

Travel Sector

The value of revenue generation from non-core products and services



Collinson Latitude recently conducted a survey amongst representatives from the travel industry to understand their thoughts on how they generate additional revenue through added value products and services outside their core product. The research indicates that non-core revenue is key to profitability in 2010. The travel industry is well established in ancillary revenue, vertically partnering with similar brands to extend the product offering to customers.

For travel brands, the most important business objective identified for 2010 is retention – with over 92% selecting this as a top priority, followed by acquisition. 15% of respondents believe brand differentiation is not important.

83% of travel brands questioned currently offer additional products and services to their core offering. 55% of these brands do so to increase the value proposition to customers, identifying that customer satisfaction is prioritised highly, with 33% of respondents claiming to offer these to generate additional revenue for the business. Focus on the customer over pure revenue generation should also assist in the core strategic objective of ‘retention’. 11% of respondents specifically undertake this activity to drive customer retention.

93% of respondents believe that offering additional enhancements or add-ons provide brand differentiation against competitors.

Of those who do not currently offer non-core product and service, the reasons identified were that they did not want to shift focus from the core offering and that cost was perceived to be high.

With regards to online promotional activity, one third of brands that responded currently provide customers with vouchers, tokens and coupons to drive engagement. A further 40% are looking to implement these in the next year. Online auctions are also cited as interesting by over one third of respondents. Online scratch cards and prize draws are being utilised by a number of companies.

As a number of brands currently offer vouchers and promotions, it is no surprise that over 43% would consider offering ‘instant’ benefits provided by third parties to their customer base.

63% of travel brands either are currently or would be interested in offering their customer base annual packaged multi benefit products in the form of tiered bundles.

“Travel sector leading in customer enhancement products, lagging in benefits packages”

