

Case Study: easyJet holidays

easyJet holidays boosts margins by creating
the perfect holiday package in real-time

Location: Global
Year: November 2021

Overview

As a pioneer in the commercial air travel space for the past 25 years, easyJet developed a strategy to grow its business and maximise new opportunities in the leisure travel sector, while also meeting changing consumer expectations.

By implementing ATCOM's **hybrid dynamic packaging** solution, easyJet relaunched its entire holiday offering to become a true airline tour operator, maximising ancillary revenue.

ATCOM allowed easyJet to pair its intuitive, simple flight booking process with a holiday booking experience to match—reaping the rewards by attracting new customers and boosting market share ever since. By tailoring the holiday offering to the evolving needs of its customers the result is not just a simple bolt-on to flight sales.

The opportunity

“easyJet holidays represents a material opportunity to continue to enhance the Group’s presence in a market that is complementary to the core business. It is expected to be a key driver of incremental profitability and revenue growth, with a clear roadmap to contributing annual profit before tax in excess of £100 million.”

Johan Lundgren
Chief Executive Officer of easyJet

The margin on selling flight seats, especially so for value airlines, is relatively small. easyJet holidays identified that by expanding its offering, from flight-only to highly flexible packaged holidays, it would gain greater yields. For this to happen, easyJet holidays wanted to start contracting directly with accommodation providers—and needed a technology platform to enable the change in business model.

“The Atcore technology platform has allowed us to directly contract accommodation through the ATCOM Contracting module and price and trade accurately through the ATCOM Price Modelling and Yield Management modules accordingly, systems that are all part of the Atcore suite. By doing this it has enabled us to crystallise a 40% margin premium against non-directly sourced product, ie. Bedbanks”

Garry Wilson
CEO, easyJet holidays

Through leveraging the airline's early access to the best flights and destinations, holiday prices are able to reflect the early demand and several compelling other opportunities would become possible.

Firstly, in the event of a holiday allocation not being sold, easyJet holidays could give the flight back to the airline—now closer to departure—at a higher seat price.

Secondly, opaque pricing could be utilised to maximise revenue, pairing discounted excess seats close to departure with accommodation, whilst keeping the flight-only price high.

In addition, unlike flight-only bookings, the holiday market has an extended sales window. Increased margins can be realised from the early release of seats to packaged holiday channels. What's more, packaged holiday customers can take advantage of ancillary options such as extra legroom and speedy boarding increasing easyJet's share of wallet.

A further significant opportunity for easyJet holidays lay in increased distribution through travel agencies to attract a fresh customer segment in the holidays market without cannibalising existing flight only customers.

In order for such opportunities to be seized, easyJet holidays required a major technologically-driven business change.

The solution

The ATCOM platform empowers easyJet holidays to source and bundle flight and accommodation to create the perfect holiday package for customers in real-time, whilst maximising margins through active yield management of their product.

ATCOM provides true hybrid dynamic packaging so that easyJet holidays can combine directly contracted inventory with dynamically available accommodation and flight options. Unlimited durations and unparalleled destination options provide customer choice and ultimate booking satisfaction. The result? Unique flexible holiday combinations for the customer.

easyJet holidays are also able to offer handpicked accommodations—both contracted and through Hotelbeds—for a higher quality offering with all the added flexibility.

What's more, with ATCOM, easyJet holidays can incorporate less popular seat-only routes, times and destinations into more flexible package holiday offerings, providing increased yield on underutilised capacity.

By being fully integrated with the airline system—with no need to enter information in multiple systems for flights versus holidays—ATCOM has driven huge operational efficiencies that go hand-in-hand with business cost savings.

“Being seamlessly integrated with the airline means that we have real-time access to flights and can respond quickly to changes in demand, this gives us a real competitive advantage given the breadth of Holiday companies who rely on easyJet flights”

Garry Wilson
CEO, easyJet holidays,

The results

- *easyJet holidays average holiday booking value is 70% higher than under the previous outsourced model (source: FY results FY20)*
- *ATOL size has increased c.3 times when comparing to the outsourced model*
- *For FY22 easyJet holidays have an ATOL licence for 855,700 with a clear growth roadmap to deliver £100m PBT beyond this*

After implementing ATCOM, easyJet holidays has been able to:

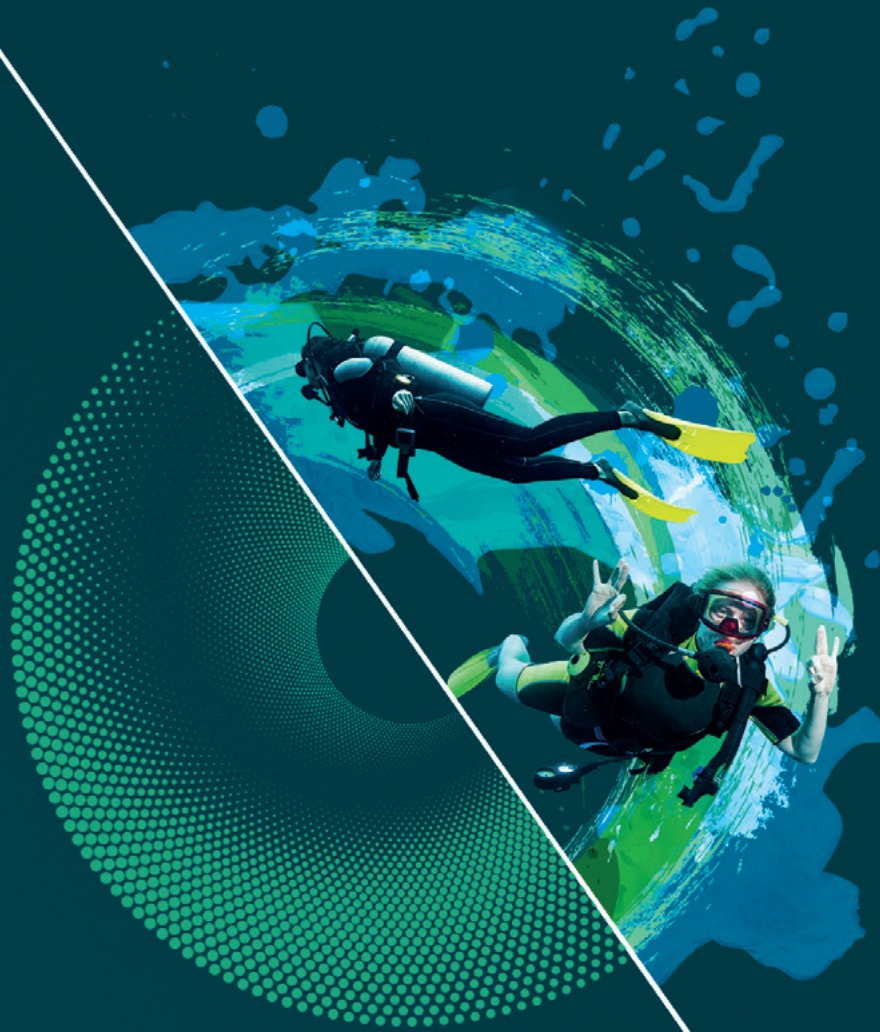
- **Move beyond a flight plus provider** and realise the additional margins attainable as a true packaged travel business.
- **Secure the most desirable accommodation**, capitalising upon the guaranteed demand that easyJet flights bring to any given holiday market.
- **Ensure the best offers for customers**, providing better experiences and increased brand equity.
- **Attract a whole new customer base**, with an increasing number of easyJet holidays bookings now made through B2B—an entirely new booking channel that has significantly increased market share.
- **Operate as efficiently as possible**, allowing them to focus their efforts on what matters most.

What this means for you

Ancillary revenue benefits both you and your customer, with services bringing added value and improving the experience. With ATCOM, we can help you maximise such opportunities.

ATCOM is a reservation and omni-channel travel platform, offering the only hybrid dynamic packaging engine that allows you to package, price and distribute sophisticated products at scale, in real-time. We bring together multiple brands and business models under one platform to take out cost, react faster to market changes and give you a competitive edge.

ATCOM, behind every great travel experience.



Embark on your
own journey now

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