12th Ancillary Merchandising Conference – Edinburgh 2018
Lead Sponsor
GETTING THE CUSTOMER EXPERIENCE RIGHT

THE KEY TO ANCILLARY GROWTH
MIKE SLONE

Chief Experience Officer at Travelaer

Mike leads a talented team of UX and software experts

Creating an innovative technology platform to enable a **better customer experience** and gain market share.

IZTOK FRANKO

10 years airline industry background
From airline CIO, CMO and E-Commerce

Passionate about e-commerce, digital marketing and conversion optimization

Founder / Consultant at Diggintravel.com
2017 Ancillary Research
analysis of 23 airlines

2017 Airline CRO Research
analysis of 28 airlines

2018 Ancillary & Digital Merchandising Research
analysis of 35 airlines
combine ancillary and digital merchandising (UX and CRO)
EVERYBODY WANTS MORE ANCILLARY REVENUE...

Ancillary represents 14% of total revenue on average for the 32 surveyed airlines.

However 35% of the surveyed airlines still generate only 5% or less from it.
TWO BIG CHALLENGES

Opportunity of the post-booking
Data & measure
Organization (silo, agility)
Multi-channel
Digital Merchandising & Innovation

Real digital UX mindset
IT & Merchandising platforms
CONVERSION OPTIMIZATION (CRO) = USER CENTRICITY

<table>
<thead>
<tr>
<th>LEVEL 1</th>
<th>LEVEL 2</th>
<th>LEVEL 3</th>
<th>LEVEL 4</th>
<th>LEVEL 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEOPLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Online marketing specialist</td>
<td>Part-time conversion optimisation resource</td>
<td>Full-time conversion optimisation resource (CRO specialist)</td>
<td>Small CRO team: web analyst, designer, developer (CRO specialist)</td>
<td>Full-scale conversion team additional small team - UX researcher, copywriter, psychologist</td>
</tr>
<tr>
<td>CRO SKILLS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic online and digital marketing knowledge</td>
<td>Basic conversion optimisation knowledge</td>
<td>Deeper knowledge about conversion optimisation (UI/UX, Content, Conversion, Conversion centered design)</td>
<td>Advanced CRO knowledge (UI/UX excellence, team, tools, process, Conversion centered design)</td>
<td>Experts in conversion optimisation (UI/UX, Content, Conversion centered design)</td>
</tr>
<tr>
<td>CRO ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic traffic and conversion reports, sales reports</td>
<td>Level 1x advanced traffic and conversion reports, A/B testing</td>
<td>Level 2: Customer feedback and survey analysis, basic segmentation, form analysis</td>
<td>Level 3: Advanced analytics, advanced segmentation, extensive UX research, personalisation</td>
<td>Level 4: Multichannel analysis, 11 personalisation, predictive analytics and optimisation</td>
</tr>
<tr>
<td>TESTING QUANTITY</td>
<td>None</td>
<td>1-3 tests per month</td>
<td>Regular and planned testing</td>
<td>Interaction testing: 5-10 tests per month</td>
</tr>
<tr>
<td>CRO TOOLS</td>
<td>Web analytics, performance monitoring</td>
<td>Level 1: A/B testing tools, session recording</td>
<td>Level 2: Online client feedback, form analysis, test maps</td>
<td>Level 3: Project management tool for optimisation, personalisation tool</td>
</tr>
<tr>
<td>INTERNET BOOKING ENGINE</td>
<td>IME doesn’t support A/B testing and experiments</td>
<td>Can do basic and semi-complex experiments and A/B testing on ongoing basis</td>
<td>Can do split path A/B testing, have &amp; test several versions of booking flow at the same time</td>
<td>Completely own and manage booking flow and have no limitations with A/B testing and experiments</td>
</tr>
<tr>
<td>ORGANISATION SUPPORT</td>
<td>None</td>
<td>Conversion optimisation is recognised in individual level</td>
<td>Director level</td>
<td>Top management support</td>
</tr>
</tbody>
</table>

ABLITY TO EXECUTE

Leaders

Challengers

Visionaries

Laggards

1 | 2 | 3 | 4 | 5

COMPLETENESS OF VISION

Events Content Connections

Ancillary Revenue Conference, 9th – 11th April 2018
Companies whose conversion rates have improved over the previous 12 months are performing on average 50% more tests to improve conversion than those companies whose conversion rates have not improved.

<table>
<thead>
<tr>
<th>Sales</th>
<th>Average number of tests each month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large increase</td>
<td>7.88</td>
</tr>
<tr>
<td>Small increase</td>
<td>4.32</td>
</tr>
<tr>
<td>No change</td>
<td>2.61</td>
</tr>
<tr>
<td>Decrease</td>
<td>1.86</td>
</tr>
</tbody>
</table>

* Airline CRO leaders from the CRO survey do 5-10 experiments / month
ARE WE AGILE (YOUR PAIN POINTS)?

**Difficult** to add in booking flow
Merchandising, Integration with **all channels**.

**Long backlogs** for development

**IT agility**
Changing the channel UX’s quickly to test new ways of selling - the channel programming **process is too slow**

**Different platforms** for in-path and post-booking channels

**Flexibility** in our digital channels to introduce products (new and current) and do **AB testing**.

IT solutions are usually **too expensive**, take **too long** to be developed or doesn't attend the scope desired by the product area.

IT and technology **limitation**.

**No automation** or machine learning

IT processes and **implementation time**

Our **IT didn't support** our new idea,

Lack of information and **integration** between technological systems
MIKE's TIPS FOR BUILDING USER-CENTRIC PLATFORMS
## STEP 1 - UNDERSTAND YOUR CUSTOMERS

### 200+ Touchpoints

<table>
<thead>
<tr>
<th>Touchpoint</th>
<th>Phase</th>
<th>Touchpoints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search Booking</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Pre-travel</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>24 hours before flight</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Flight CGD-PEK/MNL</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td>Arrival in Denver</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>Ski day 1</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Ski day 2</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>Ski day 3</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Ski day 4</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>24 hours before flight</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>Arrival in Delhi</td>
<td>3.3</td>
<td>7</td>
</tr>
<tr>
<td>Day of flight</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Right Ascending</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Arrive at Kathmandu</td>
<td>3.3</td>
<td>5</td>
</tr>
<tr>
<td>Day of Flight</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td>Right MFG</td>
<td>3.3</td>
<td>5</td>
</tr>
<tr>
<td>Arrive at Pokhara</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>24 hours before flight</td>
<td>3.3</td>
<td>5</td>
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**TOUCHPOINTS PER TRAVEL PHASE**
STEP 1 - UNDERSTAND YOUR CUSTOMERS
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USA

Q11 How likely are you to take advantage of a last minute upgrade or limited time opportunity from an airline if it ensured a better seat? (assuming the flight is 4 hours or less)

Answered: 290  Skipped: 246

UK

Q11 How likely are you to take advantage of a last minute upgrade or limited time opportunity from an airline if it ensured a better seat? (assuming the flight is 4 hours or less)

Answered: 109  Skipped: 0
STEP 2 – DESIGN BASED ON USER INPUT
10 test users bring out 90% of your website usability problems
IT’S A PROCESS, NOT A ONE TIME HACK

Approach to UX Design

1. Research
   - Analytics review
   - Competitor analysis
   - User research:
     - User testing
     - Interviews / focus groups
   - Empathy map

2. Design
   - Personas
   - Brainstorm
   - Workshops
   - Sketching
   - Wireframe (UX Per)
   - Visual design

3. Prototype
   - Low fidelity prototype (paper)
   - High fidelity prototype (InVision)

4. User testing
   - Usability test tasks
   - Remote user testing (User Zoom)
   - User test and iterate

5. Develop & launch
   - UI style guide
   - Development
   - User Acceptance Testing (UAT)
   - Launch and reporting
   - A/B testing and iterate

Ancillary Revenue Conference, 9th – 11th April 2018
CASE STUDY – 60 / 60 RULE OF UPSELLING

How we got feedback from our users:

- User testing sessions (we used www.usertesting.com to get 20 user video recordings from our target market and demographics; total time spent: 2 days)
- Two special confirmation page surveys (first to understand personas & segments, second to ask the reasons why people didn’t buy our excess refund product; total time spent: 2-3 weeks)
- Call center staff interviews (talking to our front staff about user feedback, key concerns and their upselling techniques; total time spent: 1-2 days)
- Screen recording sessions (recording and analyzing user behavior on two key pages – search results and upsell pages; total time spent: 1 week)
- Net Promotor Score – NPS feedback (filtering all NPS reviews that touched on the insurance and excess product feedback; total time spent: 2-3 days)
- Facebook (for demographic and psychographic data about key user segments – ones who bought the excess product and ones who didn’t; total time spent: 1 day)
CASE STUDY – 35% ANCILLARY UPLIFT, 13% REVENUE UPLIFT

A/B test of new bundled packages

Ancillary uptake %
MIKE’S 5 KEY TAKEAWAYS

1. UNDERSTAND YOUR USERS
2. LEVERAGE THE POST-BOOKING PERIOD
3. DO USER TESTING ON A REGULAR BASIS
4. DON’T COPY / PASTE OTHERS
5. DO AGILE QUICK DEVELOPMENT CYCLES
THE DIGITAL PRODUCT COMPANY FOR THE TRAVEL INDUSTRY

Since 2013, we’ve been building digital products for the travel industry that enable our partners to improve their customer experience and increase revenue across all phases of travel by weaving content, community, and commerce into the travel experience.

Our core products are Travel PaaS, an Internet Booking Engine that allows aggregation of products and data while enabling “best of breed” offering and innovation, and Conversational, an enterprise conversational platform that allows travel companies to extend their digital experience where their customers already spend most of their time - on messaging.

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