THE TWO KEY ASPECTS TO GREAT MULTI-CITY ITINERARIES: CONTENT AND COMPOSITION

tripninja

INTRODUCTION

The travel industry is absolutely massive ($1.6 trillion in 2017)! Travel is more accessible and affordable than ever before. Travellers today have the desire to explore and the resources to do it. And when they're crossing oceans, why not try to knock off as many destinations from their bucket list as possible? The options are limitless, especially when compared to previous generations of travellers who relied on mall kiosks and Lonely Planet books. The wealth of information available and the increasing desire for flexibility have started the transition to the multi-city era. It's here, it's booming, and it has huge potential to make you money. Although, the industry that thrives on beautiful Instagram photos and elite festivals has a fierce underbelly - the cutthroat competition.

To succeed, companies must embrace innovation and leave the status quo behind. Those that push boundaries and embrace technology are the ones that are still here, thriving, and winning. Multi-city travel is a gold mine in the travel space for those brave enough to seek it out.

THE DEPENDENCE OF METASEARCH

The flight industry changed forever when Skyscanner launched in 2001 (with Kayak following quickly behind). Travellers no longer needed to huddle over their computers, pulling their hair out with 15 tabs open, comparing prices online. Suddenly, 15 lists of itineraries became 1, with only the best ever being seen by travellers.

For OTAs, metasearch took online travel planning from a metaphorical shopping mall to an all-out battleground. And if metasearch is the battleground, then new technologies are the battle axes. In essence, OTAs need to come up with innovative ways to drive their prices down to make it to the top.

The metasearches themselves are also in the fight, driving traffic to airlines directly through itineraries created using split-ticketing. A prime example of this is Kayak's Hacker fares, or fares constructed from multiple one-ways. We expect this trend to continue, with OTAs getting less traffic organically and more through metasearch.

THE COMPLEXITY OF MULTI-CITY

The complexity of multi-city makes it intimidating. Many OTAs don't see multi-city as a priority, and thus don't bother investing in adequate resources.This make sense because multi-city typically makes up a smaller percentage of bookings than one-ways and open-jaws, and determining the right markup is difficult for multi-city trips. However, while complexity makes multi-city a challenge, it also makes it an opportunity.

Multi-city trips are extremely unique. As a result, OTAs are able to make better margins. The competition is also less fierce because few players have prioritized multi-city. Overall, multi-city is a massive opportunity to increase overall revenues for OTAs who are willing to devote the resources.

To create successful multi-city itineraries, there are two key components: content and composition. If you're building a wall and don't use great bricks (content), the wall won't last; alternatively, if you put the bricks together in the wrong pattern (composition), the wall will also collapse. Itineraries are only as good as the content from which they're made and the way in which they're constructed.

TRAVELLER FLEXIBILITY

To truly succeed as an organization you must understand your traveller. In the multi-city space, we've found that 60% of leisure travellers are completely flexible, and increasingly, flexibility is becoming a priority. Many OTAs are now offering a +/- three day feature for flight planning. We know that fully customizable itineraries are the way forward.

So how do we offer travellers the flexibility they desire? The answer lies in innovative itinerary creation. When a trip consists of a number of destinations on a traveller's bucket list, order doesn't matter. However, the best order isn't always clear — in a 5 city trip, there's over 120 different possible routes.

Trip Ninja's FlexTrip product allows OTAs to find the cheapest trips for flexible multi-city travellers by changing the order of destination cities to find the cheapest route.

OTAs can take that a step further and target travellers who don't even have a destination in mind; you can tailor to those in the inspiration stage by including alternate destination recommendations.

CONTENT

One of the key ways that OTAs are differentiating themselves is through expanding their content base. A negotiated fare that drives the price down by $10 could make or break a booking. Shaking up content is one of the easiest ways for OTAs to earn more money. The downfall is that since it's so easy, it's something that everyone is doing, and the competitive advantage is limited.

There are two main ways that OTAs are lowering flight costs: through Low Cost Carriers (LCCs) and consolidators.

Consolidators are an amazing way to get cheaper flights very quickly. We've seen OTAs have as many as 15 consolidators. Since it's solely what they're focusing on, consolidators are able to get negotiated rates that aren't available to OTAs. They can usually integrate straight into your existing GDS account.

Low Cost Carriers are the way of the future. They are allowing travellers to check destinations off their bucket lists cheaply and easily. We recommend looking for LCC consolidators like Trip Stack or Mystifly.

COMPOSITION

While having great content is important, unless itineraries are constructed in innovative ways, you'll only be getting some of the benefits. The standard GDS output is dead; split-ticketing is the way of the future because fewer travellers will tolerate the rigidity of antiquated airline alliances. Technology has made it easy to access these data sources and assemble them in a way that speaks to the traveller's desire for flexibility. However, few companies are at the cutting edge of leveraging data sets, machine learning and automation to really take advantage of untapped opportunities.

Industry leaders are booking multi-city trips using multiple PNRs, PCCs, and GDSs. A common method is substituting LCC legs into GDS content to drive prices down. Ultimately, they're thinking beyond the GDS to find new ways to construct multi-city trips.

At Trip Ninja, we specialize in leveraging travellers' flexibility to construct multi-city itineraries in innovative ways. Our algorithms find the best way to break a multi-city itinerary into one-ways and open-jaws to find cost savings (and markup opportunities!). We know you've got amazing content, so we use your existing data sources.

CONCLUSION

Technology is making it increasingly easy for travellers to find and compare flights. As such, OTAs are more reliant on metasearches for bookings and traffic than ever. Since travellers are extremely price sensitive, and they often only see the top few trips, it's extremely important that itineraries are as cheap as possible. Being competitive on metasearch is crucial for your success.

To do this, multi-city is a massive, revenue-generating opportunity for OTAs, and it is one that not many are taking advantage of.

In summary, there are two key components to cheap, money-making itineraries: content and composition. To generate competitive itineraries, OTAs must consider both. Industry leaders are leveraging consolidators and LCCs to generate great content, and this allows them to drive costs down. And while great content is key, these flights must also be arranged effectively to be truly profitable. Using split-ticketing and machine learning to determine the optimal markup for each target audience and geography will set you apart from the competition.