

Optional add-on or travel essential? Activities purchases are no longer an afterthought

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Cross-selling travel products such as a transfer or car rental might be a secondary source of revenue for intermediaries, but their importance is increasingly becoming far from secondary.

Traditionally accommodation sales have played the protagonist role in the theatre of travel sales, with complementary sales playing a mere walk on part – quite literally ancillary to the main show.

But as the travel plot evolves in the digital age, so too do the roles played and cross-selling is taking a more central role – and one that is handsomely paid due to the high margins that products such as theme parks, tours and tickets can generate for intermediaries.

At Hotelbeds we have been following the lead of the airline industry, which in 2017 earned an estimated \$82 billion worldwide from the sale of ancillaries. Last year our conversion rate for accompanying a hotel sale with a complementary product was roughly 20-25%.

Nonetheless, the road ahead remains long as the full potential of this product offering has not yet been realized. One of the big challenges is the personalization of content to make ancillaries more localized (including translation into local languages!); plus more digital loyalty and marketing strategies are needed in order to reach customers during the whole travel cycle.

Recently some of these very topics were the starting point of a panel which I conducted as a representative of Beyond the Bed – what we at Hotelbeds call our ancillaries product line – at the World Travel Market trade fair in London.

The panel was focused on 'Distribution of ancillaries in the B2B environment: challenges and expectations', and I had the pleasure to count on the participation of Lydia Massoon, Global Strategic Business Developer of Prioticket; Olan O'Sullivan, CEO of Trekksoft; Abbas Dattoo, Interim Head of Commercial Strategy at Major Travel; and Beatriz Motta, Head of International Hotels at Hotel Urbano.

Together we explored the value proposition of B2B solutions, both from the point of view of the supplier (such as channel managers / tech platforms) and the B2B buyer (OTAs, tour operators and travel agents). Alongside discussing the opportunities, it also covered the difficulties and technological challenges, and looked ahead to possible future scenarios.

The half hour discussion led to four main conclusions:

1. **The activities market, in contrast to accommodation, is very fragmented:** in this context, B2B technology partners play a key role giving access to smaller players such as travel agents to a global inventory of local activities all over the world, that otherwise they would not have ever had access to.
2. **The distribution of such services in the B2B space represents a fast growing opportunity for the accommodation sector to boost benefits and client loyalty:** they represent a huge opportunity to widen revenues of accommodation providers and also to increase customer loyalty and improve guest experience. But there are still lots of challenges in terms of distribution and selling.
3. **Transforming execution is key:** when it comes to contracting, uploading product and reaching final consumer by content, technology will play the definitive role in this scenario.

The end user must be approached locally, with the product in their own language.

4. **Advanced technology is one of the main ingredients to success in the B2B arena:** whilst technology can create great content and give access to a huge range of great products, it has to do more than this to also manage operational challenges and after sales care too. End user clients are more reticent to use technology than they are with accommodation products - call centers receive more calls, asking questions about vouchers, conditions, and more. Technology reduces these manual interactions to a minimum.

Perhaps one of the best things about the travel industry is that the end destination in the travel journey is continuously changing. But for better or worse, it is now clear that technology will be our travel partner for the coming decades and nowhere is this more obvious than in the area of ancillary sales.

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