

WHITE PAPER

BEYOND THE ROOM

Retailing experiences to drive hotel profitability

journey

“As a leader in hotel technology, Journey has been helping luxury and independent hotels maximise online experiences to drive commercial success. This guide is designed to help hoteliers at all stages of their ecommerce journey to understand the opportunities which await them in a digital retail environment.”



SIMON BULLINGHAM
CEO, JOURNEY

Contents

01. INTRODUCTION	page 04
02. THE ART OF HOSPITALITY IN A DIGITAL WORLD	page 06
03. THINKING LIKE A RETAILER	page 08
04. GUESTS WANT MORE	page 17
05. THE FUTURE OF HOTEL RETAILING IS NOW	page 22

1. INTRODUCTION



When it comes to booking a hotel, it's not just about finding a room for the night. Now more than ever, guests want experiences. Whether it's a great dining experience, luxury spa session, or out-of-the-ordinary activities, miss out on this revenue driver and you might just fall behind.

Guests choose you

Creating experiences that wow guests adds to a hotel's reputation. Today's guests expect more, and to meet those expectations, hoteliers need to reimagine service to optimise the guest experience in a world that blends digital technology and genuine human interactions.

There is no standard hotel guest

Every guest is an individual and wants to shape their own experience, which is why personalisation is the ultimate luxury. Having the ability to customise their stay by adding what they want, when they want it, is key to this.

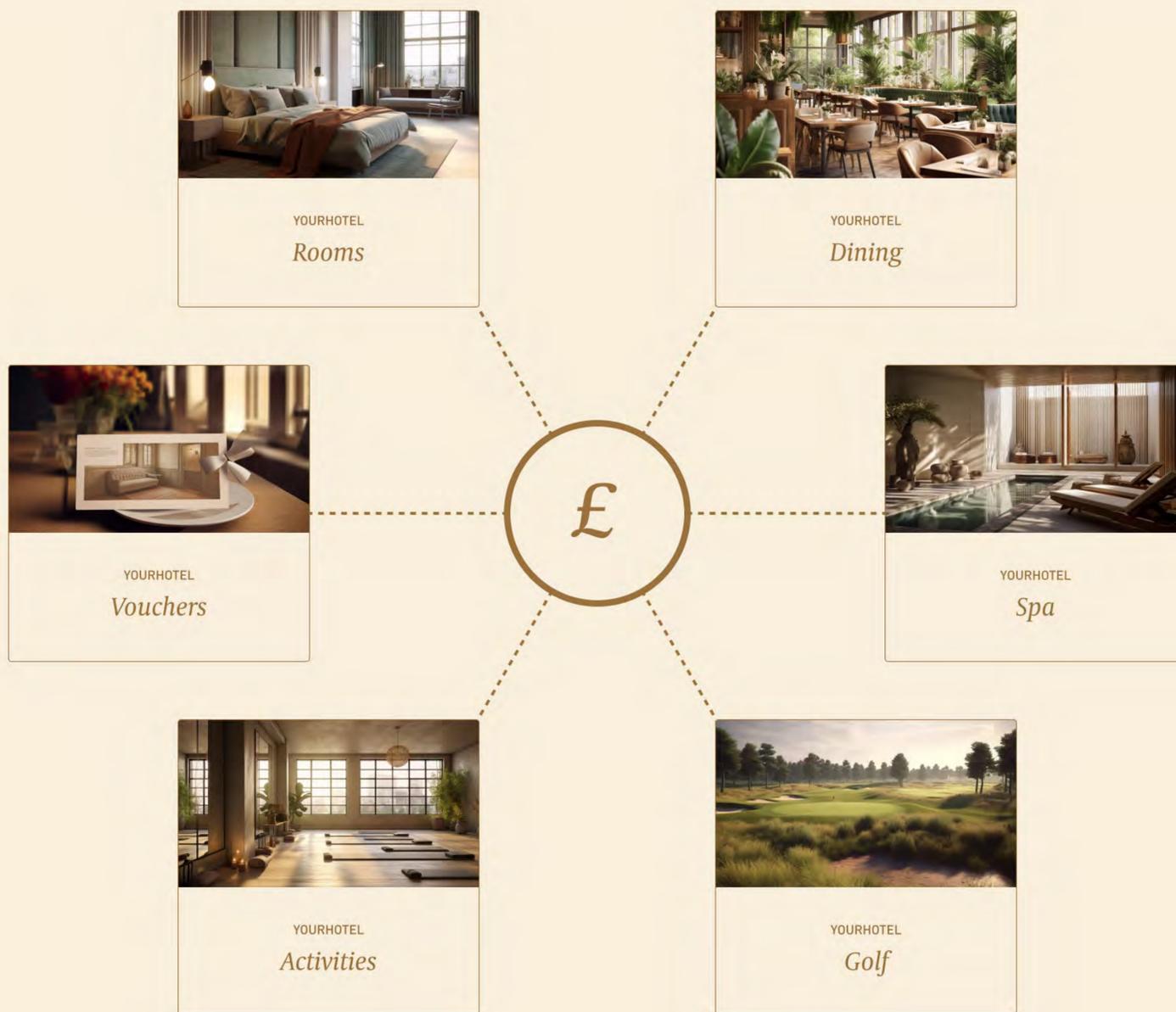
Your unique identifier

Technology can hugely elevate a guest's experience - before, during and after their stay. And by responding to increased consumer demand for digital-first transactions, hoteliers can make their property fully 'shoppable', thanks to the rise of next-generation technology that works with existing platforms. This shift also requires a change in mindset for hoteliers - from a room-centric commercial strategy to a broader retail approach, incorporating all parts of the business.

Monetise more

Learnings from traditional retail sectors, as well as the aviation industry, can be easily applied to hotels. Monetising all a hotel's products and services is the key to growing total revenue. Success is within easy reach of

hoteliers, by changing the way they view their property, and surfacing the full range of products and services in a way that creates a friction-free buying experience and memorable in-person encounters for guests.



“Whilst hotels are adept at upselling room upgrades, opportunity lies in retailing the whole on-property experience online. Can you name another industry’s online buying experience where you can’t purchase multiple items in one basket? You’d struggle! Guests demand the highly digital, one-basket experience they get in other parts of their lives.”

- SIMON BULLINGHAM, CEO, JOURNEY, SPEAKING TO PHOCUSWIRE

PhocusWire
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2. THE ART OF HOSPITALITY IN A DIGITAL WORLD

The art of hospitality in a digital world.

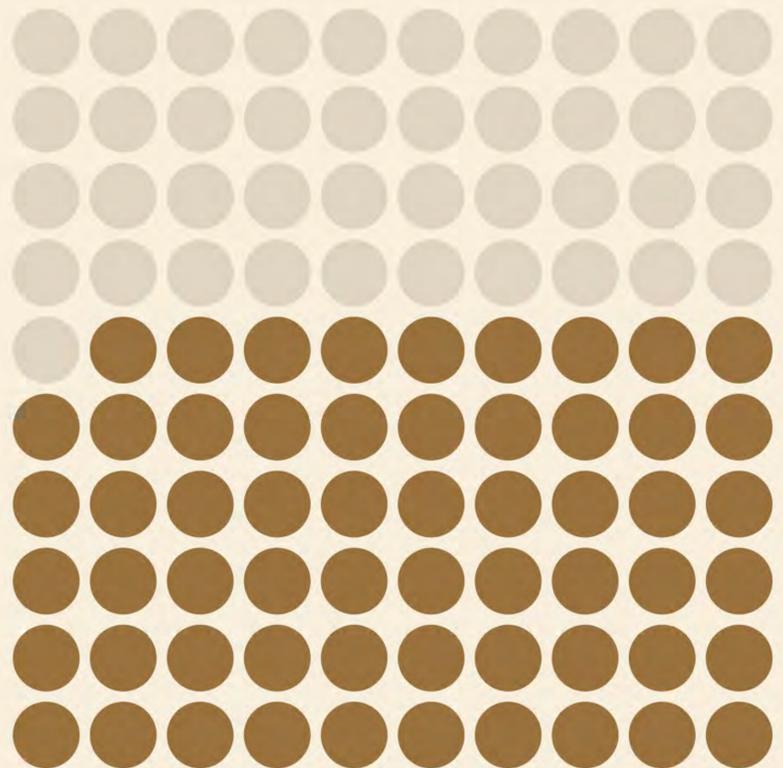
Retailing is a critical component of today's consumer experience. Guests expect seamless, self-service options in all areas of their lives, including their travel and leisure time.

This shift has been driven by a growing demand for convenience and a rise in the perceived value of an individual's time. It's serviced by the ability to tailor experiences to individuals, a concept familiar to hoteliers who pride themselves on delivering the 'art of hospitality' - and being accessible when the guest seeks it.

By offering a smooth online experience (including cross-selling and upselling) within a secure ecommerce environment, hotels can boost their revenue.

*59% of consumers
say getting what
they want is more
important than price*

Source: Modern Retailing, Travelport, 2023



For the guest, booking directly can provide benefits like exclusive offers, loyalty rewards, and greater control over their own stay experience.

For the hotel, direct bookings provide hoteliers with greater influence over the guest experience from the outset, allowing for more personalised services.

To meet the diverse needs of today's travellers, an omnichannel approach is needed. This involves providing a unified and consistent booking experience across multiple platforms - from viewing a hotel website on a desktop or laptop to mobile apps and in-person interactions.

Guests should be able to book and pay for anything they want, however they want - whether that be via credit card or digital wallet. Using a digital payment partner such as Stripe allows hotels to manage payments seamlessly, while optimising revenue reporting.

+10.3%

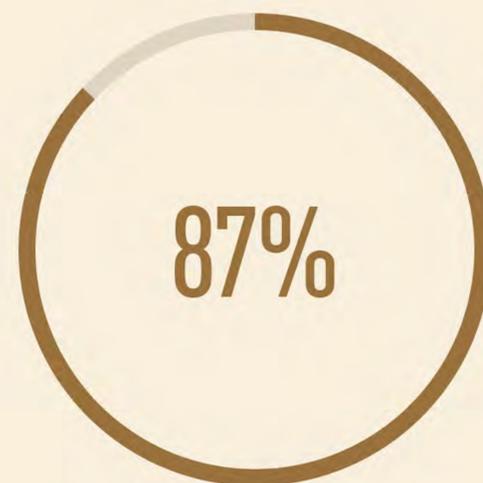
Average order value up by

+118.9%

Increase in revenue

+4.14%

Average conversion rate
(compared to industry average 2.2%.)



of guests are more likely to book hotels offering a la carte pricing

3. THINKING LIKE A RETAILER

*Think like
a retailer
to drive
profitability.*

Driving revenue is an important part of any hotel's commercial strategy, but profitability should be the ultimate goal.



Increased operational costs (including the rising costs of utilities, supply chain inflation, and staff wages) are eroding profits, and forcing hoteliers to make tough decisions to balance profitability. By taking a 'Total Revenue Management' approach, encompassing all business units in a method akin to retailers, hoteliers can counteract some of the operational expenses and boost overall profitability.

Hoteliers are aware of the cyclical nature of hospitality with bookings influenced by everything from the weather to local and global events and political decisions. However, driving profitability in a chaotic world has caused waves of change and flux. With a robust strategic commercial approach, put into action with the help of technology, hoteliers can rise to the ecommerce tide.

Areas such as Food and Beverage are currently fighting tough trading conditions, particularly across regional UK hotels with F&B profit down five percentage points compared to 2019 (source: Hotstats & Knight Frank).

But it's not all bad news. Where there's a challenge, there's an opportunity - and it lies in ecommerce, providing intuitive digital experiences for guests to book hotel rooms, restaurant tables, spa treatments, and ancillary spend from anywhere at any time.

85.6%

of hotel executives believe non-room revenue will be a vital revenue stream by 2027.

“Guests come to us for more than just a great place to stay. Memorable experiences are at the centre of everything we do at Boringdon Hall - whether that be our 5 Bubble Luxury Rating Gaia Spa or MICHELIN star restaurant Àclèaf. Journey helps us commercialise these experiences for long-term business growth.”



EMILIE IBBS-GEORGE
HEAD OF SALES AND MARKETING, BORINGDON HALL

Understanding ecommerce

*Wondering how to measure your ecommerce success?
Or where to start your hotel's ecommerce journey?
Whether you think of the process as ecommerce or
online shopping, making your hotel 'shoppable' is simple.*

Hoteliers are used to a range of metrics to measure business performance: ADR, RevPAR, TRevPAR, Loyal/Repeat custom vs new, and Guest Satisfaction Score (to name a few). The basic metrics of ecommerce include:



Value per booking:

What is the average revenue for each booking?

Value per guest:

On average, how much does each guest spend throughout their stay?

Multiproduct basket rate

How many people have bought more than one item (eg 'just' a room booking versus room and table reservation)?

Direct booking rate

Increasing this should be a key objective for marketing departments as it should be a low-cost route to sale.

Conversion rate

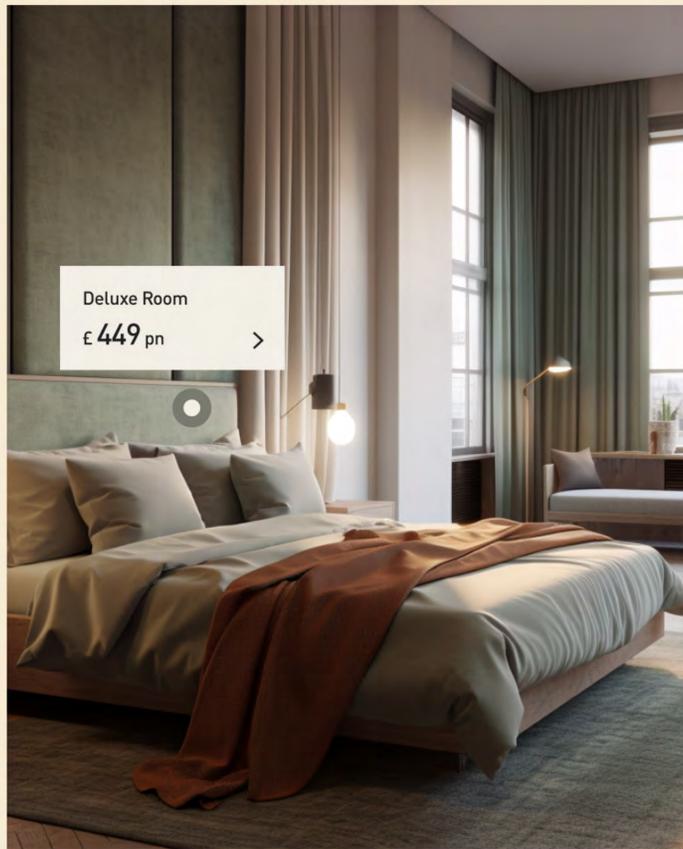
How many of your website visitors actually book? By offering an intuitive online experience, you can boost your conversion rate.



4x4 Experience
€ 24.99 pp >



Working Space
€ 16 ph >



Deluxe Room
€ 449 pn >

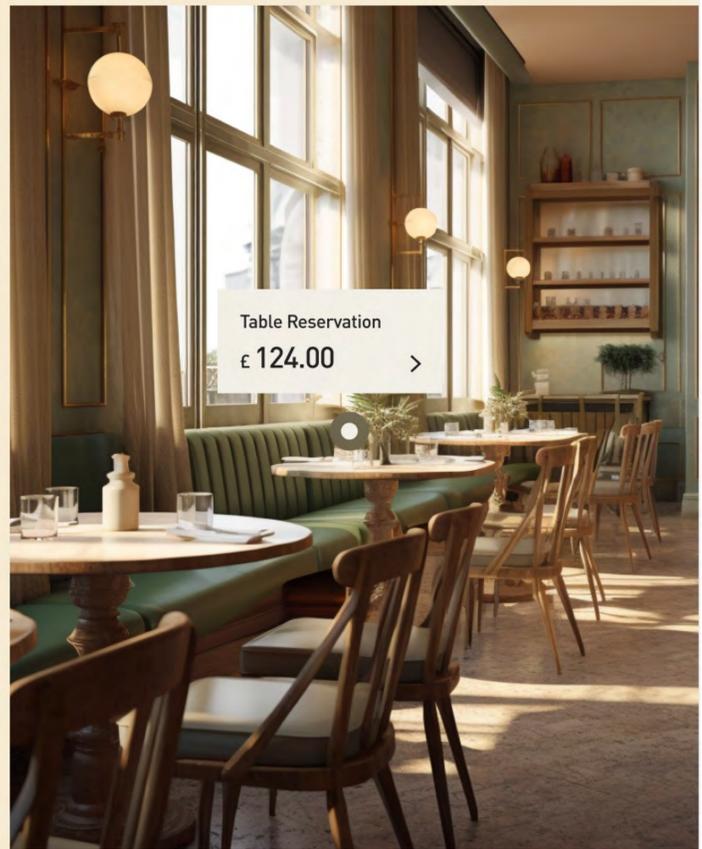


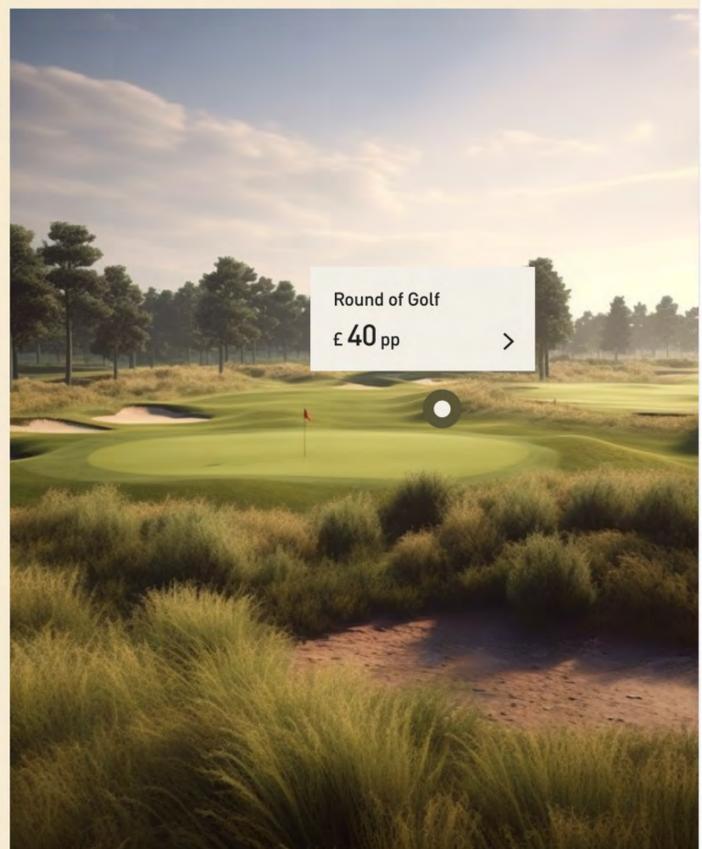
Table Reservation
€ 124.00 >



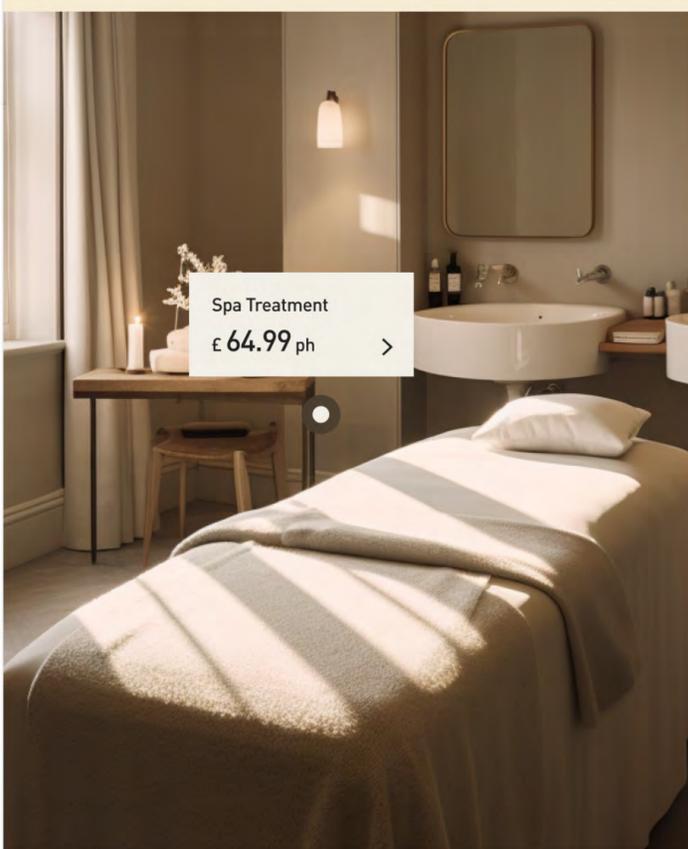
Pool Access
€ 24.99 ph >



Poolside Lounger
€ 16.99 ph >



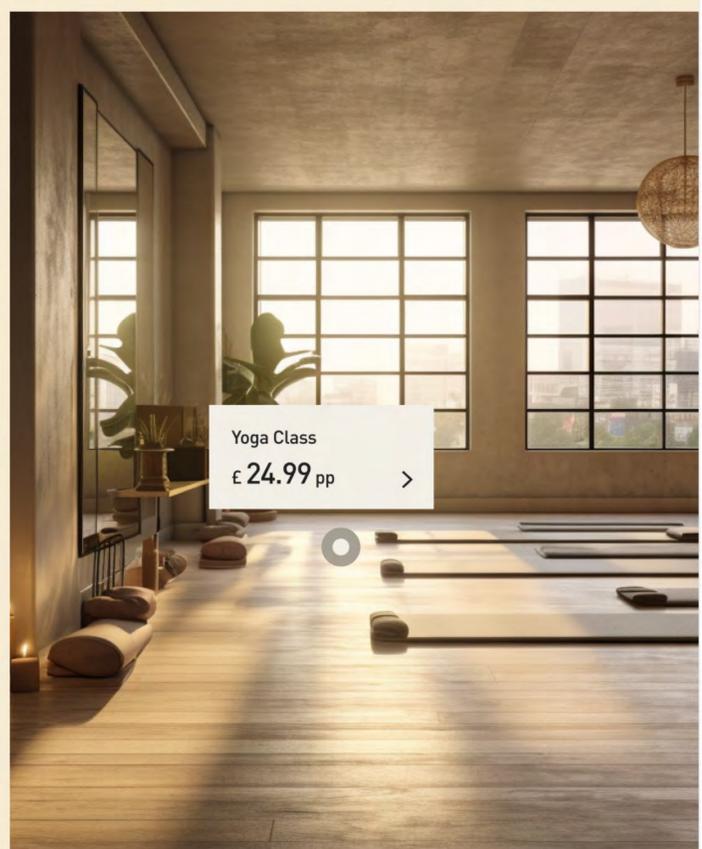
Round of Golf
€ 40 pp >



Spa Treatment
€ 64.99 ph >



Champagne Arrival
€ 49.99 pp >



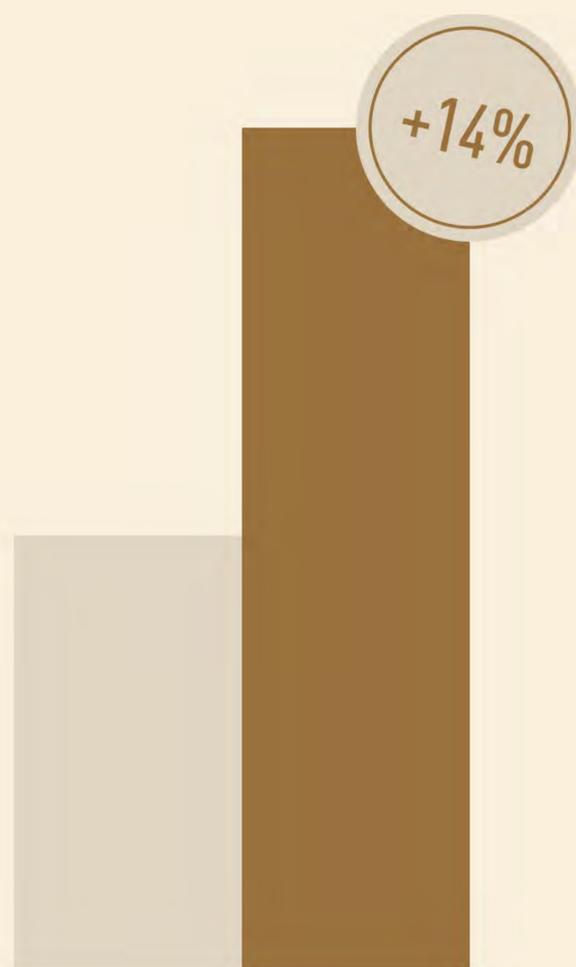
Yoga Class
€ 24.99 pp >



Ancillary spend represents a key growth area for hotels. Studying the impact of ‘extras’ on the airline industry, hoteliers can gauge what works, and what doesn’t. But there’s no denying the potential value of the market with estimates for the global hotel sector ranging from \$20 to \$108 billion, and a study revealing hoteliers expect ancillary revenue could double from nearly 15% of total revenue to 29% in the near future.

Unbundling may have been popularised by low-cost carriers, but the commercial success of the strategy quickly translated to legacy flagship carriers such as Etihad, British Airways, Qatar Airways, Emirates, and Finnair. Seat selection, luggage, and food (on short-haul trips) ‘add-ons’ were first sold with economy seats, before airlines started unbundling selected ancillary products from their business class tickets as well.

The removal of airport lounge access from fares such as Qatar Airways’ Business Lite provides lessons for spa hotels seeking to balance member access with overnight guest usage. Top-tiered OneWorld frequent flyers can access the lounge through their membership, whilst saving money with a Business Lite fare. Non-status flyers can either pay extra for lounge access or upgrade to the Classic fare where it’s included. Mirroring the format in a spa hotel is an ‘easy win’ for hoteliers, letting guests shape their stay while minimising disruption during peak times for members.



Hoteliers expect ancillary revenue could double from nearly 15% of total revenue to 29% in the near future.

“Some airlines are now generating more revenue per passenger from ‘ancillary revenues’ than the actual airfare. With Journey, hotels have the ability to do the same.”



SIMON BULLINGHAM
CEO, JOURNEY

THE CONISTON HOTEL

Country Estate & Spa



Louise Bolton, Director at The Coniston shares her experience using Journey ecommerce.

CASE STUDY: THE CONISTON

"Journey has significantly boosted our sales growth by making us more shoppable with 24/7 live availability and offering upgrades and extras. It has also reduced after-hours work for our reservations team by providing real-time availability and pricing for rooms, spa, restaurants, and activities."

LOUISE BOLTON,
DIRECTOR, THE CONISTON

The family-owned countryside Coniston Hotel revitalised its commercial strategy, improving key result metrics:

In partnership with Journey's ecommerce platform and strategic services, the hotel adopted the retail principle of unbundling. By splitting facility access from room sales, its guests can shape their own stay. By paying for what facilities they actually want to use, they'll feel an enhanced value for money from their stay.

The ability to monetise facilities was a key benefit of the strategy, along with being able to better manage usage patterns and diversify the market for the Coniston's spa to more members and locals, driving total revenue in quieter periods.



70%

Increase in direct room bookings YOY

41%

Increase in revenue

68%

More gift vouchers were sold

27%

of room bookings include a table reservation

4. GUESTS WANT MORE



Creating inspirational and aspirational guest experiences doesn't need to cause operational headaches for hoteliers.

From creating partnerships with like-minded brands to using technology to display and schedule buying prompts, hotels can create demand for ancillary products and services. Enjoyable digital experiences have given hoteliers options to resonate with guests for more meaningful and authentic experiences.

Turning wellness into wealth

The rise in popularity of spa hotels and wellness breaks post-Covid has been unprecedented as guests seek to improve both their physical and mental wellbeing.

According to [RLA Global](#), hotels with a major wellness focus had a TRevPAR almost double (+98.8%) compared to properties with no wellness facilities. For hotels where space is a premium, offering even limited facilities or services can still have a dramatic impact, with a TRevPAR 20.3% higher than hotels without wellness programmes.

As well as driving greater revenue from guests, hotels are able to open facilities and services to locals, creating memberships for an additional revenue stream.



TRevPAR almost double



“Hotel and hospitality are far more than just places where you sleep and eat scrambled eggs in the morning. It’s not a commodity. We are emotion makers.”



MAUD BAILLY
CEO, ACCOR LUXURY BRANDS

Selling the hotel experience

In the age of the experience economy and the growth in wellness, hotels are no longer room-centric businesses. To thrive, they need to provide self-service access to added value experiences such as spa, activities, golf, and events; increasing the total spend per guest ultimately delivers higher revenue.

By making the property's full inventory bookable online for guests (being able to check availability in real-time, and book and confirm experiences whenever they want at the press of a button) hotels empower guests to hyper-personalise their stay.

Consider every facility and service provided, as well as local partnerships - almost anything can be sold.

POPULAR EXAMPLES:



Spa

Treatments, hammam, sauna access, touchless therapy, pool access, and sun loungers.



Facilities

Exclusive access areas, EV chargers, tennis courts, padel courts.



F&B

Restaurant table bookings, high-tea packages, dining offers, tasting menus, picnics.



Events

Celebrity/guest chefs, class leaders, motivational speakers, wellness leaders.



Golf

Tee times, buggies and carts, halfway house snacks, end-of-round drinks, course guides.



Experiences

Bicycle hire, water sports, wild water swimming, and driving experiences.



Room

Bottle of Champagne, chocolates, pet access, babysitting services, welcome packs, flowers.

UPSELLING

Sourcing items to encourage additional spend can be simple. Every hotel has a myriad of so-called 'low hanging fruit' available - from breakfast and a bottle of prosecco in-room on arrival to allowing pets (at a charge) or selling hotel-quality pillows or robes to take home. You could monetise or make bookable parking spaces, electric hook-up or meeting and work spaces. Experiences such as bike hire, cooking classes, or poolside daybeds may also be available depending on the nature of the property.

Hoteliers should consider what they already stock or can easily implement, and how these items can be monetised. Displaying them online, with prompts throughout the booking process to encourage buying, is a prime example of thinking like a retailer and turning a hotel into a shopping experience.

TOP 5 SELLING ITEMS

Rooms



Spa



*Based on data from hotel spas,
offering additional items throughout
the guest's booking experience can add:*



+£33

to each treatment order

+£22

to each spa day order



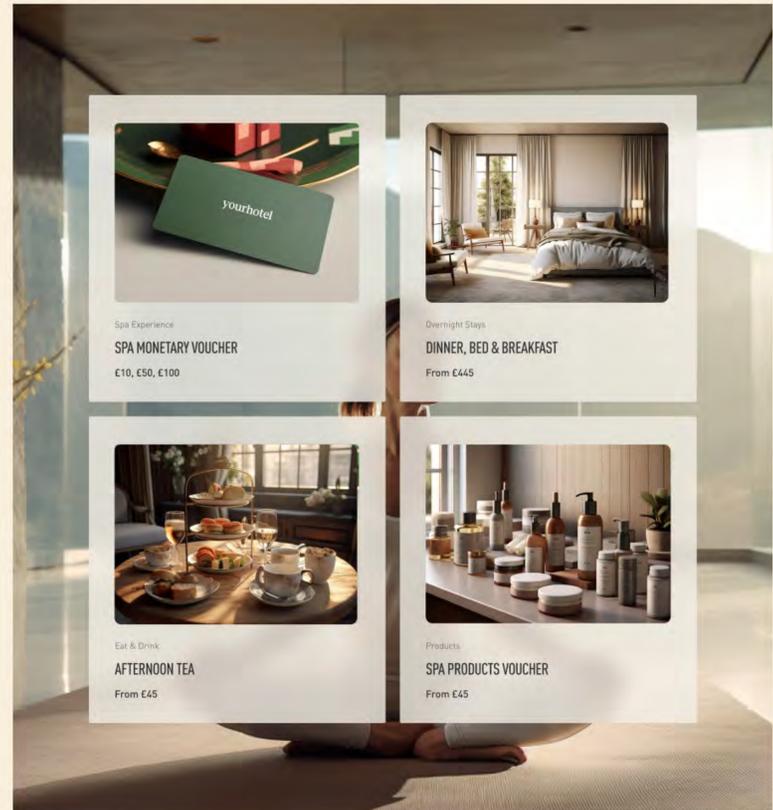
And it's not just revenue that receives a boost. By securing bookings ahead of time, hoteliers are able to improve operational efficiencies with better management of people, spaces, and stock. Rooms, restaurant tables, spa treatments, and other activities - all can be pre-selected to allow departments to manage staff rotas and ensure the guest experience is as positive as possible by being prepared for their arrival.

5. THE FUTURE OF RETAILING IS NOW

Consumers expect more. Hotel investors expect greater revenue growth. For hoteliers, the solution to both these challenges is to think - and act - like a retailer.

Surfacing the right products at the right time to the right online shoppers is key to ecommerce success. That's where technology helps.

To effectively retail, hotels need technology which can unify both booking and the management of on-property experiences - preferably solutions that work with existing software systems. Technology should make it easier for operations teams to fulfil their duties, freeing them to focus on delivering in-person experiences, and be simple for guests to use - whether they're looking to book a B&B stay or an itinerary full of a hotel's extra services.



“Successful companies in other industries are approaching continuous reinvention by better adapting their offerings to clients, and travel organisations should be no exception.

“To appeal to today's traveller, it is critical to unlock the potential of retailing. This calls for the introduction of new order and offer capabilities that enhance the shopping experience and enable an increase in revenue and margins.”

accenture

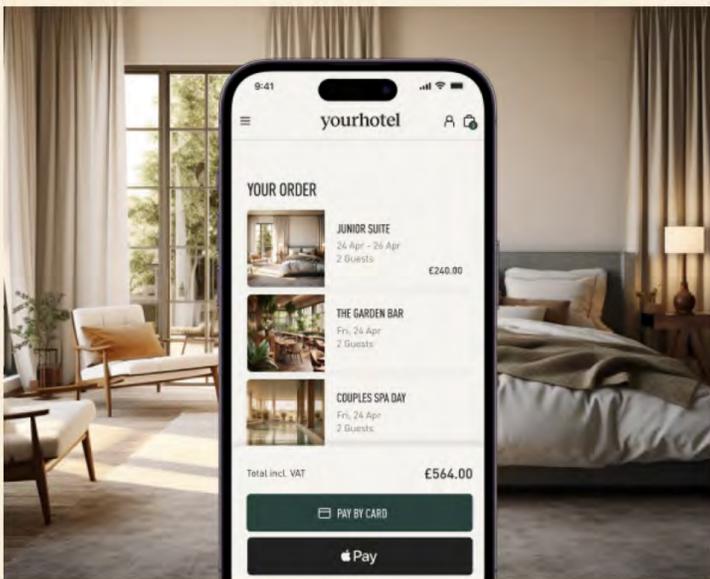
Accenture, 2023

“Having a room-first approach to selling no longer provides enough scope to connect with guests. It’s only by tapping into a guest’s priorities and empowering them to book every element of their stay that hoteliers can give guests what they want.”



SIMON BULLINGHAM
CEO, JOURNEY

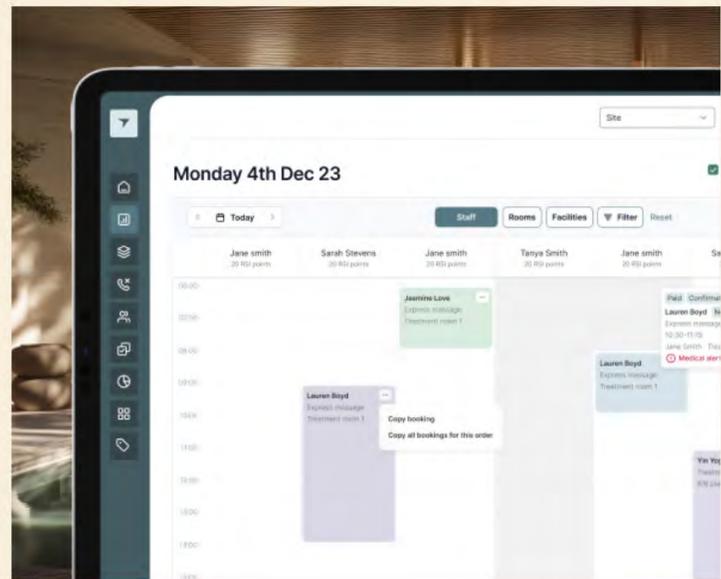
Integrated systems providing revenue-ready retail



ECOMMERCE PLATFORM

Your hotel made “shoppable”

Journey’s ecommerce platform delivers a seamless experience to guests, increasing direct conversion with friction-free bookings. Working with the hotel’s existing booking tools (IBE) and tech stack, the ecommerce platform enhances the guest’s direct booking experience by offering multiple products in a one-basket express checkout with simple digital payment options.



EXPERIENCE MANAGEMENT SYSTEM

Manage your experiences, easily

The Journey experience management system helps hotels manage and monetise anything - from spa treatments and tee times to retail products and EV charging. By centralising information into an easy-to-use system, hotel teams can manage operations and spend more time enhancing the in-person guest experience.

Integrating retail with hospitality transforms the way a hotel engages with guests. By embracing self-service options, leveraging direct channel bookings, and adopting an omnichannel approach, hotels can meet the evolving expectations of modern travellers and drive total revenue.

Get in touch to find out how you can monetise your hotel’s experiences.

LET'S TALK

THANK YOU

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