Pricing

The Importance of Developing a Robust Pricing Strategy

The principle rationale for why people choose to list their homes on Airbnb cannot be forgotten when deciding how much to charge for your place. For most Airbnb hosts, this is to **make money**.

Having an effective pricing strategy that takes full advantage of the financial opportunities afforded by Airbnb is therefore critical to seeing Airbnb as a worthwhile investment of your time and energy.

With so many different ways you're able to price your place, many hosts often feel overwhelmed and unsure of where to even start. They often feel that they're missing opportunities to maximize their full earning potential.

Sadly, many of them are right.

When it comes to pricing on Airbnb, your goal is to find your pricing 'sweet spot' – the amount you're able to charge that ensures you're not missing any opportunities by **over-charging** or **under-quoting** at any point in time.

Pricing correctly on Airbnb can be a confusing and overwhelming activity. Yet for the very same reasons, getting your pricing right will position you head-and-shoulders above your competition.

Having an awareness of your competitors' prices and being familiar with your various pricing options represents the recipe for success for maximizing your Airbnb earning potential.

Smart Pricing and Price Tips

When you first setup your listing, Airbnb offered you the option of pricing your place by setting up Smart Pricing to dynamically adjust your price based on demand.

Airbnb introduced Smart Pricing to help hosts overcome their pricing 'blind spots'. Smart Pricing enables you to set your prices to automatically go up or down to match demand in your market, but only within a price range you set.

Airbnb have far greater visibility than individual hosts over all the factors that indicate current levels of supply and demand, as well as the relationship of these variables to listings such as yours.

In recommending optimal nightly prices to charge for your place, Smart Pricing uses a trove of data like…

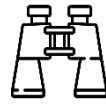|		
Supply and demand in your local area	Your amenities and listing's qualities	Calendar availability and previous bookings
Number of people viewing your listing	Number and quality of your reviews	How often you'd like to host
Time left to book	Room type	Searches for listings like yours

Smart Pricing and Price Tips

Airbnb take all these factors into consideration to determine a nightly price that strikes the optimal balance between maximizing your number of bookings with charging an appropriate amount for each of those bookings.

Nightly price

$ 150

Use price tip: $120

Why $120?

Driving prices down

- 14% fewer guests than the yearly average are searching
- 19% more homes than the yearly average are available
- 75% of guests who were likely to book have already booked

Other information

- Right now, there isn't enough reliable data to show the median booked price of homes

Maximum $250

One month out

One week out

Minimum $50
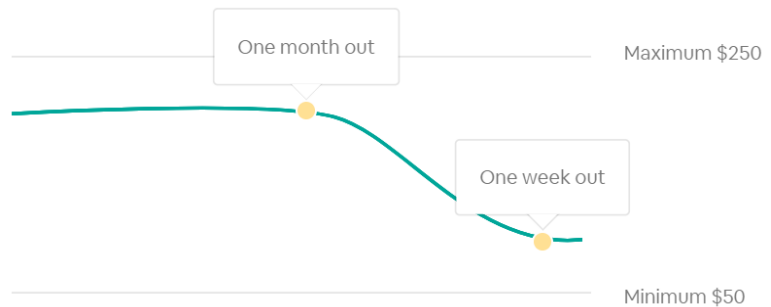
In some instances, Airbnb may recommend **charging less** than you may think you're able to charge. It will do so based on how often you've told Airbnb you want to host ("as often as possible" vs. "part-time") and then reducing your rates in a way that best achieves those goals. In other instances, it may recommend **charging more** for your *Hawaiian beach villa* during summer where demand is naturally going to be higher.

Either way, Smart Pricing is not without its critics. Is it your best option for maximizing your earning potential? Here's the case both for and against…

THE CASE FOR…

Airbnb's business model is premised on being brokers that facilitate short-term rentals and take a small cut from every reservation they facilitate.

The logic would be that the more reservations they facilitate, the more reservations they take a commission from. And similarly, the more you charge for each of those reservations, the greater the service fee Airbnb are able to take from each of those reservations too. Therefore, whether through maximizing bookings or your nightly rate – every time you make money as a host, so too will Airbnb.

Airbnb further claim that when a host selects a price that's within 5% of their price tip recommendations, those hosts are nearly 4x more likely to get booked, in comparison to hosts whose prices are more than 5% off from Airbnb's recommendations. They also claim that hosts that have followed their pricing recommendations have lifted their earnings by an average of 13%.

THE CASE AGAINST…

Guest Discounts vs. Host Profitability

Airbnb aim to keep two distinct user groups happy: (1) Hosts – keen to see Airbnb as a lucrative source of income, and (2) Guests – keen to see Airbnb as the go-to option for short-term rentals.

There is a difference in the service fees Airbnb take from hosts and guests. Airbnb charge a flat service fee of 3% from hosts for all reservations, irrespective of size or duration. In contrast, service fees for guests range between 0-20% of the reservation subtotal.

There is therefore more for Airbnb to gain by recommending lower prices that keep guests happy and booking more frequently on Airbnb.

This inevitably comes at the expense of hosts' abilities to charge more for their places, since it requires more reservations at lower prices (rather than less reservations at higher prices).

Many seasoned Airbnb hosts have observed that the prices they're able to command are frequently higher than the prices that Airbnb recommend they charge when using Smart Pricing.

Smart Pricing and Price Tips

Tips Lack Specificity to Your Listing

Airbnb provide only generalized pricing recommendations for listings that are *like yours* as opposed to *your* specific listing.

Your two bedroom, one bathroom apartment in New York may be much nicer than other two bedroom, one bathroom apartments of inferior quality also in New York. If that's the case, you deserve to command higher prices for your place in lieu of this fact. The opposite is also true too should your place be of inferior quality to other two bedroom, one bathroom apartments.

Airbnb's Smart Pricing is not nuanced enough to address this limitation. It pigeonholes your listing amongst other listings using only a limited set of categorizing attributes.

Lacks Seasonal Variability

A few minutes of experimentation with Smart Pricing will reveal that Airbnb's price tips lack variability from date-to-date. As an example, the price it recommends for a Tuesday in winter may be the exact same amount it recommends for a Saturday in summer.

Failing to provide pricing recommendations that change meaningfully at different times of the year can represent significant missed opportunities – especially for places that have wide variance in seasonal supply and demand.

Without true differentiation in prices across different dates and seasons, there's good reason to remain skeptical about the extent to which the tool is truly optimizing your earning potential based on other dynamic factors that stand to benefit you too.

Smart Pricing and Price Tips

ACTIVATING SMART PRICING

If you wish to **activate Smart Pricing** and didn't already do so when creating your Airbnb listing, you are still able to do so at any time after your listing has been published.

To activate Smart Pricing: Login to Airbnb > In Hosting mode, select Listings from the top menu > Click on your listing > Click on Pricing from your listing's menu > Click the Edit button for the Nightly price section > Turn Smart Pricing to "On" > Enter your Minimum price and Maximum price > Click the Save button

Nightly price

Smart Pricing
Automatically adjust your price based on demand. Your price stays within the range you set, and you can change it at any time.

What is Smart Pricing?

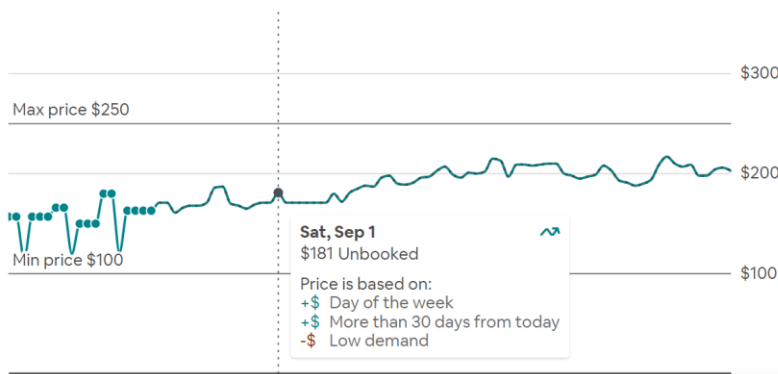| Minimum price	Maximum price
$ 100	$ 250
Tip: $125	Tip: $537

— Nightly price ● Booked night ••• Smart Pricing preview

$300

Max price $250

$200

Min price $100

Sat, Sep 1
$181 Unbooked

Price is based on:
+$ Day of the week
+$ More than 30 days from today
-$ Low demand

$100

Save **Cancel**

Smart Pricing and Price Tips

Airbnb also offer **Price Tips** for individual days, regardless of whether you've enabled Smart Pricing or not. These are determined using the same methods used by Smart Pricing.

To view your price tips: Login to Airbnb > In Hosting mode, select Calendar from the top menu > Click on any individual upcoming date and note Airbnb's price tip underneath the Nightly price input box

Selected dates

Sat, 22nd Se → Sat, 22nd Se

Availability

Available ⦿

Blocked ◯

Nightly price

$ 150

Use price tip: $154

Why $154?

Driving prices up ⬆

- 17% of guests who were likely to book have already booked

Driving prices down ⬇

- 7% fewer guests than the yearly average are searching
- 7% more homes than the yearly average are available

In the example to the right, Airbnb recommend charging $154 for Saturday 22nd September. It also gives an explanation for how it arrived at that price tip.

Clicking on the tip will automatically copy and paste the price tip amount into the input box for you. If you want to update your nightly price using Airbnb's price tip, don't forget to save changes.

In addition to offering nightly price tips for individual days on your calendar, Airbnb will also offer price tips for your **base price** as well as **minimum** and **maximum** nightly prices. They will also offer a tip in %-terms for length-of-stay discounts (i.e. weekly and monthly discounts).

Dynamic Pricing Tools: A More Reliable Alternative

As an Airbnb host, your priority is to maximize your earning potential (vs. providing cheap rental accommodation options for guests). Any price tip recommendations you receive needs to be as specific to your individual property, your local area and your local competition.

Recognizing this and the inherent limitations of Airbnb's Smart Pricing tools, dynamic pricing companies have emerged to provide exactly this service.

These companies dynamically research and monitor…

Supply and demand	Events in local area	Seasonality factors	Day of the week	Time till booking

They combine all this data to determine optimal dynamic price recommendations that are continually updated as new data continues to come in. They then provide you with a price recommendation that optimizes your earning potential in a way that you'd never be able to do yourself.

Many of these services integrate directly with your Airbnb account, meaning you don't even need to manually update your pricing – they do it for you automatically. These companies then charge a percentage of your Airbnb earnings (approximately 1% of your booking revenue).

In short, dynamic pricing services eliminate the need to figure out how much to charge to achieve optimal prices and occupancy for your place at different times of the week, month and year.

If you decide not to use Airbnb's Smart Pricing tool or any of the dynamic pricing alternatives, then you'll need to determine how much to charge for your place independently.

Even if you decide to use any of these pricing alternatives, going through the process of determining how much to charge for your place is still a worthwhile exercise to undertake. You will familiarize yourself with your local competition as well as 'sanity-check' that any price tips provided to you are more or less aligned with what you know the opportunity to be.

Pricing your place on Airbnb is a 5-stage process:

1	2	3	4	5
Researching your local competition	Moving away from one-size-fits-all pricing	Increasing prices for times of high demand	Offering long-term discounts	Adding extra fees

STEP 1: RESEARCHING YOUR LOCAL COMPETITION

Truly successful Airbnb hosts possess a thorough understanding of their local competition and the prices they're able to command on Airbnb. These hosts are aware of supply and demand in their local area at different times of the year. They then take advantage of this knowledge to maximize their earning potential.

The default nightly price tip provided to you by Airbnb upon listing your place was calculated using a limited number of factors. Factors considered include things like your location, the number of bedrooms and bathrooms, the type of property you have, what amenities you're offering guests within your space and the number of guests it accommodates.

Whilst criteria like these may seem like they cover a broad range of variables able to pigeonhole you with other comparable listings, this is unfortunately only partially true.

Think about what all the 3 bedroom, 2 bathroom apartments look like in your city: You'll have luxury apartments, run-down apartments, flashy new apartments in run-down areas, and shabby old apartments in glamorous neighborhoods. There are natural limits on Airbnb's ability to find listings that are *truly* comparable to yours, without knowing more about your place. No two listings are exactly the same despite commonalities that may exist between them.

Your goal in researching the local competition is to better understand comparable listings in your local area to determine the optimal amount you're able to charge for your place.

Very shortly you'll be able to answer the question: What is my place worth at different times of the year? Getting this even slightly wrong can represent the do-or-die difference between success and failure on Airbnb – especially for new hosts.

To begin, draw a simple monthly table like the one on the following page (or visit padlifter.com/pricing-table to download it).

MONTH	AVAILABLE LISTINGS	AVERAGE NIGHTLY COST	NEW AVERAGE NIGHTLY COST	
			NEW COST	WITH 30% REDUCTION
JAN				
FEB				
MAR				
APR				
MAY				
JUN				
JUL				
AUG				
SEP				
OCT				
NOV				
DEC				
AVERAGE:				

The next thing you'll want to do is step into the shoes of a guest that's looking to find a place on Airbnb just like yours.
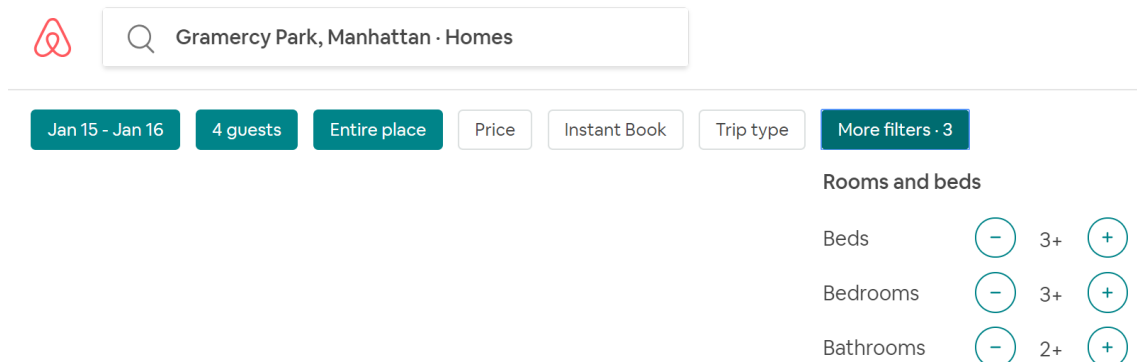
To do so, hop onto Airbnb and do a search as if you were a guest trying to find a place in your neighborhood. Be as specific as possible when entering the location (for example, enter "Gramercy Park, New York" instead of just "New York").

For the dates, select check-in as the 15th January and check-out the 16th January (i.e. the middle of the month).

Once Airbnb display your search results, work through the different search filters presented to you (above the listing thumbnails and below the search bar at the top).

Select all the filters that are applicable to your listing. For example, if you're going to Airbnb your entire three bedroom, two bathroom apartment, then select "Entire Home" for Room Type and "3+ Bedrooms" and "2+ Bathrooms" for Rooms and beds:

Also select any amenities, facilities or other relevant filters that help categorize your listing with other like-for-like listings.

From the results that Airbnb now present you with, there are two critical pieces of information you'll be interested in:

Average nightly price

Number of available listings

Average Nightly Price

Clicking on the **Price** filter will reveal the average nightly price. In the example below, this is $508.

However we can also see that this figure includes 'outlier' listings on the expensive (right) end of the displayed price range graph. These expensive outlier listings are significantly more expensive than all the other listings to their left.

We'll want to exclude outlier listings, both expensive and cheap, since they disproportionately skew the average nightly price of the neighborhood.

To do so, move the minimum price circle (on the left) to the lower end of the price range graph to exclude the cheaper outliers, and move the maximum price circle (on the right) to the upper end of the price range graph to exclude the expensive outliers:

Price range with 'outliers'   Price range without 'outliers'

$10 - $1000+ $227 - $899

The average total price is $508   The average total price is $508

The average nightly cost is calculated as:

(New minimum price + New maximum price) ÷ 2

In the example above, the new minimum price is $227 and the new maximum price is $899. Therefore, the new average nightly cost is calculated as:

($227 + $899) ÷ 2 = **$563**

Number of Available Listings

At the very bottom of the search results page Airbnb will tell you how many listings match your search with the filters that you specified.

In our example, Airbnb tell us that the number of available listings is **109** rentals.

What do we learn from these two pieces of information? That in your local neighborhood, in the middle of January, there are **109** comparable listings to yours, and the average nightly cost for those listings is **$563**.

You can now populate the first two columns in the first row (i.e. for January) of your research table with those figures (ignore the last two columns for now):

MONTH	AVAILABLE LISTINGS	AVERAGE NIGHTLY COST	NEW AVERAGE NIGHTLY COST	
			NEW COST	WITH 30% REDUCTION
JAN	109	$563		

You'll need to do this 12 times – once for each month of the year. This way, you make sure that the prices you determine account for variation across different months. This can have a big impact for locations that have wide seasonable travel fluctuations throughout the year.

To do this, simply update the dates of your search on Airbnb to the 15th of each month, and repeat for the months of February to December, repeating exactly what you have just done for January.
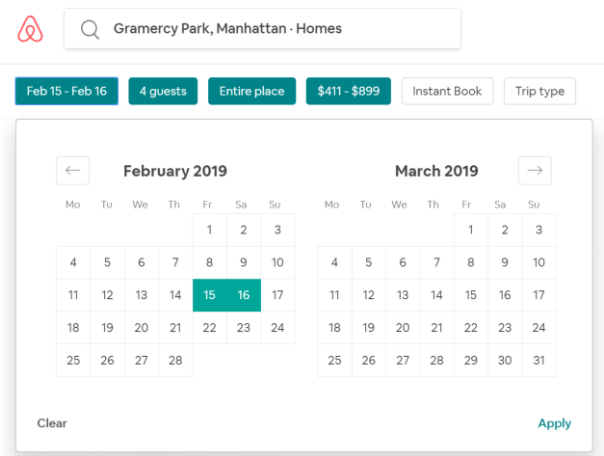
Once you've repeated this 11 more times, you should have a table with the first 2 columns complete. It should look something like this:

MONTH	AVAILABLE LISTINGS	AVERAGE NIGHTLY COST	NEW AVERAGE NIGHTLY COST	
			NEW COST	WITH 30% REDUCTION
JAN	109	$563		
FEB	92	$580		
MAR	79	$557		
APR	88	$547		
MAY	84	$560		
JUN	73	$585		
JUL	76	$575		
AUG	62	$533		
SEP	59	$552		
OCT	60	$548		
NOV	56	$528		
DEC	61	$548		

It's now time to work out the **average** (bottom row). To do so, add the figures for each month and then divide by 12:

MONTH	AVAILABLE LISTINGS	AVERAGE NIGHTLY COST	NEW AVERAGE NIGHTLY COST	
			NEW COST	WITH 30% REDUCTION
AVERAGE:	75	$556		

Your next goal is to move away from just *understanding* your competition to determining *your* optimal nightly price for each month of the year.

To do this, you'll need to make pricing adjustments that reflect supply and demand of available listings at different times of the year. More available listings means more guest options, and you should therefore charge less (since supply is greater than demand). Fewer available listings means there are less guest options, and you can therefore charge more (since demand is greater than supply).

The following is a good framework for making these manual adjustments:

Average Available Listings Number

Lowest Available Listings Number

Highest Available Listings Number

| Add **20%** to price | Add **10%** to price | Deduct **10%** to price | Deduct **20%** to price |

Using our example, the adjustments are going to look like this:

MONTH	AVAILABLE LISTINGS
JAN	109
FEB	92
MAR	79
APR	88
MAY	84
JUN	73
JUL	76
AUG	62
SEP	59
OCT	60
NOV	56
DEC	61

56 70 83 96 109
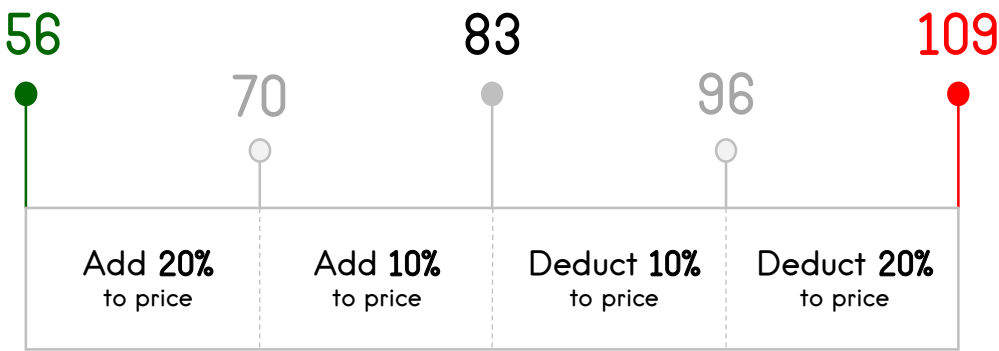
| Add **20%** to price | Add **10%** to price | Deduct **10%** to price | Deduct **20%** to price |

With this, you're now able to populate the **New Cost** column of your table. Using, our example, it'll look like this:
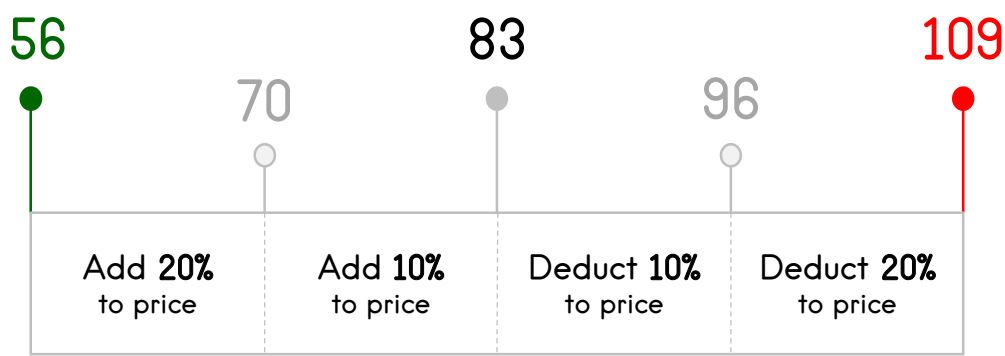
56	70	83	96	109
Add **20%** to price	Add **10%** to price	Deduct **10%** to price	Deduct **20%** to price	

MONTH	AVAILABLE LISTINGS	AVERAGE NIGHTLY COST	NEW AVERAGE NIGHTLY COST	
			NEW COST	WITH 30% REDUCTION
JAN	109	$563	$563 – 20% = **$450**	
FEB	92	$580	$580 – 10% = **$522**	
MAR	79	$557	$557 + 10% = **$613**	
APR	88	$547	$547 – 10% = **$492**	
MAY	84	$560	$560 – 10% = **$504**	
JUN	73	$585	$585 + 10% = **$644**	
JUL	76	$575	$575 + 10% = **$633**	
AUG	62	$533	$533 + 20% = **$640**	
SEP	59	$552	$552 + 20% = **$662**	
OCT	60	$548	$548 + 20% = **$658**	
NOV	56	$528	$528 + 20% = **$634**	
DEC	61	$548	$548 + 20% = **$658**	
AVERAGE:	75	$556	$593	

STEP 2: MOVING AWAY FROM ONE-SIZE-FITS-ALL PRICING

Having a single, year-round price for your place almost always represents a missed opportunity. You will inevitably be over-charging or underpricing at any given point in time.

With this step, you'll be using the information you just discovered through researching your local competition to make monthly adjustments to the default nightly price you currently charge year-round for your place.

If you're a new host, before updating your monthly prices, you'll also want to consider making **strategic discounts** to the figures you've just arrived at. This is because guests are more comfortable to book with hosts that have a proven track record on Airbnb. As a new host, you have limited options for getting around this. Offering **lower prices** to attract guests is one of the few tactics new hosts are able to use to go head-to-head with more established existing listings.

New hosts are advised to reduce their prices until a time that they've built up enough of a track-record on Airbnb to return to prices that don't need to be strategically discounted. New hosts should discount their prices anywhere between 20-40% until they have at least 5-10 positive guest reviews.

These discounts are a small price to pay to speed-up your success on Airbnb. The additional profits you'll subsequently make will cover (many times over) whatever short-term losses you incurred to get you there.

A Step-by-Step Guide to Pricing Your Place

Assuming we applied a 30% discount to the previous example, our new temporarily-reduced figures will look like this:

MONTH	AVAILABLE LISTINGS	AVERAGE NIGHTLY COST	NEW AVERAGE NIGHTLY COST	
			NEW COST	WITH 30% REDUCTION
JAN	109	$563	$450	$450 – 30% = **$315**
FEB	92	$580	$522	$522 – 30% = **$365**
MAR	79	$557	$613	$613 – 30% = **$429**
APR	88	$547	$492	$492 – 30% = **$344**
MAY	84	$560	$504	$504 – 30% = **$353**
JUN	73	$585	$644	$644 – 30% = **$451**
JUL	76	$575	$633	$633 – 30% = **$443**
AUG	62	$533	$640	$640 – 30% = **$448**
SEP	59	$552	$662	$662 – 30% = **$463**
OCT	60	$548	$658	$658 – 30% = **$461**
NOV	56	$528	$634	$634 – 30% = **$444**
DEC	61	$548	$658	$658 – 30% = **$461**
AVERAGE:	75	$556	$593	$415

If you're not using Smart Pricing, you'll want to update the pricing on your calendar to reflect these new average nightly cost figures (that include the temporary 30% reductions if you're a new host) for each month of the year.

To update your prices: Login to Airbnb > In **Hosting** mode, select **Calendar** from the top menu > Highlight all of the dates for the month (e.g. 1st – 31st January) > Enter your updated nightly rate (e.g. $315 for January) in the **Nightly price** input box > Click **Save**

Selected dates

| Tue, 1st Jan | → | Thu, 31st Jan |

Availability

Available ⦿

Blocked ◯

Nightly price

$ 315

Repeat this 11 times – once for each remaining month of the year. You have now successfully shifted from a one-size-fits-all pricing strategy to one that optimizes your month-by-month earning potential.

STEP 3: INCREASING PRICES FOR TIMES OF HIGH DEMAND

We've just seen how it's possible to develop a more granular pricing strategy that reflects your ability to command different prices for different months of the year. You're able to take this one step further.

There may be specific days or weeks where your city or local area is more popular than at other times throughout the year. Examples include major sporting events, conferences and conventions.

Airbnb offer the ability to set **custom pricing** for any special dates. During these times, you'll be able to charge more for your place than other times of the year. To do this, you'll need to have researched key events that are happening in your city or local area to identify *what* they are and *when* they're happening.

These events will be like honey to the bees for drawing in more tourists and travelers. And when they arrive in your city, these travelers are all going to need somewhere to stay – meaning that demand will be pushed up whilst supply (hotels, other Airbnb homes, etc.) remain fixed. In short, you'll be able to *charge more* for your place.

How do you go about identifying the times when this will be possible? A basic Google search should do the trick. Search for something like…

key events in [your city] [*current year*]

or

annual events in [your city]

Below is an example for New York City:

Date	Event
11 – 18 February	New York Fashion Week
17 – 28 April	Tribeca Film Festival
21 – 26 June	Gay Pride Week
9 June	Museum Mile Festival
8 – 24 August	New York Int'l Fringe Festival
25 August – 8 September	U.S. Open
11 – 21 September	Feast of San Gennaro
6 – 9 October	New York Comic-Con
6 November	TCS New York City Marathon
27 November	Macy's Thanksgiving Day Parade

You could theoretically search for events forever, listing out every single event, both big and small, for an area as localized as your immediate neighborhood through to national holidays celebrated country-wide.

A Step-by-Step Guide to Pricing Your Place

To maintain relevance, try keeping this list useful but practical by compiling a list for the **top 10-15 key events** that you believe are most likely to impact supply of short-term accommodation options for areas in and around where you live.

It's important to remember that custom prices will override your normal nightly, weekly, and monthly prices.

If you're unsure how much more you should (or could) be charging for times of special events, a little trick is to check out how much more hotels are charging. You won't necessarily copy their exact prices, but you may wish to replicate similar price increases on the amounts you already regularly charge.

When it comes to custom pricing for local events like a conference or festival, it's important to become aware of these sooner rather than later to stay one step ahead of the game. Guests looking to attend these events will often lock in their accommodation well before the actual event or its immediate run-up. If you increase your prices *after* they've already booked, you've missed the opportunity to charge more for your place.

You should aim to lock-in custom price increases for key events 6-12 months before the event actually takes place. This is why conducting event research as early as possible is so important.

Using the example from the previous table, the New York Fashion Week is happening from 11-18 February. If you lived in New York, you may wish to increase your prices for those dates knowing that there will be a greater demand for Airbnb listings in New York that week.

Before increasing your prices for a specific event, it's important to make sure that the sort of guests likely to attend the event are guests that would actually be interested in your place. For example, if you're offering a shared room in a non-glamorous neighborhood on the outskirts of the city; a custom price increase for the New York Fashion Week probably isn't for you.

To customize your pricing for a specific (set of) night(s): Login to Airbnb > In **Hosting** mode, select **Calendar** from the top menu > Select any upcoming day or set of days > Enter your increased nightly rate in the **Nightly price** input box > Click **Save**

Selected dates

Mon, 11th Fel → Mon, 18th Fe

Availability

Available ⦿

Blocked ○

Nightly price

$ 200

STEP 4: OFFERING LONG-TERM DISCOUNTS

Airbnb provide hosts with the ability to offer long-term discounts that encourage guests to book longer reservations by offering a weekly or monthly discount.

Offering weekly or monthly discounts may be a great incentive for guests requiring a long-term accommodation option. Guests will see the discount in their price breakdown.

It may seem counter-intuitive but sometimes charging less for your place on Airbnb can net you more profits than charging more. You may lose a few dollars for each night of the booking, but potentially gain a longer-term and more lucrative guest. This is especially so when the guest is open to the idea of an extended stay.

$3,651 total
★★★★★ 124

Dates

01-01-2020 → 10-01-2020

Guests

4 guests

$400 x 9 nights	$3,600
10% weekly price discount ⑦	-$360
Cleaning fee ⑦	$150
Service fee ⑦	$261
Total	$3,651

Book

Consider the following example scenarios – one where a weekly discount is offered, and one where no weekly discount is offered:

	Discount Offered	No Discount Offered
Nightly rental price	$100	
Weekly discount	10%	None
Number of 1 night stays	1	
Number of 2 night stays	2	
Number of Weekly stays	3	2
Monthly income	($100 x 1) + ($200 x 2) + ($700 x 3 – 10%) = $2,390	($100 x 1) + ($200 x 2) + ($700 x 2) = $1,900

In this example, when a host offered a 10% weekly discount, they were able to attract **one additional weekly stay**. This ended up scoring the host an additional $490 in monthly revenue.

Guests are enticed by discounts, and are more likely to book places that offer them reduced rates. Some benefits of offering discounts include:

Appearing cheaper than alternatives	Promoting longer stays	Optimizing occupancy rates	Lowering individual stay overheads

When used correctly, long-term discounting has the effect of making you a more profitable host on Airbnb.

Weekly discounts will apply to the entirety of any reservation for 7-27 nights. Monthly discounts will apply to the entirety of any reservation for 28 nights or longer. These discounts will apply even if you've set custom price(s) for a specific week or month.

For any additional nights beyond a week or a month, the discount will still apply to the additional nights beyond the single week or month. For example, if you set a nightly price of $100 and offered a 10% weekly discount, then a 9 night reservation would be calculated as 9 x ($100 - 10%). It would not be 7 x ($100 - 10%) + 2 x $100.

An added benefit of setting a monthly discount is appearing in long-term searches (of 28 nights or more). This is only possible for hosts that have offered a monthly discount.

Airbnb offer a weekly and monthly discount price tip. You are encouraged to do a search for comparable listings in your local area and look at the weekly and monthly discounts offered by these other listings (try find 'established' listings with 15+ reviews).

To set weekly or monthly discounts: Login to Airbnb > In Hosting mode, select Listings from the top menu > Click on your listing > Click on Pricing from your listing's menu > Click the Edit button for the Length-of-stay discounts section > Enter your weekly and/or monthly discounts into the Weekly discount and Monthly discount input boxes > Click Save

Length-of-stay discounts

Encourage longer stays with discounted weekly and monthly prices.

Weekly discount
Average weekly price with 10% discount: **$1,070**

| 10 % |

Tip: 25%

Increase your discount to raise the chance of getting booked by weekly travelers searching in Bellevue Hill.

Monthly discount
Average monthly price with 15% discount: **$4,389**

| 15 % |

Tip: 49%

Set a higher discount to increase the likelihood you get booked by travellers searching for monthly stays in Bellevue Hill.

You can also set a custom price for a specific week or month.

Over time and with trial-and-error, you can experiment to see the impact higher and lower long-term discounts have on your bookings. When starting off, opt for larger discounts if in doubt.

STEP 5: ADDING EXTRA FEES
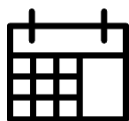
Weekend Pricing

Airbnb allow hosts to add an extra fee for weekends since more travelers travel on these days. This means there's more demand, less supply, and therefore justification for why you're able to charge more for these days.

Weekend pricing should be reserved for listings that receive an increase in travel on weekends. If your place receives travelers consistently across the entire week, then higher prices that come with implementing weekend pricing may actually serve as a disincentive for guests considering your place when cheaper alternatives exist.

When enabled, weekend pricing replaces your default nightly price for every Friday and Saturday. It is a **dollar amount** (not %) that is specified for weekend pricing.

There is no prescribed figure you should use when it comes to increasing your prices for the weekend, however a 10–15% increase on your regular weekday rate is seen as a common and acceptable amount.

For a more accurate idea, conduct a search on Airbnb for listings in your area to see if, and how much more, other listings charge for weekends. Similarly, you can also search online for local hotels to see if they increase their prices for weekends – another good indication that it's safe for you to do so too.

To add a weekend price to your listing: Login to Airbnb > In Hosting mode, select Listings from the top menu > Click on your listing > Click on Pricing from your listing's menu > Click the Edit button for the Extra charges section > Enter your weekend price into the Weekend pricing input boxes > Click Save

Extra Guests

Airbnb hosts have the ability to charge a fee to each night of a reservation for "extra" guests.

You specify the amount for each additional guest, as well as define the number of guests required before the extra guest fee kicks in.

Extra guests
After more than: 4 guests, charge $25 per person, per night.

$ 25

For each guest after

4

PRICING

The additional guest fee will then apply for each additional guest for each night of the booking.

The **benefit** of using the extra guest fee is that you're able to offer your place at a lower price and only charge more for bookings of a higher guest count. In this way, it has the potential to make your place appear cheaper to smaller parties looking for a place to stay.

The **downside** of using the extra guest fee is that it is difficult to enforce in the absence of you being there at check-in to confirm the number of guests actually arriving for a booking. Some guests also interpret the fee as being indicative of an overbearing host which may serve as a disincentive for booking your home in the first place.

It is therefore important to weigh up the pros and cons of using the extra guest fee for your place. This decision inevitably involves considering who your target guests are and what kind of space you offer on Airbnb.

In the U.S., extra guest fees typically range between $10 – $25 per night per guest.

To add an extra guest fee to your listing: Login to Airbnb > In **Hosting** mode, select **Listings** from the top menu > Click on your listing > Click on **Pricing** from your listing's menu > Click the **Edit** button for the **Extra charges** section > Enter your extra guest fee into the **Extra guests** input box and select the number of guests after which the extra guest fee is to apply > Click **Save**

When (and When Not) to Lower Your Prices

It may sound counter-intuitive, but having a fully booked-out calendar on Airbnb is not always a good thing.

Guests are more likely to place bookings closer to the current date. If your place is getting consistently booked out months in advance, it generally means that guests see your place as a bargain in comparison to other comparable alternatives they may also be looking at. It means that all things being equal, your place stood out because it was cheaper than the alternatives.

Whilst you've gained the security of a fully-booked calendar, under-charging can often represent an equal, if not bigger, missed opportunity than over-charging.

Take the following example:

	Fully-booked, Cheaper Pricing	Partially-booked, More expensive
Nightly rental price	$75	$125
Monthly occupancy	100%	75%
Number of vacant nights	0	7
Monthly Airbnb income	(30 x 100%) x $75 = $2,250	(30 x 75%) x $125 = $2,812.50

As a general strategy, start off by locking in your target prices (i.e. the prices you believe you should ideally be charging for your place).

You shouldn't need to consider reducing your prices until at least one month before the current date. As you get closer to the current date, gradually begin to reduce your prices every few days as the current date approaches.

When (and When Not) to Lower Your Prices

Save significant price reductions for last-minute holes in your calendar that will almost certainly remain unfilled because of other bookings that sandwich it.

As a rule of thumb, you can look to reduce your nightly rate by 10% each day in the final week leading up to a vacant block on your calendar. The proviso to this is knowing your 'red line' – the amount at which it becomes unprofitable and/or not worth your time or effort to get booked below that price.

Ensure also that any short-term bookings you do accept are not likely to compromise your ability to accept a longer, more lucrative booking.

All of this inevitably requires operating according to a framework of assumptions and educated guesses. Things won't always work out in your favor. Nonetheless, lowering your prices to fill holes in your calendar, and being strategic with the bookings you decide to accept will ultimately pay off in the long run.

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