

# Putting Bums in Beds with Barter

trading unsold bed-nights for media

We all know that advertising builds brands and generates new business leads, but when marketing budgets shrink and cash-flow dries up, we need to find practical solutions to retain top-of-mind awareness. What better way to do this than to trade one's excess inventory, writes

**Des Langkilde.**

In today's economic environment, there are few travel and tourism service providers who can claim to be running at full capacity throughout the year. Unsold bed-nights, empty seats in restaurants and on tour coaches are very much like perishable products in the FMCG sector - if you don't sell them by the expiry date, they're gone forever.

But there is a very practical solution to this age-old dilemma. Barter. By barter, I don't mean exchanging a hotel room or restaurant table with meals for its equivalent value in candles or some other product or service that you don't need. I'm talking about currency in the form of barter dollars, that is banked in the same way as cash transactions are paid via electronic funds transfer (EFT) and spent by procuring goods and services through the barter network to offset your normal cash transactions, like buying advertising, legal services, linen, car-hire, real estate, travel and accommodation to name but a few.

## A lucrative travel channel

According to the International Reciprocal Trade Association (IRTA), over \$12 billion in barter trade was exchanged between 400,000 companies worldwide last year.

Considering that 40 percent of this \$12 billion was bartered for media and 30 percent for travel and accommodation, this is certainly an alternative travel channel that is worth tapping into.

Bob Meyer, the editor of *BarterNews*, stated in an article published in the August edition of *Tourism Tattler* that "the global value of annual economic activity facilitated by some form of barter trade exceeds USD 3.7 trillion. The growth of barter and the economic activity that it facilitates is not limited by money, but inspired and propelled by a lack of money. With that said, bartering stands to grow a lot."

## Four simple steps to tap into the barter market

**ONE.** Open an account with a reputable corporate barter broker to gain access to local and international clients with barter dollars to spend. TransMediaBarter has been in the barter business for 19 years and is represented in Southern Africa by yours truly, so clearly I recommend their services.

There is no cost to open an account, no monthly or annual membership fee and no sellers, finders or admin fees. The way that TransMedia makes its revenue is when they help you to spend the barter dollars that you have earned by charging a 10% cash fee on the value of each barter transaction when you use funds from

your barter account. This motivates the TransMedia team to provide solutions to your procurement needs as they only get paid when you have something to buy and not when you have something to sell.

**TWO.** Determine how much of your excess inventory you want to make available on barter trade. For example if you own a 10-room guesthouse, are running at 60% occupancy and charge R1,000 per room, per night, on a bed and breakfast basis you may want to make 10 percent of your excess inventory available. This would equate to 146 room nights or R146,000 per annum. Be sure to include VAT as barter trades must be accounted for.

**THREE.** Convert this allocation to coupons or vouchers. TransMedia will buy these vouchers and sell them on to other international barter agents to sell to their clients. Your barter trade account (just like any bank account) will be credited with the full value of the transaction (14,546.18 USD at the prevailing exchange rate while writing this article). So not only have you just sold 10% of your hitherto lost bed-nights and increased your occupancy rate overnight, you've also been paid upfront and have the means to reduce your cash procurement expenditure immediately.

**FOUR.** Brief TransMediaBarter on your media buying strategy (or any other procurement needs that you may have). TransMedia has a media planning and booking department and if we, or our network of global barter agents, don't have the radio or TV station, cinema, magazine, website or outdoor signage media in the country that you want, we'll get them onboard. And the best part is that only 10% of the transaction will impact on your cash flow.

But that's not all - what you've really done is to convert those empty, and never to be recovered, room nights into a cash saving solution that will generate new cash business, because the prospects that respond to your advertising exposure aren't barter clients.

So what's holding you back? Are you really going to miss this opportunity of tapping into an existing, lucrative travel channel worth billions of dollars because you've never done barter the way that it should be done before? Or are you going to take action now and turn your occupancy rates around?



For hospitality and media barter trading opportunities in Southern Africa contact +27(0)87 727 8631 or email [des@transmediabarter.com](mailto:des@transmediabarter.com) or visit [www.transmediabarter.com/](http://www.transmediabarter.com/)

