

A NO-NONSENSE GUIDE TO

Growing Resort Ecommerce Revenue

For many resorts, the road to growing their ecommerce revenue may start with decreasing their conversion rate.



Woodstone Meadows
🏠 👤 📶

Woodstone and Woodstone Casa de Campo are located outside of the "Kettle" mountain area and very close to the Woodstone Meadows Golf Course, the Waterpark, the Spa, and Woodstone Recreation Center. Massanutten Resort is reopening in phases starting June 12, 2020. For more information and details about the resort's operations, visit www.massresort.com/recovery. Rental...

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John, we just wanted to celebrate the fact that you've booked a vacation with us ten years in a row! It's guests like you who have made this year one of our best we've ever had. To celebrate, we'd love to send you a set of two wine glasses and a bottle of our new Innisridge Red that we've created through a partnership with a local vineyard. Just fill out this quick form to confirm your address and we'll get it to you!

Confirm Your Mailing Address

INNTOPIA

By: Gregg Blanchard
VP Marketing, Inntopia

“What you measure affects what you do.
If you don’t measure the right thing,
you don’t do the right thing.”

Joseph Stiglitz

American Economist

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Introduction

Revenue Up, Conversion Down?

If someone asked you to double your ecommerce revenue in the next twelve months, where would you start?

Among the strategies employed, marketers at resorts, hotels, ski areas, golf courses, waterparks, or attractions will often begin this endeavor by trying to optimize their conversion rate. You know the formula: traffic x conversion rate equals how many bookings you see. Your organic traffic is likely consistent, you may be struggling to get a good ROI on paid traffic, but if you could just budge conversions up a percentage point or two, you'd be on your way.

In the quest for increased performance, conversion rate often becomes a resort marketer's only hope. Their Obi Wan in a battle between sessions and transactions.

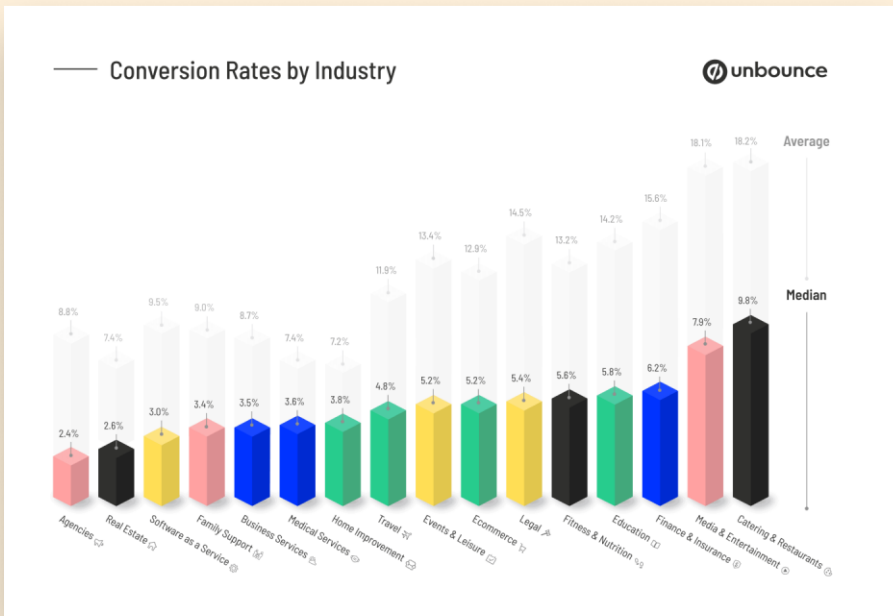
Part of this belief comes from people like me; marketers at technology companies who insist it's the golden goose of ecommerce

metrics. This is due, in part, because we may believe our conversion rate is marginally better than another's and we're all looking for a good story. Some of it comes from other industries or types of businesses where conversion rate really is the only way for them to increase revenue. After all, selling mattresses doesn't give you much hope for revenue growth without hunkering down and getting a few more people who shop for your mattresses to buy from you instead of going somewhere else. And some of it is just old beliefs or old ideas we've never had the opportunity to challenge. As innovative and marketers and revenue managers are, we're also creatures of habit.

But regardless of how important you feel conversion rate is in such a quest, almost everyone who reads this page will bristle at the idea that, for some resorts, the road to growing revenue is often accompanied by a decrease in conversion rate.

The mental math just doesn't add up.

That this idea can seem so counterintuitive to so many marketers, revenue managers, and leaders in our industry is exactly the problem we'll dig into in this book. We've fallen so in love with conversion rate that we've forgotten what conversion rate's blind spots are. We've forgotten that it tells us one part of a story, but not the whole story.



source: <https://unbounce.com/conversion-benchmark-report>

Conversion rate benchmarks like these from Unbounce can seem helpful to give a “ballpark” idea of conversion, but fail to account for the dynamics of resort ecommerce measurement which can lead to a massive difference in what an individual resort sees as their conversion rate.

Within that story, conversion rate can be a valuable thing to measure, optimize, and monitor, but unless you peel back the layers and understand what impacts that conversion rate - and then be willing to sacrifice that high conversion rate for things that will make you more revenue - there really is no way forward to accomplish anything besides modest improvements.

If any of this resonates with you, the good news is that you're not alone. And the best news of all is that it's easy to move beyond conversion rate once you change your perspective.

Changing our collective view of resort and hotel ecommerce performance is exactly what we're going to do in this guide. At the least, this book will give you a fresh way to think about your ecommerce performance. In many cases, however, it could help you grow revenue in ways you never thought possible.

Conversion rate isn't the enemy, but it's time to think beyond this metric and see the bigger picture.

Chapter 1

The Problem with Conversion Rate

I arrived at the starting line 5 minutes late. Whether it was a simple misunderstanding or sabotage by the friend who had challenged me to join him in this Independence Day 10k race, the world may never know. But this belated start had an upside. Instead of getting passed for the first few miles, I spent the first half of the race passing people who had started too fast or didn't quite have the fitness to keep up with the pack.

With every person I passed, my confidence swelled. And to think, I had hardly trained for this race! I was sure I had a personal best as I caught sight of the finish line. Perhaps even a spot on the podium in my division.

Instead, I finished in 1,456th place with a time that was well behind my best.

This story of my not-so-illustrious running career is a surprisingly good representation of the issues many of us face when we put too much weight on conversion rate. Desperate for context, we compare ourselves to benchmarks, to case studies, to virtually anything that will tell them how well we are, or aren't, doing. Along the way, we end up comparing our performance to data points that are meaningless at best and misleading at worst. We cross our ecommerce finish lines with hands raised, blissfully unaware we're struggling at the back of the pack (or vice versa).

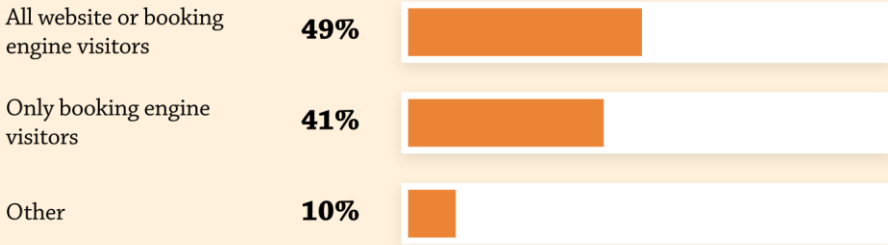
The reason for this is simple. The quest to compare conversion rates - especially in the resort and travel industry - comes with three inherent challenges.

Challenge #1: Inconsistent Measurement

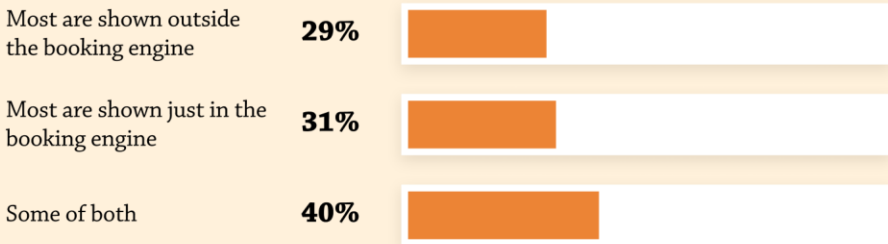
The first comes down to how other marketers and revenue managers measure conversion rate. We all know the formula - transactions divided by visitors - but which visitors do you count?

Hotels and resorts are part of an increasingly small group where our ecommerce platform (or, in our case, booking engine) is often separate from our marketing websites. People clearly come for other information before or after they book, so do you count anyone who enters your website or just those who make it to your booking engine? Or some of both?

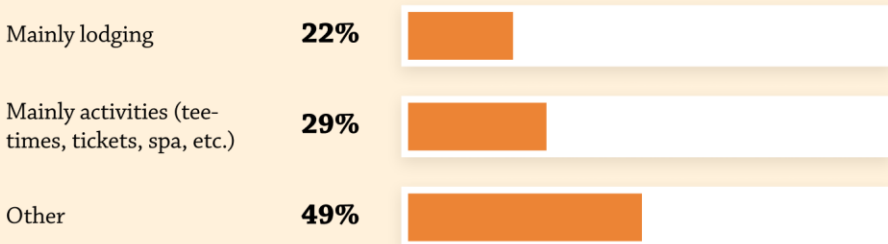
Which visitors do you count when you calculate your conversion rate?



How many product details (prices, policies, photos, etc.) do you show outside of the booking engine?



What types of products do you sell?



† Survey results from a session at our user group in 2021 of resort and hotel marketers, revenue managers, and executives.

We recently gave a talk about this at our annual user group. During the session we polled the audience about what they use as a denominator in this formula. Half said all visitors, 40% said only booking engine visitors, and 10% said they used another approach.

This lack of consensus has massive implications in the context of comparison. You and your competitor might both get 10,000 visitors to your websites each month and see 250 bookings to give you an, apparent, 2.5% conversion rate. But what if your competitor only measures conversion based on the 2,500 visitors that make it to their booking engine? Suddenly, their conversion rate appears to be 10%; 4x higher than yours. If they proudly mention this statistic during a panel discussion at a conference, you'll be worried you're at the back of the pack when, in reality, you're right on pace.

Challenge #2 - Inconsistent Friction Points

We'll talk much more about friction during the booking process later in this guide, but there are some things all visitors must know to make a booking. As a result, certain things will end up being the one that makes or breaks their decision. For example:

- Prices
- Cancellation Policies
- Full Size Photos

- Additional Fees
- Tax Rates

Now, imagine if you placed all of these details on your marketing website but measured conversion based just on booking engine visitors. In this case, these deal breakers would cause people to stop shopping *before* they make it to your booking engine. The result? Your denominator in your conversion rate formula will go down and your conversion rate will go up, even though the number of transactions generated by that traffic overall remains unchanged. This is a really important point.

Interestingly, just like there are many ways people measure conversion, there are inconsistencies in where and when resorts and hotels place this information. We confirmed this by conducting another survey during that same session. In this case, about a third of resorts showed these deal-breaking details before the booking engine, another third only showed them in the booking engine, and the rest had some combination of the two.

Challenge #3 - Inconsistent Product Mixes

The reason you're reading this is likely because you're not just offering someone a generic bed between here and there, you're part of an experience. Yes, people book rooms, but they also book tee-times and lift tickets and spa appointments and rentals and tours

and dozens of other things. Or you might be one of those dozens of activities, but your guests need a place to stay. We'll dig into this more in the next chapter, but it's important to realize that the conversion rate of these products will vary. Tee-times will convert better than hotel rooms. One room type will convert better than another room type. Discounted lift tickets will convert better than full priced tickets.

Every resort, hotel, or destination sells a different mix of products to their guests. And, so, the definition of a "good" conversion rate is going to be wildly different depending on the unique combination of experiences that you offer.

Due to drastically different product mixes from one resort to the next, ski resorts are very susceptible to drawing incorrect conclusions from conversion rate benchmarks.



During our user group, we asked attendees to submit one last bit of insight around this point. About 22% sold just lodging, 29% sold mainly activities, with 49% sold some combination of both.

Compounding Impacts

Mix these three issues together:

1. Inconsistencies in which visitors count toward conversion rate
2. Inconsistencies in where product details are shared
3. Inconsistencies in what products resorts and hotels are selling

And you'll find that conversion rate is a number that can be handy as an internal tool to gauge your own performance over time, but one that is virtually impossible to accurately compare to any other individual or group.

So, what actually impacts conversion rate? Great question. That's exactly what we'll cover in the next chapter.

Chapter 2

Seven Factors That Impact Conversion

Ask a marketer what impacts conversion rate and they'll likely point to the design of their booking engine. If only they could change the button color or listing style or form length or how certain links work or the overall aesthetic, they'd be able to ratchet that number up a little. But that's like blaming my Nikes for the pathetic time I ran in that Independence Day 10k.

Yes, shoes (or the length of a booking form) can absolutely play a role, but it's one of many factors that go into overall performance. Just like my 10k time was a combination of my training, hydration, genes, course design, and the day's weather, the same is true for your conversion rate. One thing can move it up or down, but it's a combination of many factors that ultimately leads to what your conversion rate looks like day-to-day.

There are dozens of ways to group these factors, but here are seven simple buckets to consider.

Factor #1 - Product Types

The first, and most significant, are the products you sell. Depending on how you measure (see Chapter 1), the average conversion rate of a full price, luxury hotel room may be 1%. But keep everything in the booking engine constant and swap the product sold for a bike rental and you may see the conversion rate jump 10x or more. On the low end you'll see packages, rooms, and multi-day products. On the high end you'll find rentals, single tickets, tee-times, and other activities.

Factor #2 - Price

If you're saying to yourself, "Isn't the correlation here just price instead of product type?" The answer is yes, price plays a huge role, but it's more than just how much products cost relative to one another. It's also a matter of how much products cost relative to themselves. A discounted tee-time will convert better than a full price tee-time. Examine the conversion rates of individual room types at your property and, chances are, you'll see some variation between standard and deluxe options.

Factor #3 - Urgency

Urgency comes in many flavors, but the underlying pattern is things that encourage people to buy sooner instead of waiting until later. Urgency can come in the form of things like time constraints (i.e., "book in the next 30 minutes"), quantity limits (i.e., "only 3 left at

this price”), or demand visibility (i.e., “21 other people have shopped for this in the last hour”). Relative to a product sold without some layer of urgency, tactics like these can influence conversion in small, but measurable ways.

Factor #4 - Friction

Friction has become a popular word among marketers to describe things that make it harder to do something online. This could be a form that asks for more details than is reasonable or required, a confusing shopping experience, a site that loads too slowly, adding extra steps to the checkout process, or not offering a payment option the guest is comfortable with. All these changes to the booking experience - as well as many others - could have an impact on conversion rate. On the flip side, a great user experience can play a key role by *decreasing* friction and making it easier to book.

Factor #5 - Traffic

One of the most overlooked factors that influences conversion is the type of traffic that arrives on your website. This is the reason why 10,000 visitors from that coverage you received in The New York Times only yielded 10 bookings but the email you sent to a segment of previous guests generated 50 bookings. Traffic that comes from organic search, your website, and emails will typically convert best while traffic from paid ads and social media will often convert at a much lower rate.

Channel	Conversion Rate
1. Referral	8.08%
2. Direct	6.83%
3. Email	12.19%
4. Organic Search	3.78%
5. Social	4.71%

Many marketers overlook the fact that one of the biggest differences in conversion rate is related to the source of traffic they receive. Identical booking engines will convert differently if, for example, social media traffic makes up a larger percentage of total traffic on one booking engine than the other like this example from a smaller resort in North America.

Factor #6 - Policies, Restrictions, and More

Keep everything else static and you can still see big swings in conversion depending on the policies attached to your products. The most common is your cancellation policy. Sell a room that can be canceled with no penalty alongside an identical room at an identical price that is non-refundable, and you'll likely see a dramatic difference in conversion rate between the two.

Factor #7 - Marketing Assets

One last thing to consider is the perception of a product. Better photos are a perfect example of this. Alongside the original price and details, beautiful photos can increase the perceived value of a product and get more people to book. Coupled with inspiring descriptions, easy-to-find amenities, and meaningful calls to action, the layer of marketing you add to the booking process plays yet another small but important role in overall conversion.

What's Missing

One of the easiest ways to illustrate what is missing is simply to combine many of these things into a comprehensive effort to increase your conversion rate. Take that approach, and your online shoppers would find:

- Basic products only
- No lodging or packages
- Availability in heavily limited numbers
- Everything deeply discounted
- No limits or fees for cancellations or refunds

The thing that conversion rate is missing is probably the same concern that comes to mind when you read that list: *revenue*. All of those changes would absolutely increase conversion rate, but taken

too far, they'd also have a devastating impact on your revenue and profitability. The goal, as you know, is balance.

If there's one thing we hope you'll remember from these pages, it's this. Conversion rate, for all the insight it can convey, cannot tell us anything about revenue because revenue is completely absent from the formulas we use to calculate it.

Think about that for a moment.

Before we move forward, though, we must dig into one of these factors and debunk the belief that it's fighting against our ecommerce success.

Chapter 3

The Good Kind of Booking Friction

When I was young, we had a small vegetable garden on the side of our home. My parents knew that pulling weeds from our small patch of earth would yield a better crop so, among my other chores, I was occasionally asked to yank out any and every weed I could find. Decades later as I found a career in marketing, there was a time when I thought of friction in a booking funnel as something akin to those pesky weeds. Only by removing this thing could I help something else to grow. That is no longer the case.

Friction is a funny word. The first time I heard it in a marketing context was probably 15 years ago. I was addicted to Marketing Experiments' monthly webinars. One day a guest speaker tossed in the word "friction" to describe those little, pesky things that make it harder for folks to make it from the start of a conversion funnel all the way through to the end. The annoying weeds in our ecommerce gardens.

Given that definition, it's easy to see why we are often trained to think of it as a bad thing, because that definition would include things like:

- Unnecessarily long booking forms
- Confusing language
- Hidden or unhelpful errors
- Navigation/search dead ends

But somewhere between here and there I realized that all friction is bad only if you view it only through the lens of conversion rate. When you also account for revenue, things that add friction often hold the secret to growing revenue.

Two Examples

At my first software marketing job we upsold a recurring support package on top of our main software product. With this unnecessary bit of friction added to the process, total sales were impacted very slightly (conversion) but overall revenues were much higher as a result. So much so, in fact, that the tiny drop in conversion would have been a laughable thing to worry about.

When I was running my own business during college, I once increased my prices from \$250 to \$400. That higher price added too much friction for some folks so total unit sales (and conversion rate)

went down slightly. But because the increase in price was so much larger than that slight decrease in conversion, overall revenue went up significantly.


Revenue vs Friction

When you bring revenue into the equation, you start to see ways friction can be an ally in the quest for revenue. For example, you could add two more things to our collection of types of friction.

- Extra steps in the booking funnel
- Distracting design elements

Yes, insure my trip for \$27.00 per traveler (\$54.00 total).

No, I choose not to protect my trip.

 *Your trip is not protected.*

Travel insurance upsells like this one add a small amount of friction to the booking process but they can also generate significant amounts of revenue.

On the surface those look just like more weeds to have a designer or optimization manager yank out. But what if those extra steps get visitors to buy additional products? Or what if that “distracting” design element directs their attention away from a cheap room toward one that’s slightly more expensive? Or what if either of these things helped the guest choose an option that gave them a better experience and, in turn, a greater chance of returning?

These additions to the booking process would be classified as friction, but in each case, they could lead to an increase in revenue per booking.

Good Friction

This is what we mean when we talk about “good friction;” things that may add extra steps that could impact conversion rate, but things that could also capture more revenue from every visitor that shows up at your booking engine. Again, the only way these changes could be viewed as “bad” is if your key metrics fail to include revenue.

As you might have guessed, it’s the balance between those two things that helps us know if any one type of friction is good or bad. And, as you also might have guessed, that math is exactly what we’re going to dig into during the next chapter.

Chapter 4

The Misunderstood Math of Upsells

“Would you like fries with that?”

As simple and common as that phrase is, it’s easy to forget that this is an upsell. Humans like you and me are surrounded by upsells. Get your oil changed and they’ll recommend new brakes or air filters. Visit a restaurant and you’ll be asked if you’d like some dessert. Buy a new lawn mower and don’t be surprised if you’re offered a warranty package when you check out.

We hear phrases like this for a very simple reason: they work. They work because they get people to buy more than they were originally planning to buy. In other words, they generate more revenue from the same number of customers.

Success vs Failure

If we tie this back to our conversions around conversion rate and friction, however, the success of any of these upsells depends on one

thing: the increase in revenue from upsells being greater than the decrease in revenue lost from the friction caused by adding this step to the purchase process. Let's do some simple math to explore when this does, and doesn't, make sense.

In each case we'll start with a simple, round-number scenario where every month we're seeing 10,000 booking engine visitors, a 10% conversion rate (1,000 transactions), and \$100 average booking size for a total of \$100,000 of revenue.

Example #1 - Not Enough Revenue

Let's say we make a change to our booking funnel that decreases conversion from 10% to 5% and increases average order size from \$100 to \$150. Crunch the numbers and we'll find that our new monthly revenue is \$750,000. In other words, the drop in revenue due to the decrease to our conversion rate is larger than the increase in revenue due to the increased booking size.


Example #2 - Breaking Even

What if the change we make increases the average order size to \$200? If our conversion drops to 5%, we'll still end up with our original monthly revenue of \$100,000 because the conversion rate and booking size changes offset one another. Instead of 1,000 transactions worth \$100 each, we'll see 500 transactions worth \$200 each.

Example #3 - Plenty of Revenue

But what if that change only causes a tiny dip in your conversion rate? Not even a full percent. What if that change only brings your conversion rate down to 9.9%? In this case, your average order size only needs to increase by \$1 to \$101 (technically \$101.01) in order to have your net revenue come out on top. This is surprisingly easy to do. Going back to our example, if just 5% of people bite on an upsell worth \$50, you'll increase revenue nearly \$2,500 or 2.5%.

Add a dozen logo balls?



Friday, July 8 @ 12:15pm \$99
2 golfers, 18 holes with cart

One Dozen Titleist Pro v1 **\$49** + Add

Continue >

If the product you're selling costs \$100, just 5% of shoppers would need to say "yes" to a \$50 upsell to increase overall revenue by 2.5%.

More Than Just Upsells

So which of those scenarios best describes the actual math behind upsells? The answer...drumroll please...is Example #3.

Usually, it's not even close.

It's why you see these types of cross promotions and upsells and "other people like you bought" widgets in so many top retailers. Some online retailers have seen as many as 30-50% of shoppers say "yes" to an upsell with virtually no change in conversion. In some cases, upsells can actually increase conversion because shoppers are able to book something now that they would have had to drive across town (or virtually, by finding another website that sells this other thing) to buy.

Chapter 5

Aligning to Guest Behavior Trends

While we've followed a thread that leads us through the world of upsells, we also want to zoom out a tiny bit and ensure that we don't lose sight of the bigger picture. Because, yes, upsells can increase revenue, but the pattern behind upsells is nothing more than allowing your guests to buy more things they may need for their trip.

In other words, if you have the same number of guests (or even slightly fewer), it only takes a handful of those guests booking an additional item or two for your revenue to increase significantly.

Offering complimentary products based on someone's cart right before checkout is one means to that end, but there are certainly others.

Packaging

The most common is bundling multiple products into predefined packages. Perhaps that's lodging, spa, and tee-times or maybe it's

waterpark and lodging. Bundles also exist without lodging like a ski resort offering lift tickets, rentals, and a lunch voucher in a package or a golf course combining tee-times, range balls, and a credit to the pro shop.

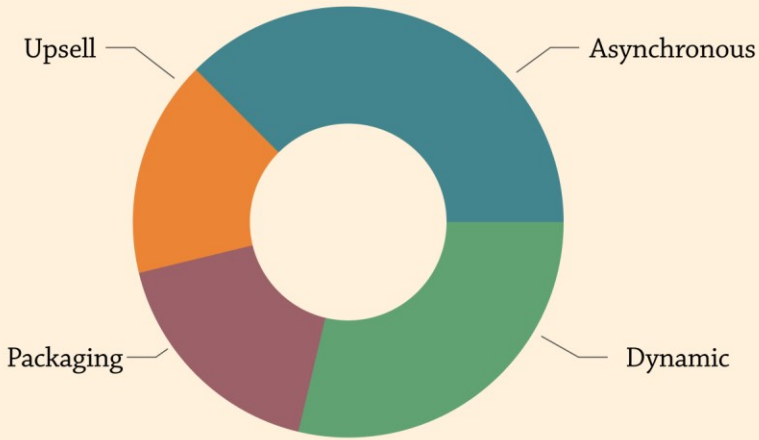
Dynamic Packaging

Instead of your team determining what goes into a package, dynamic packaging is where the guest can build their own combination of products - their own “package” - by adding the exact items they need into a single cart or itinerary. Doing this with real-time inventory in a single interface may not feel like “packaging” any more than filling an Amazon cart with their needs would be called “packaging”, but it’s something many resorts and hotels don’t realize is possible so it’s important to highlight the difference.

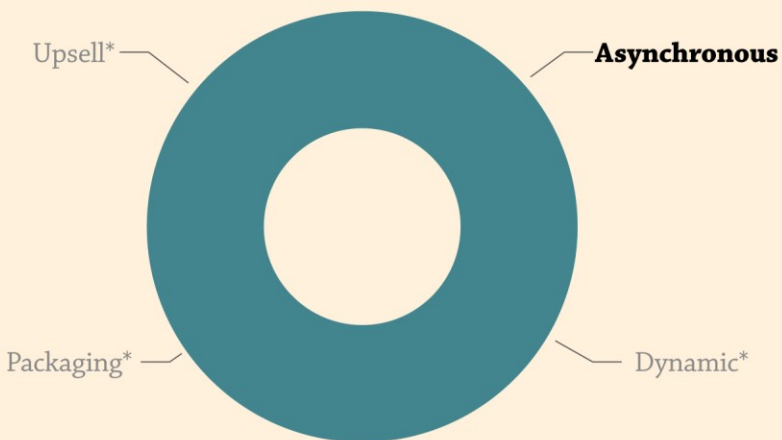
Asynchronous Packaging

Asynchronous packaging is when a guest books one thing and then returns later to add more tickets, items, or experiences to their itinerary. If you’re using a system that can sell multiple product types in the same cart, this can be done by bringing them back into the original system and simply letting them shop for and add more products to their same itinerary. If you are using older technology, you can accomplish this by sending guests to the other booking system where they’ll start the booking process over again for products they haven’t yet booked.

Example of Guests' Booking Preferences



Choosing one doesn't make these guests don't go away, they simply can't book in the way they'd prefer.



Path vs Behaviors

As we look at those four paths to booking multiple products - upsell, packaging, dynamic packaging, and asynchronous packaging - it's important to consider the different types of guests these are best suited for:

- Upsell: Searching for one thing but open to more.
- Packaging: Flexible needs shopping for multiple things.
- Dynamic: Rigid needs but shopping for multiple things.
- Asynchronous: Only wants to book one thing right now.

What you'll often see in the travel industry is an attempt to figure out which of these trends is the most popular at any given time so the booking path they offer aligns to the largest group of guests.

For example, some may argue that traditional packaging is king because that's what they believe most of their guests want. And, so, they offer packaging.

Others may try asynchronous packaging and, because this path aligns better to their market, see an uptick in revenue and decide to take that route.

The Big Problem

The problem with these scenarios is that unless a booking trend is showing up across 100% of your market, *you will always be forcing some of their guests to book in a way that doesn't align with their preference.*

You'll either force guests who want to buy everything now to buy one thing now and another thing later or you'll force guests who want to buy only one thing now to buy everything now and so on.

The key is not for you to pick *your favorite* best booking path, it's to let the guest book *their favorite* booking path. The goal shouldn't be to choose the *most popular option*, the goal should be offering your guests *all these options*.

Chapter 6

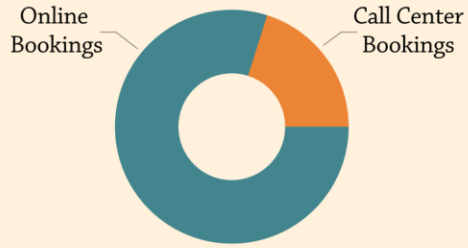
The Data-Driven Role of Call Centers

The title of this book, the premise of the first 5 chapters, and 99% of the contents thus far all point to the topic of ecommerce. But while that is the focus, we can't paint a complete picture of ecommerce without also exploring the complimentary role of a call center relative to your booking engine.

Call centers are a funny thing. On the one hand, so many of the latest travel technology innovations would suggest their eventual extinction. Yet, call centers remain and, in some cases, thrive. Which makes that word - *eventual* - an important one. Does eventual mean one year? Five years? Fifty years? The mistake travel professionals often make is the same one we discussed in the last chapter: confusing a trend in a certain direction for the eventual arrival at the destination. Making everyone book in the same way a vocal minority books will force everyone through the same booking path even though a significant portion of that group doesn't yet want to.

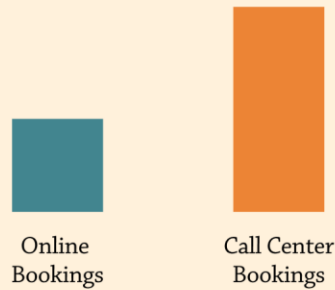
Volume of Online Bookings vs Call Center Bookings

In a recent sample of North American resorts each selling multiple products, 20.1% of bookings were handled via the call center.



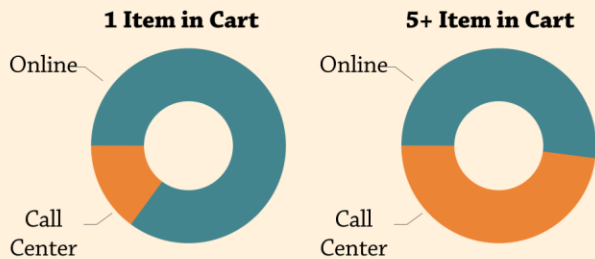
Value of Online Bookings vs Call Center Bookings

In a recent sample of North American resorts each selling multiple products, call center bookings were 2.2x larger than online bookings.



Cart Size of Online Bookings vs Call Center Bookings

In a recent sample of North American resorts each selling multiple products, 48% of bookings containing 5+ products happened over the phone.



Let's explore this more with a few data points.

Number of Call Center Bookings

In a random sample across a few of our resort clients we recently analyzed, call center bookings accounted for 20.1% of their total bookings on average. A few years ago, the number was slightly higher. This confirms that the trend is headed toward call centers handling a smaller share of bookings, but the fact that 1 out of 5 still prefer to talk to a human is not insignificant.

Value of Call Center Bookings

Especially when you consider the size of these bookings. Because the average dollar value of call center bookings in the sample was 2.2x the size of online bookings.

Cart Size of Call Center Bookings

In this sample, people booking a single product were 37% more likely to book online. But people booking 5+ products were 4.5x more likely to book over the phone.

In other words, as the value of an itinerary increases, so does the likelihood they may want some help from a person to be sure they get it right. Your booking engine can account for many uses cases, but it can't account for all of them. A thoughtful, attentive human, on the other hand, can.

Relationship to the Booking Engine

What's important to remember, however, is that the Venn diagram of online bookers and call center bookers frequently has an ignored area of overlap. This is made up of folks who *start booking* in one place but *finish booking* in another. Perhaps a caller just wanted to run everything by their partner before booking online. Or that guest who started to book online, but just wanted to double check they're getting the best deal with a person before pulling the trigger. Or a little bit of both.

And while we say, "call center", these aren't just phone calls but social media conversations, live chats, and other online channels that connect a human with a shopper without having to pick up a phone.

Ecommerce is absolutely the future, but examples like these remind us that the occasional need for a human touch will never go away, especially when it comes to selling multiple products. In each case a friendly, knowledgeable human is just who you need to help that guest with a \$10,000 itinerary book that \$10,000 itinerary instead of abandon that incredibly valuable cart.

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Chapter 7

Payment and the Evolution of Resort Guests

Similar to booking preference, payment preference is a landscape that is changing rapidly.

Hoping to save money for rounds at the golf course and a season pass at my local ski hill, I worked evenings as a grocery store cashier during high school. I was carefully trained on processing checks, but by the time I balanced my last till, I could go entire shifts without seeing more than 1 or 2 checks. Technology had finally caught up to consumers' hopes for a simpler, faster, easier way to pay.

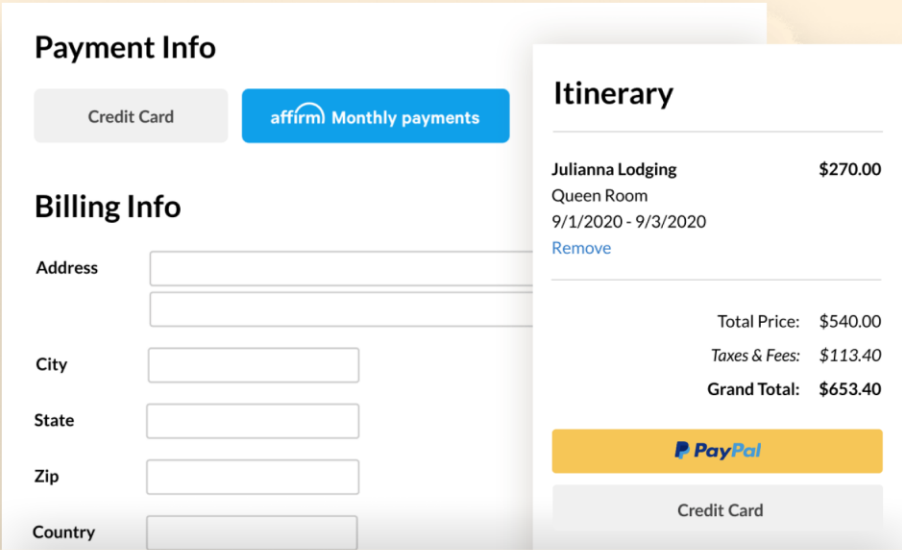
Something similar has happened in recent years on multiple fronts.

Quick, Mobile Payments

At a travel conference in 2011, a speaker asked attendees to raise their hands if they had ever purchased something from their phone. Only a small handful said they had.

Fast forward a decade to 2021 and that minority has become the majority; Mobile ecommerce has officially passed non-mobile ecommerce for the first time. This is possible because, like credit cards a few decades ago, technology has caught up with consumer demands.

Paying for something online is hard when you're typing a 16-digit number, full physical address, etc. into a tiny keyboard that's prone to autocorrect things that don't look like words. As a result, services like PayPal - that let users pay with a username and password - have seen incredible adoption. We've seen smaller resorts where as many as 10% of transactions are paid for via PayPal.



Payment options like PayPal for mobile payments and Affirm for larger purchases better align to guest behaviors, trends, and expectations.

Pay Over Time

On the flip side, larger purchases have always been a pain point for other reasons. In this case, trying to pay for a big, expensive vacation can be virtually impossible if that vacation costs more than your monthly paycheck.

Once again, technology has caught up with customers' demands. Services like Affirm allow guests to pay for things over time in simple installments with full transparency around interest and schedules. The result is guests are more likely to book large vacations and resorts see more revenue.

Changing Behaviors

The point of this chapter isn't to provide an exhaustive list of potential payment solutions. Instead, the goal is to identify the trend and recognize that, once again, a one-size-fits-all approach to payments will force people down paths that don't align to their behaviors.

And while the point of this book is to get us to look beyond conversion rate, resorts and hotels who don't adapt to these changing preferences from their guests are going to see their conversion rate slowly erode as a result.

Chapter 8

A Step-by-Step Game Plan

Like a carpenter who has all his tools and materials ready to go, it's time to combine these principles into a game plan. If you've skipped forward in this guide and are looking for the good stuff (how dare you!), now is the right time to stop skimming and start reading in earnest.

In a sentence, our goal is simple: take the same amount of demand, the same number of shoppers for your experiences, and generate more revenue from that market with as little work as possible.

Step 1: Map the Guest Experience

The first step is to map the rest of your guests' experiences outside of the ones they pay you for. Ask questions such as:

- How do our guests travel here?
- Do our guests need anything else to have a great experience?
- What else do our guests do while they're in town?

- What are the common patterns among guests who give us the best reviews?

Make a short list of everything that currently goes into a guest's experience in your destination (or could be part of it).

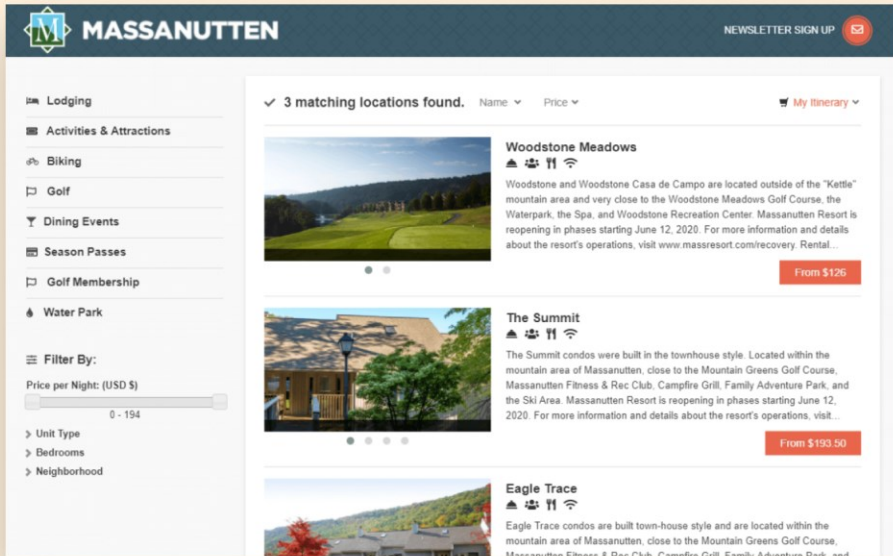
Step 2: Look for Complimentary Products

Next, pick the most essential or most complementary products. For example, if you're a golf course in a destination region but you don't have lodging, a huge number of your guests will likely need a hotel room and some form of ground transportation. If you operate a hotel, on the other hand, you might put popular local golf courses, ski resorts, or other activities on your list. Don't make a list of 20, just start with a few. You can always expand this list later.

Step 3: Use a Multi-Product Booking Engine

Once you know what products you could sell to your guests above and beyond your own, you'll need a way to sell them side-by-side. Look for a booking engine that allows you to sell multiple products from multiple systems (even if you don't own the system) in a single itinerary. Or, at the least, a system that allows a partner to load some portion of their inventory into the system that you can have access to.

A multi-product booking engine allows you to sell products from all your systems in one interface, including products that live in a lodging or an activity partners' PMS or POS.



While there are certainly manual ways to handle this, automation is the only way to truly scale these efforts and ensure you're not going down a path where you'll need to keep hiring employees just to keep it going.

Step 4: Partner with Local Businesses

Next, reach out to your list of complementary businesses to discuss a partnership, nail down a commission structure, and sign a simple agreement to ensure you're both on the same page in terms of who is

handling what and how your agreement works financially. Then, use your multi-product booking engine to load their experiences into your store so they can be sold alongside your own products. Repeat with each of the partners on your list until you have 2-3 highly relevant products available.

Step 5: Offer Multiple, Flexible Booking Paths

If you've never sold more than one product before, your guests could be in one of a few groups in terms of intent or behavior, so be sure you don't force everyone down a one-size-fits-all path:

- Offer traditional packages for those who are flexible and ready to book more than one thing right now.
- When guests begin by shopping for one specific product type, make it easy for them to explore other product types.
- Add upsells onto key product pairs (like featuring a room when guests book a tee-time or lift ticket).
- Use marketing automation to highlight complimentary products to folks who have already booked and drive them back into the booking engine where they can add more items to their itinerary.

If possible, ensure that guests have someone they can call or chat with to help them plan their vacation, especially as they add more items to their itinerary. If you're limited on staff, you may want to

only show your call center phone number or chat widget once shoppers have added multiple items to their cart.

Step 6: Track Revenue per Visitor

The next step is to be sure you're tracking the right things. In this case, you may want to consider a simple metric called *revenue per visitor*.

In the formula for conversion rate we mentioned at the beginning of this book, the number of transactions was the numerator and traffic was the denominator. For *revenue per visitor*, simply change the numerator to *revenue* instead of *transactions*. This metric is extremely useful because it combines the best of conversion rate - telling you how efficient your booking engine is at getting people to buy - while also accounting for how much they spend.

In those cases where a change you make increases revenue more than it decreases conversion, you can see the net effect by watching revenue per visitor.

Step 7: Optimize Conversion

Now that you're selling multiple products, catering to guest behaviors, and monitoring the right metrics, this is the time to bring conversion rate optimization back into the conversation. Because conversion rate isn't the end-all-be-all, but it is one lever you can

pull to further increase your revenue per visitor performance. This might include things like:

- If possible, let guests call an agent to get advice and help booking more complex (and expensive) itineraries.
- Offer payment options like PayPal or Affirm to increase conversion rate on mobile and with larger carts.
- Identify your traffic sources with the highest conversion rates and brainstorm ways to increase traffic from those sources.
- Improve the perceived value of products by increasing the quality of your marketing assets like photos and descriptions.
- Test removing or limiting header and footer navigation options to keep shoppers in the booking funnel.

Some golf resorts have given up on generating an ROI through some marketing channels. Increasing your revenue per visitor can allow you to revisit these channels with a better chance of making the math work.



Step 8: Revisit Old Marketing Efforts

Keep in mind that as your revenue per visitor increases, you may be able to afford some paid traffic channels that didn't deliver enough ROI when you were just selling single products. This is especially true of social media ads where the margins are great for some hotels and resorts but are too tight to be realistic for others.

If your revenue per visitor increases 25%, your margin may increase by an even larger percentage. Selling more products and increasing the size of each booking can reopen marketing channels that, in turn, may allow you to grow visitation in ways you weren't able to previously.

Conclusion

A Revenue-First Approach to Analytics

If there's a simple way to sum up this guide it's this: if you really want to grow revenue, sell more products to every guest that books. Don't start with conversion rate, start with revenue. Start with doing things that can double transaction size rather than increase the number of people who book by 3%. And then be sure your analytics bring revenue into the story. Measure the wrong thing and you might end up scrapping strategies that are making you money.

In many ways, it sounds odd to even suggest that revenue should be the first step in such an endeavor, but sometimes we allow ourselves to get so consumed by a lever that we forget the point of the machine it's attached to.

And it's not that conversion rate should be ignored, it's simply that it shouldn't be your primary concern. Spend your time on things that are going to increase margins, the size of your bookings, and get more people to add more items to their itinerary. Work to build a

collection of products that gives your guests the ability to book their entire vacation from a single, seamless system whether they buy packages, build their own, or shop sporadically over the course of weeks or months. These things may make no impact on your conversion, but they could be gamechangers for your revenue.

Interestingly, once you've increased your revenue per visitor, any increases you can then make to your conversion rate will lead to a greater overall impact to revenue because every transaction will be larger and more valuable than it was before.

Pull the conversion rate lever as needed but begin your quest for more ecommerce revenue with selling more products to every guest.

Start with revenue.