEAS ABOVE TO TRY AND LOCATE THE OWNER OR MANAGER DIRECT AND CALL THEM OR EMAIL DIRECT. ASK AS MANY QUESTIONS AS YOU LIKE BUT IF SECURITY AND PAYMENT IS AN ISSUE THEN ENSURE THEY CAN ACCEPT CREDIT CARDS.

THANK YOU:

*A big thankyou to Madelyn for allowing us to use her photograph. If you are planning to stay in [London](#), **or** [Paris](#) visit their websites and call. Great service!*

[Article first published on Rentivo](#)