



# **What Can Airlines Really Sell? How? When and Where?**

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# What's In This Presentation

- How We Think About Selling
- Sizing The Opportunity
- Products And Their Relevance
- Recipes For Success

# Many Think That “Spirit Could Sell Ice To Eskimos”



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We Are Not That Good...

# If We Were Selling To Eskimos, We Would Sell These Things

- Parkas
- Ice Skates
- Long Johns
- Dog Sleds
- Sleeping Eye Masks

Because We Have Realized...

# There Is Always A Time And Place To Sell

- Parkas Sell Better In January
- Ice Skates Sell Better Near A Lake
- Sleeping Eye Masks Sell Best When It's Sunny 20 Hours A Day

When Choosing/Building A Product To Sell,  
Selecting The Right Channel Is Key To  
Success.

# To Maximize Product Offerings, You Must Break From The Mold

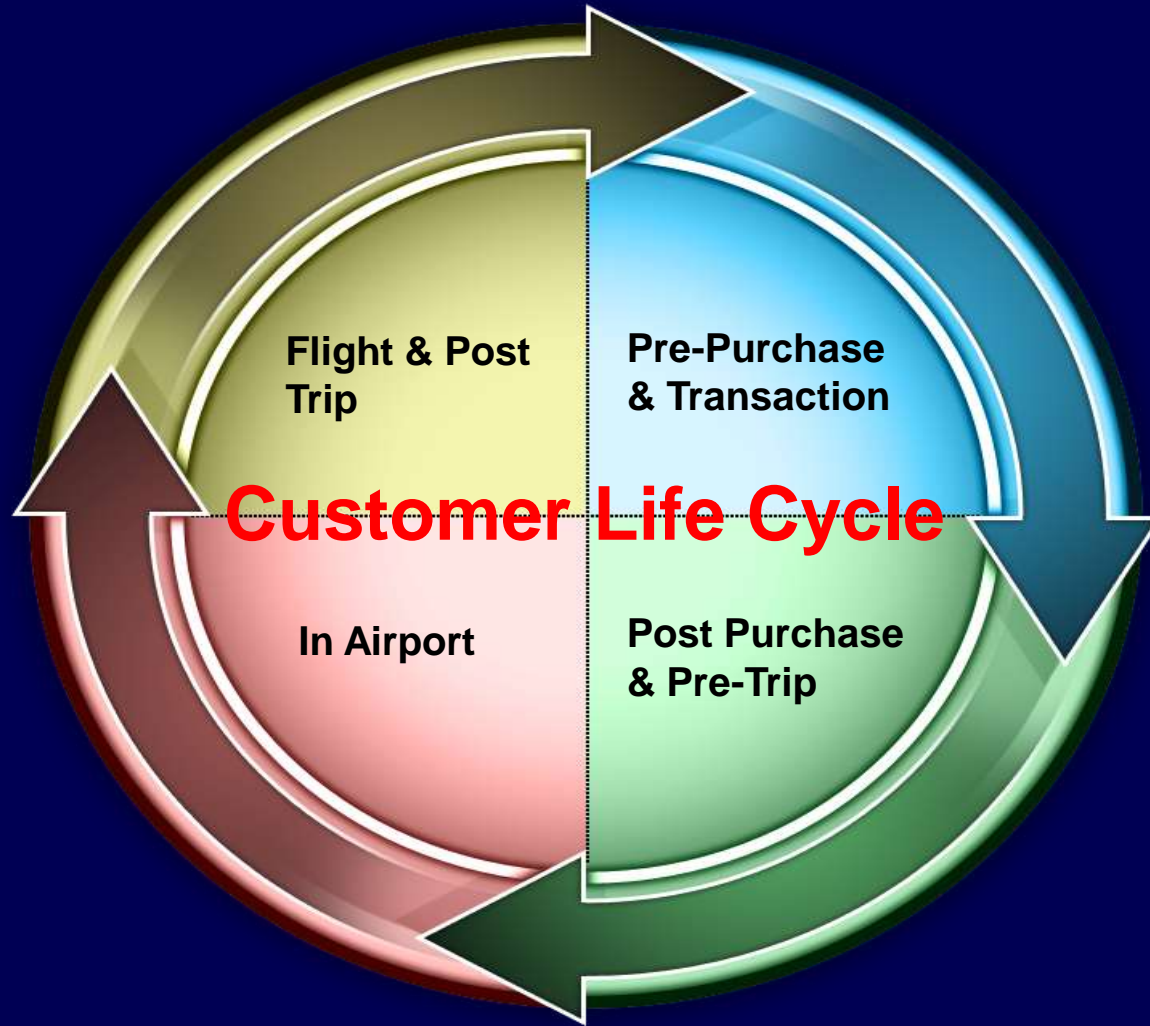
Traditionally, As Airlines Think About Non-Ticket, They Generally Tend To Focus On Only A Few Selling Channels.

- Online
- Reservations Center
- Airport
- Onboard

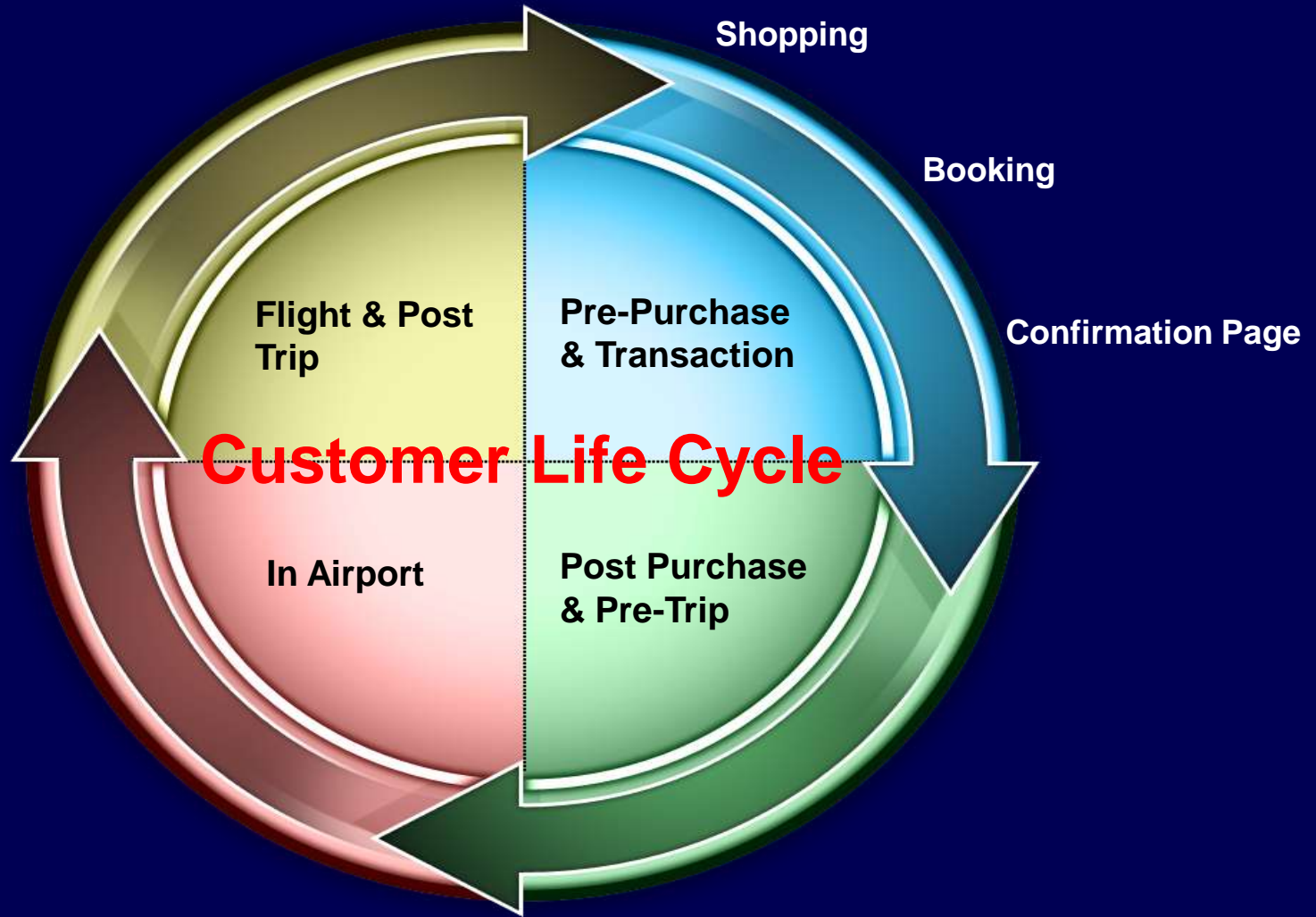
# We Enhanced These Traditional Channels, Invoking A More Opportunistic Pitch

- We Studied Amusement Parks, Cruise Lines, Infomercials And Various Other Retailers.
- Each Of These Industries Provided Insight Into Selling And Most Importantly, Selling Ancillary Goods Outside Of Their Core Product.
- We Gathered Best Practices From This Research And Applied Them To Our Business Model.
- We Discovered Our Channel Opportunities, Then Focused On Best Communication Mediums And Products.
- By Continuing To Think About The Customer Life Cycle, We Continue To Improve Our Strategy Based On The Premises Of Relevance And Timing.

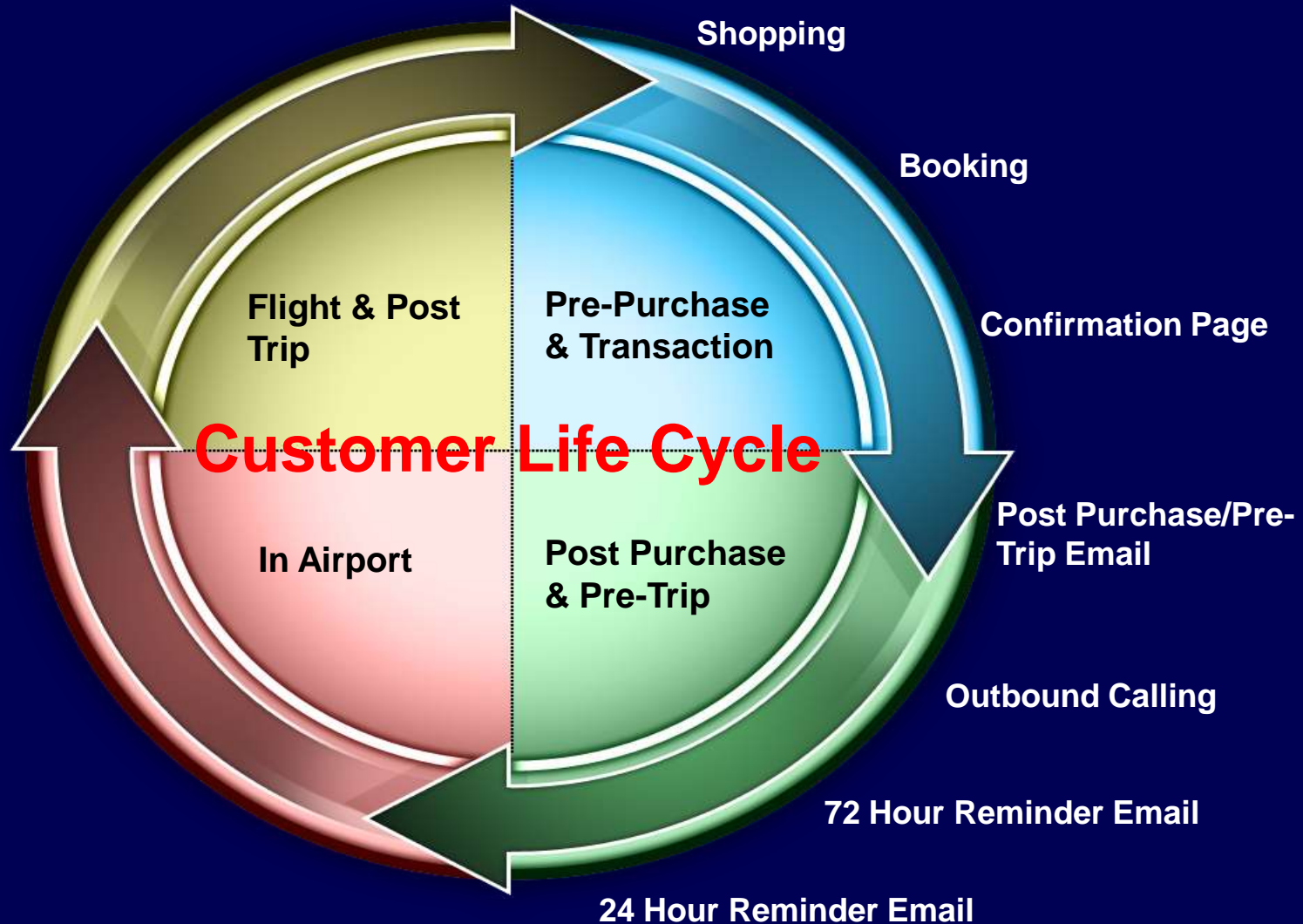
# At Spirit, We Are Always Selling



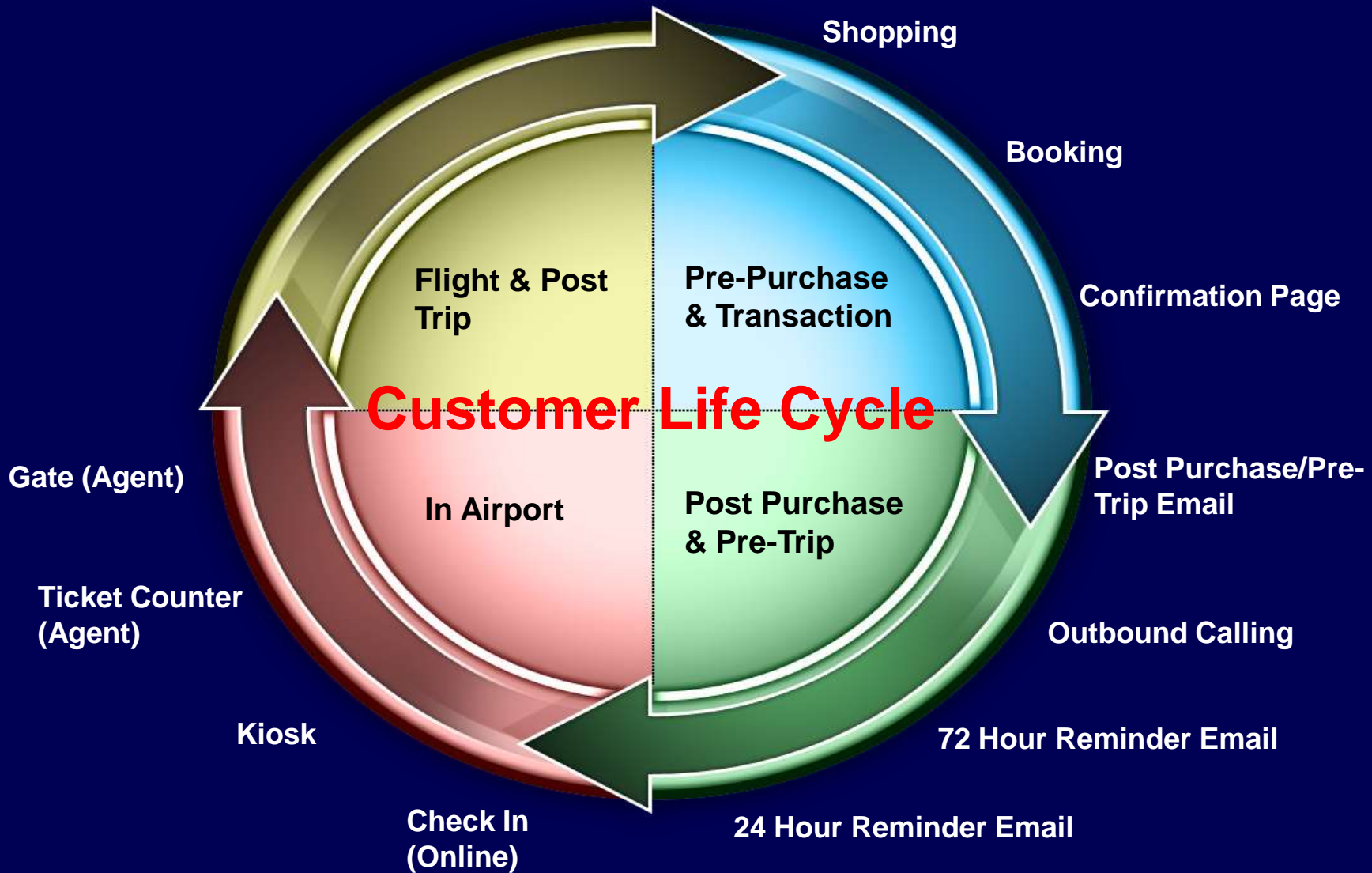
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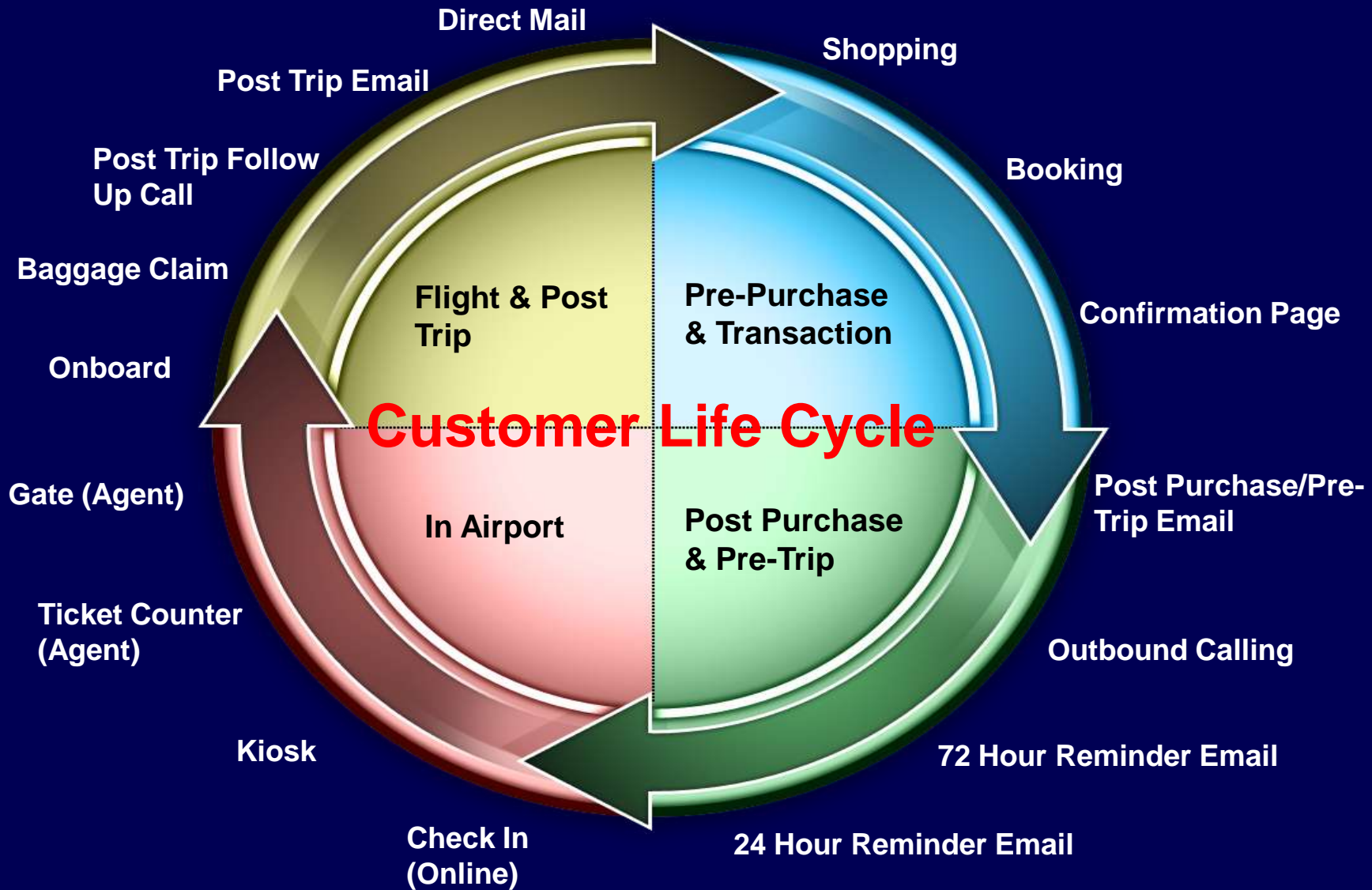
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# Spirit's Sweet 16



# Of These 16 Key Selling Opportunities, We Are Careful To Sell The Most Relevant Products At Each Time

- Examples Of Products And When To Sell Them
  - Airport Parking A Few Days Before Your Flight
  - Express Check-In When Printing Confirmation Page
  - Airport Transfers Onboard
  - Downloadable Travel Guides At Your 72 Hour Reminder
- Brand Products/Extensions, Such As Loyalty, Should Be Sold In Each Quadrant Of The Entire Cycle.



# Now That We Have “The Where”, Let’s Look At “What” Exactly We Can Sell

1. Unbundled Goods/Services – Monetize Existing Products; Distinguish What Is And Isn’t Included With The Base Fare.
  - Highest Incremental Cost Component Is Up Front Expenditure, This Value Is Pre-Existing

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3. Brand Up-Sells – Products That Are Driven By Customer Engagement Frequency And Loyalty. Spirit Brands On Price, We Believe Price Drives Loyalty.

# Examples Of Products Within Each Category

- Unbundled
  - Bags, Seats, Change Fees, Excess Baggage, Priority Boarding, Express Check-In, Seat Upgrades, Drinks, Lounge Access, Onboard Snacks
- Travel Attachments
  - Hotels, Cars, Travel Insurance, Vacation Packages, Airport Transfers, In-Flight Entertainment, Travel Guides, Event Tickets, Golf, Cruises, Attractions, Etc.
- Brand Up-Sells
  - Frequent Flyer Program, Co-Branded Credit Cards, Premium Brand Services, Travel Clubs, Private Label Malls

The Key To Maximizing Each Product's Opportunity Is Timing, Relevance and Pitch

# Let's Now Look At "How" We Can Sell These New Products

Implement Your Sales Strategies By Increasing Product Awareness And Fine Tuning The Customer's Ease Of Transaction.

This Is Accomplished Ultimately Through Two Sources

1. Technology
2. Agents/Employees

Note:

- Products That Are Channel Agnostic Usually Offer A Higher Rate Of Natural Attachment.
- Creating Your Product's Value Proposition Based On Relevance & Timing Will Determine Which Channel Source To Focus On.

# Figure Out The Primary Channel Your New Product Falls Under

## Technology Centric Products

- Pros
  - Allow Greater Scalability
  - Lower Variable Costs
  - Use Of Monitoring & Funnel Tracking
  - If Built Correctly, Tweaking Key Variables In The Value Prop Make It Easier To Determine Demand Sweet Spot
- Cons
  - Timeline To Implement
  - Fighting For Space In IT Project Funnel
  - Upfront Opportunity/Resource Cost
  - Electronic Sales Pitch, Can't Conform To Audience For Relationship Sell

# Technology “Musts”

- When Building A New Product, The Product Conceptualization Process Must Contain 2 Major Elements:
  - Creativity
  - Functionality
- The Right Blend Of Both Attributes Will Allow For The Product’s Maximum Exposure And Ultimately The Highest Return On IT Investment

# The Right Blend For Tech Focused Products

- Creativity
  - Aesthetics
  - Urgency
  - Clarity
  - Intrinsic Reward To Consumer
- Functionality
  - Usability
  - Time Savings
  - Relative Value (Use Algorithms For Variable Pricing)

# Agent/Employee Channels Offer A More Traditional Sale

## Agent/Employee Centric Products

- Pros
  - Pitch Can Conform To Audience
  - Share Past Experiences To Sell Relationship First, Then Product
  - Trust Factor, Not As Prevalent With Electronic Sale
  - Discount Potential Can Be Used As A Sales Tool
- Cons
  - Pitch Is Not Mandatory
  - Additional Distribution Cost (Incentives) Required To Hit 100% Pitch Rate (Lower Scalability)
  - Tough To Monitor On A Percentage Conversion Basis, Only Absolute Numbers To Gauge Success, No Funnel Analysis
  - Ongoing Back End Processes (Payroll, Reconciliation, Etc.)

# Agent/Employee Adoption Begins At The Top

- Management Must Publicly Endorse The Change In Business Practice
- Don't Tip Toe Into An Unbundling Model, It Will Confuse Customers And Employees, Your Brand Identity Is Key During This Transition
- Be Clear About The Value Proposition And How It Helps Diversify Your Revenue Streams
- Update All Related Text (Website, Employee Handbooks, Etc.) To Clearly Convey New Approach
- With Your Employees Understanding The Additional Product Sets, It Will Create A Stronger, More Unified Message To All Customers

# Airlines Have An Incredibly Broad Consumer Base And Need To Leverage The Power Of That Information

- We Are The First To Know About A Customer's Travel Experience, Act Like It - Start Selling Immediately!
- Store And Study All Accessible Data.
- Prioritize New Ancillary Products On A Calculated Blend Of Potential Take Rate And Per Product Margin
- Optimize Your Own Strategy With Maximum Selling Efficiency

# Remember This

Expose The “Sweet 16” Within Your Customer Life Cycle And Prioritize The Relevant Product Pitches Throughout. This Will Spark The Development Of An Optimized Ancillary Revenue Strategy.



**spirit**

**Thank You**

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