intuitive case study

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A unique solution to sourcing and selling hotels

intuitive

Overview

To be competitive in the travel industry, companies increasingly need to be able to source and sell hotel beds quickly and efficiently.

The process is complex (see our report on 'Making sense of hotel sourcing and selling' here: www.intuitivesystems.com/internal-bedbank) and companies typically are able to do this on their reservation platform, which may have been built in-house or supplied by a technology provider.

However, these platforms may have limited capability, leaving them under-powered in this vital area.

Any travel company that has built an in-house reservation system will find it very costly to develop a solution for hotel sourcing and selling that keeps up with a fast-changing market.

Meanwhile, a company that has relied on outsourced technology from a provider is unlikely to have the best available functionality as, even for the most experienced suppliers, this is a highly specialised area.

Now travel technology provider intuitive is offering a unique solution for travel companies.

Tour operators and Online Travel Agents (OTAs) have the opportunity to connect to a complete hotel sourcing and selling system through one API – iVectorConnect from intuitive.

They can do this whether they are using their own platform or one provided by another technology supplier.

Through iVectorConnect, they will then have access to a market leading hotel contracting platform, channel managers, switches and GDSs, and over 100 bedbanks, wholesalers and hotel chains. Travel companies can source and sell this product live or via a super-fast and up-to-date cache.

This allows tour operators, agents and wholesalers to focus on developing and managing their core businesses, while keeping up with the latest technology and innovations. Enhancing their buying and selling capabilities will provide the end customer with wider accommodation choice and availability, whilst their travel operation also benefits from efficiency savings in terms of loading, fulfilment and reconciliation.

One chief executive, who is taking this approach, said: "*We have technology, but it doesn't do everything we need. We've looked at trying to develop it in-house, but there's no point in trying to re-invent the wheel. I use intuitive in the areas where we do not have expertise.*"

In this report, we look at two companies who are using intuitive's unique service to see the benefits it brings them:

fleetway

CASE STUDY 1: FLEETWAY TRAVEL

Background
Fleetway Travel is a tour operator with its own Air Travel Organiser's Licence (ATOL) and an annual turnover of around £40m.

Around 70% of its business comes from so-called 'flash sales' – around 20-25 specially negotiated deals with hoteliers each week that have a shelf life of up to three weeks and are sold through companies such as Travelzoo, Voyage Prive and Secret Escapes.

Technology overhaul – Travel Smart
In 2015, Fleetway Travel was the subject of a management buy-out with the support of private equity firms Synova Capital and Tenzing Private Equity. The new investors were determined to overhaul the company's old technology system.

"Historically, we're a 'call-to-book' business and we were making bookings in an offline environment," said chief executive Stuart Jackson.

"In a digital world, we needed to transact some of that business online as well. We still like offline, because you get a better margin and we like customer contact, but we needed to change.

"We created Travel Smart, because it allows our sales agents to make a booking in what we call a 'walled garden' enclosed environment, as opposed to just transacting with an airline or hotel across the internet. We create our own dynamic package in real time."

However, Fleetway, with its development team of seven full-time staff, did not have the resources to do all its hotel sourcing and selling in-house.

It approached intuitive to use its system in conjunction with its platform.

"We like this hybrid approach," said Jackson.

Cherry picking modules
"The intuitive system allows you to cherry pick the functions you need," said Jackson. "We do some of the functions ourselves and anything that is over complicated, we leave to them."

> *"intuitive are the best people in the market at it."*
>
> Stuart Jackson, chief executive, Fleetway Travel

The areas where Fleetway Travel needed help were in creating a platform for accommodation contracts and connecting to third party suppliers.

"I've known intuitive for a long time and we know the power of their contracting system.

"We wanted to use their contracting system to hold all our contracts and access to the third-party market.

"In our own platform, the one thing we didn't want to do was connect to hoteliers or third-party bed banks, because it's quite a complex area," said Jackson.

"intuitive are the best people in the market at it.

"As we already have a layer that allows API connections, it was simple for us to plug into the iVectorConnect API."

Hotel contracting platform

Fleetway Travel negotiates with hoteliers for rooms in four-to-five star hotels on specific departure dates and loads the deals into intuitive's contracting platform.

Jackson particularly likes the platform because it enables Fleetway Travel to load multiple room and board types, occupancy rates, adult and child combinations and much more, along with room specifications and the details of the payments process.

"The contracting model in iVector is so solid and allows us to do all that," said Jackson.

Linking to bedbanks

Fleetway Travel uses intuitive to link to four bedbanks that it feels are correct for the type of holidays that it sells – Jac Travel for city breaks, market leader hotelbeds and two destination-specific bedbanks.

Jackson likes the fact that if he needs a particular room or suite in a hotel, he can see which bedbank it is coming from and keep that hotel informed about its sales.

"I can keep the one-to-one relationship with the hotel. That's the beauty of the intuitive system, the functionality all works really well," he said.

Fleetway Travel does not currently use intuitive to link to hotels through channel managers.

"We could do, but in our business we don't need every single hotel in the world. We're focussing on around 500 hotels. Also, the turnaround time with channel managers can be quite long."

Simplifying the process

intuitive has worked in partnership with database company GIATA to help simplify the hotel booking process.

Confusingly, hotels have been assigned different codes for different bedbanks or wholesalers but GIATA has worked to rectify this by mapping all third-party properties and setting up a single code for each property.

Jackson said intuitive's work in this area has benefited the company.

"Fleetway Travel could never have got that done," he said.

"It's important because it makes our life a lot easier. The next step is to get standard coding

for room types because our deals are at room-type levels. We're not trying to sell the same standard room as someone else, we'll try to sell the suite or room with a pool."

Evaluating the relationship

Fleetway Travel has been working with intuitive for around two years and Jackson feels that it is an excellent relationship that has grown stronger over time.

"When you go into a relationship, you are constantly evaluating it and questioning whether it is viable to develop more or less in-house," he said.

"We're very pleased with the relationship. We've known the guys for 10-15 years and I know they are very good at this contracting, hotel mapping and connecting, so I'm not looking to go elsewhere.

> ❝ *It would be fairly simple to switch everything to intuitive."*

Stuart Jackson, chief executive, Fleetway Travel

"They know our business, they understand the market, our stress points and vice versa. They know how TravelSmart works and which parts we do ourselves. We try to keep abreast of each other's plans and developments.

"We'll continue evaluating in the future. They have a nice suite of third-party connections and currently I don't need them all. But maintaining multiple API connections may not be what we want to do in the future because it might be easier to do everything through iVector.

"It would be fairly simple to switch everything to intuitive."

loveholidays

CASE STUDY 2: LOVEHOLIDAYS

Overview

loveholidays has enjoyed spectacular growth since its formation by entrepreneurs Alex Francis and Jonny Marsh in 2012.

Specialising in creating and selling budget holidays, it extended its ATOL by 53% to 1.2 million passengers in the year to the end of March 2020, compared with the 12 months to the end of March 2019. It is now expanding overseas, including in the Nordics, Benelux, Spain and Australia.

Contracting

loveholidays also needed a contracting module for its accommodation.

Up until 2016, loveholidays was working with six third-party bedbank suppliers but wanted to start directly contracting with hotels, as that would provide the company with better margins.

The collapse of rival Lowcost Holidays provided an opportunity for loveholidays, as they were able to employ the failed company's contractors and start working directly with the most popular hotels.

The company began working with intuitive in September 2016, using its direct contracting module.

"It all co-incided with the collapse of Lowcost," said product manager – supply Blake Alce. "On the back of the collapse there was a gap there and a team ready to go.

"The contractors knew how to use the iVector system because Lowcost and intuitive had worked together, so it was seamless and no training was needed.

"It just made sense as the way to go. We did look at a number of other providers, but intuitive's product was by far the best offering."

Alce said loveholidays was convinced by the experience of the team.

"A big factor was how easily we'd be able to integrate into that system. There were newer companies based overseas, but I didn't have the same confidence in them and they didn't have the same experience as intuitive."

loveholidays currently has around 1,200 hotels, or 20% of the stock it uses, directly contracted.

"I think we are fairly happy with that number," said Alce. "We're realistic about where we can get the best rates."

Robust system

The nature of Love Holidays' business meant that they needed to be able to rely on a company with a robust system.

Of particular importance was loveholidays' need to build a 'cache' for its own contracted prices – essentially storing a lead price for any departure and party size, which is saved for up to 24 hours.

"We got access to the raw contracts on XML and built a pricing algorithm for this. There are literally hundreds of millions of different combinations.

"We needed iVector to load contracts onto the system and they gave us back the XML version

> " *intuitive's product was by far the best offering*"
>
> Blake Alce, product manager – supply, loveholidays

of that contract for us to generate the lead prices from that."

The Love Holidays website has a 'destination-less search', meaning that visitors can search for a holiday based on a star rating, tripadvisor rating or budget, without having to choose a destination.

The site receives around 4.5 million visits per month and can record up to 2,600 bookings a day during the peak periods of January and February.

"At the beginning, the relationship was a learning process for both parties and we had to provision extra capacity on their servers to cater for the demand. But we were able to do that,"* said Alce.

Growing importance of channel managers

When Love Holidays first began contracting hotels in 2016, it had planned to avoid using channel managers.

"However, it soon became clear that we had to work with them," said Alce. *"We have situations where hotels prefer to work with a channel manager or insist on it."*

Through intuitive, loveholidays now links with six channel managers.

"It does save time for us, because loading a contract is manual donkey work. If the hotel uses a channel manager, it is making the updates.

For example, if a hotel goes on 'stop sale', the hotel can just update the information through a channel manager. If not, they have to email us to do it on our system or their extranet system."

However, Alce said that it doesn't always get the best rates when hotels go through a channel manager.

"All that you can guarantee is that you are getting parity of rates,"* he said.

Going live with transfers

In May 2017, Love Holidays went live using intuitive's contracting module for transfers.

Previously it had sourced all its transfers through third parties, but saw a significant increase in margins by contracting directly with transfer companies.

"intuitive have a contract system for transfers and it made sense to use that," said Alce.

"Transfers are much easier to load than hotels. There are around half a dozen vehicle types, occupancy levels and then normally a set price based on that."

Love Holidays still uses third parties for transfers where it feels it is not able to get the best rates by negotiating directly. Around 55-60% of its transfers are contracted directly.

Using what you need

Love Holidays doesn't exclusively work with intuitive. It directly links to some bedbanks and uses Travelgate, which connects businesses to suppliers, to link to others. For flights, it links to various providers, including global distribution system Amadeus, airline Norwegian, and wholesaler Paxport.

Alce likes the fact that it can choose which modules it needs from intuitive.

"The great thing about the intuitive system is that you can pick the modules that you need," said Alce. *"I go to customer forums and you see how different customers are using the intuitive system."*

"Different companies work in different ways with them, so they are flexible to your needs."

Ongoing developments

iVectorConnect can enable a travel company's customers to make changes to their bookings rather than having to call a customer service department and intuitive is working with loveholidays to provide this option for the operator.

> ❝ *The great thing about the intuitive system is that you can pick the modules that you need"*

Blake Alce, product manager – supply, loveholidays

"We want customers to be able to make changes to their booking themselves, for example changing dates, names or party size on the system and we are working on that," said Alce.

He said this innovation from intuitive could potentially save Love Holidays a considerable amount of cost.

"It's the biggest overhead for the customer service team at the moment. If we could automate that it would remove a layer of complexity and cost," he said.

Evaluating the relationship

Alce said the relationship between loveholidays and intuitive was very positive.

"It's working well and doing what we needed to do. It's at a mature phase and is really business as usual," he said.

"Our owners are constantly striving to be better, so internally we'll be making around 40 updates a week to our code – little things that are a continuous improvement," said Alce.

"I think it's fair to say that intuitive didn't work in that way and were making updates every couple of weeks, but they moved to continuous delivery to accommodate us.

"We didn't need them to make 40 updates a week, but just be responsive to our needs and they are. For us that might mean them making a couple of changes a week."

SUMMARY

For those who are looking to replace their end-to-end booking capabilities, intuitive can offer a complete reservation system. Its iVector travel technology system is recognised as an industry leading reservation platform.

But one of its unique selling points is that through iVectorConnect, tour operators and OTAs can access a complete hotel sourcing and selling system through one API.

They can do this by staying on their existing platform and while working with other technology companies.

The intuitive solution gives travel companies high performance, relevant and extremely capable technology that constantly keeps pace with the changing demands of the market. From a hosting perspective the solution is fully managed, cloud-based and scales extremely cost-effectively.

To find out more, visit
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