Maximize Your Ancillary Sales
Post Booking Industry Best Practice
IZTOK
10 years airline industry background
From airline CIO, to CMO, to E-Commerce, to developing Ancillary Strategy
Passionate about E-Commerce & Digital marketing
Founder Diggintravel.com

JUSTIN
Innovation and product development background
Developing platforms that enable airlines effective merchandising - upsell and cross-sell
One Framework to Rule Them All

3 DIFFERENT ANGLES AT THE SAME CHALLENGE
• Travel industry E-commerce and digital marketing view (Izto)k
• Airline ancillary solution provider view (Justin)
• Airline ancillary professionals view (survey - 22 airlines)

ANCILLARY & DIGITAL RETAIL MATURITY
Airlines are at different stages of developing ancillary products and digital “retail” transformation

A Framework That Can Be Applied By All Airlines At Different Maturity Stages

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3 Ways to Grow a Business

**CUSTOMER ACQUISITION**
Increase the number of clients, get more new prospects into paying customers

**INCREASING AVERAGE ORDER VALUE (AOV)**
Increase the average transaction, get each client to buy more at each purchase

**CUSTOMER FREQUENCY (RETENTION)**
Increase the frequency that the average client buys from you, get each customer to buy from you more often
Ancillary Revenue Survey - Maturity Model

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Post Booking Makes the Difference

Why are best travel retailers and airline ancillary leaders better at reaching the ancillary potential?

They have far more confidence in their ability to upsell and cross-sell and drive ancillary sales post-purchase…

…because they have digital and data-driven mindset and integrated ecommerce processes with “user experience” in the center.”

50% of the surveyed airlines don’t track at purchase vs post booking ancillary revenue split.

30-50% is the share of ancillary revenue generated post booking by the Leaders.

UX

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Post Booking Ancillary Maturity Model

CUSTOMER CENTRICITY

E-COMMERCE & DIGITAL MARKETING

MOBILE & TECHNOLOGY

PRODUCT & PRICING

Same offers for all
System generated emails
One and done process
Desktop legacy
Silo ancillary pricing & RM
Bags, Seats, Branded Fares

Offers for key segments
Basic segmentation
Overwhelmed by data
Transactional Email service providers
Ad-hoc measurement and optimization
Project based integration
Apps
Responsive websites
Ad-hoc integration of pricing
Pre-Flight offerings, 3rd party anc.
Bags, Seats, Branded fares

Personalized offers
Dynamic merchandising
Loyalty integration
Taking actionable insights from data
Post booking champs
Marketing automation
Analytical & Data-driven
Conversion rate optimization
Agile & integrated process
Mobile – Thumb 1st design
Omni-channel
Messaging apps - Chatbots
Apps
Ancillary uptake % is base for tactical fares & pricing
Dynamic packaging
Pre-Flight offerings, 3rd party anc.
Bags, Seats, Branded fares

LAGGARDS

FOLLOWERS

LEADERS

MATURITY

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Post Booking Ancillary Framework

- Product innovation
- Dynamic Merchandising and Pricing
- 3rd party content
- Recommendation engines & predictive analytics

- User Experience (UX)
- Digital Touchpoints
- Email and Marketing Automation
- Conversion Rate Optimization (CRO)
- Ecommerce & Email Analytics

- Agile booking and post-booking system
- Mobile 1st
- Omni-channel
- Chatbots

- Understanding Customer Journey and Touchpoints
- Leveraging customer data
- Personalization

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Step 1: Create Your Playbook

PHASE I – INITIATING STRATEGY
- Bags
- Seats
- Branded Fares

PHASE II – DEVELOP AND EVOLVE STRATEGY
- Loyalty
- Additional Ancillaries
- 3rd Party Ancillaries
- Pre-Flight Offerings
- Insurance

PHASE III – INNOVATIVE STRATEGY
- Yield Optimized Ancillaries
- Dynamic Packaging
- Corporate Direct

92% bags and 69% seats are the most popular ancillary products among the surveyed airlines.

Leaders are more innovative and have more developed ancillary product portfolios.

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Ancillary Products – Out of the Box

- On-Board Spa Service
- Yield Based Pricing
- Champagne Service
- No Child Zone
Step 2: Connect Customer Journey, Products and Key (Digital) Touchpoints

36% of the surveyed airlines offer bags and seats at purchase only.

Don’t treat booking path as your only sales opportunity. Leaders take advantage of the post booking opportunities and promote ancillaries thought the customer journey.
Step 3: Your Customer Centric Journey

70% of the surveyed airlines said they will invest in **personalization** (by far the most) this or next year.

57% stated they do targeted offers for key customer segments. Only one surveyed airline responded they do **personalized** offers at the moment.
Personalized Offers - Beyond Member Tier

MEMBERSHIP ATTRIBUTES
- Status
- Behavioral segment (affluent, leisure)
- Tier (more granular than status)
- Current point balance
- CRM score
- Co-branded credit card
- Inventory targeting

CUSTOMER PROFILE
- Explicit preferences (aisle seat, room type)
- Brand preference
- Household indicator (family members)
- Country of residence
- Language preference
- Currency preference
- Birthday and other personal indicators

TRAVEL DATA
- Previous booking behavior
- Product types booked (air, car, hotel)
- Advance booking window
- Booking frequency
- Point usage history
- Class of service (4 star hotel, business class)
- Form of payment
- Brand affinities and true preferences
Step 4: Establish Digital Merchandising

59% of the surveyed airlines identified Merchandising & Retailing skills as one of their gaps (number one overall gap).

PHASE I - DEVELOP PROCESS
- System generated emails
- One and done process

PHASE II – ECOMMERCE DRIVEN
- Transactional Email service providers
- Ad-hoc measurement and optimization
- Email and Web analytics
- Project based integration

PHASE III – OMNI-CHANNEL & DATA DRIVEN
- Marketing automation
- Conversion rate optimization & A/B testing
- Integrated analytics (cross-channel)
- Agile & Integrated process

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Marketing Automation – Your Post Booking Sales Machine

22% of the surveyed airlines are using marketing automation platforms at the moment.
**Transactional Emails, Your Hidden Gems**

**Transactional** emails have **46%** open rates compared to **17%** for **non-transactional** emails.

76% of travelers feel that a context-aware email could **persuade** them to make a purchase that they otherwise might not have considered.

Think about the effort and resources you put into your **promotional** email marketing versus your **transactional** email marketing.

Over **80%** of **transactional emails** opened via **handheld**.
Step 5: Your Mobile Journey

45% of the surveyed airlines identified Mobile as one of their gaps.

52% of the surveyed airlines will invest in improving mobile experience during this or next year.

PHASE I - DESKTOP ORIENTED
- Desktop legacy

PHASE II - MOBILE OPTIMIZED
- Responsive Design
- Apps

PHASE III - MOBILE FIRST
- Mobile - Thumb 1st
- Messaging - Chatbots
- PWA (Progressive Web Apps)
- Apps

MATURITY

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Handheld – Does It Pass the Thumb Test

How much of the booking can be completed using just your single thumb?
Step 6: Measure, Measure, Measure

You can’t manage what you don’t measure.

— Peter Drucker —

54% of the surveyed airlines identified data driven & analytics as their gap (second biggest overall gap).
3 Key Takeaways

- **ANCILLARY LEADERS ARE POST BOOKING CHAMPS**

- **FOCUS ON “FULL CIRCLE” AND DEVELOP EACH AREA STEP-BY-STEP**

- **ADOPT DIGITAL RETAILING MINDSET AND SUPPORT IT WITH FLEXIBLE MOBILE 1st SYSTEMS**

Full framework and survey results: ANCILLARY.SWITCHFLY.COM

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