CONNECTED CUSTOMERS THROW DOWN THE GAUNTLET TO THE TRAVEL SECTOR.

This White Paper examines digital opportunities for brands in the travel industry.
Companies frequently say that they want to put digital at their core and they want to focus the business on the customer. If they can accomplish both these goals they have a strong chance of building value and ensuring future survival. But there is still a sizeable gap between aspiration and reality in mastering technology and delivering a premium customer experience in the travel business.

Travel has always piggy-backed on technology dating back to the engineering innovations that powered the ocean-going liners and first transatlantic passenger aircraft. Technology has allowed the creation of a mass global tourism infrastructure delivering amazing products and services.

However, the rapid pace of technological innovation and associated trends in consumer behaviour means the travel sector is in danger of failing to capitalise on the opportunities the digital world now offers.
The talk of technology revolutionising how consumers interact with brands is reaching fever pitch. The ‘Internet of Things’ and ‘wearable tech’ are the buzzwords of the moment and technology is disrupting whole business sectors.

To understand customer expectations of technology and how these wishes link in with travel we surveyed 2000 UK adults verified as taking a holiday within the past 12 months.

Over the next few pages we will see how comfortable consumers are with digital tools; what services they expect the travel sector to develop and where are the big challenges that can be solved by an intelligent, strategic approach.

We will also overturn some preconceptions. What travellers hope will be the biggest personal benefit that technology can provide may surprise you (see section 4).

And that buzz around virtual reality enhancing the retail experience is not happening for travel yet. Only 16% of the total poll say they would be ‘very comfortable’ with travel agents using virtual reality tech like Oculus Rift to showcase destinations via sensory immersion. 22% of the 61+ age group would be ‘very uncomfortable’.

We also have exclusive contributions from senior travel industry executives in marketing and operations roles for a view ‘from the inside’ on how well the industry is preparing for the future and where they are focusing their efforts.

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*Independent online research carried out by OnePoll between January 26th and February 2nd 2015*
Consumers are starting to expect a seamless and quick customer experience when they deal with travel brands. They are increasingly digitally confident across all age demographics and ready to use digital tools in most scenarios. Our survey found that 65% of 18-30 year-olds and nearly a third of those aged 61+ regularly use a banking app.

“Customer expectations are extremely high. There is lots of media and PR coverage about various tech developments by travel brands but they are very often on trial, not proven and complicated to use.

For smaller entrepreneurial companies like ours, keeping up with expectations is a challenge especially when digital is at the core of your DNA but you don’t have the huge budgets to compete with the likes of Hilton and Marriott. So we have to develop lean and mean and with good strong partners who are like minded and want to grow with us.”

— Jo Berrington, marketing director, Yotel
BUT WHAT ARE THE EXPECTATIONS OF THE ‘ALWAYS CONNECTED/ALWAYS ON’ MIND-SET?

- **Personalisation** – both in targeted, relevant communications and service/products.
- **Fast feedback** from brands when a query is raised or there is a problem.
- **Needs** and wants anticipated.
- **Seamless** cross-device and cross platform experiences and interactions.
- **Consistency of brand behaviour** across all touchpoints including marketing, pricing, range and customer service.

These expectations apply to the travel sector and are being met to varying degrees. The question is whether the sector is organising fast enough and in the right way to understand and meet customer needs.
Digital technology looks set to be embedded in all elements of the holiday experience if customer buy-in can be achieved.

Q: How likely are you to interact with digital technology in some way at each stage of the journey?

LOOKING FOR HOLIDAY IDEAS
- 41% Extremely Likely
- 12% Very Unlikely
- 6% Slightly Unlikely
- 14% Not Sure
- 27% Slightly Likely

SELECTING A HOLIDAY
- 41% Extremely Likely
- 10% Very Unlikely
- 7% Slightly Unlikely
- 14% Not Sure
- 27% Slightly Likely

BOOKING A HOLIDAY
- 41% Extremely Likely
- 11% Very Unlikely
- 8% Slightly Unlikely
- 16% Not Sure
- 24% Slightly Likely
**Look Forward to a Holiday**

- **Extremely Likely**: 26%
- **Slightly Likely**: 21%
- **Very Unlikely**: 14%
- **Slightly Unlikely**: 10%
- **Not Sure**: 25%

**Getting to Your Destination**

- **Extremely Likely**: 21%
- **Slightly Likely**: 17%
- **Very Unlikely**: 13%
- **Slightly Unlikely**: 11%
- **Not Sure**: 23%

**While Away on Holiday**

- **Extremely Likely**: 19%
- **Slightly Likely**: 19%
- **Very Unlikely**: 13%
- **Slightly Unlikely**: 21%
- **Not Sure**: 25%

**After a Holiday**

- **Extremely Likely**: 24%
- **Slightly Likely**: 15%
- **Very Unlikely**: 9%
- **Slightly Unlikely**: 23%
- **Not Sure**: 29%
When looking for inspiration, selecting a holiday and booking a holiday more than 41% of our overall study said it was ‘extremely likely’ they would interact with digital technology.

Drilling down into the numbers, 56% said that they used direct brand sites accessed via desktop when planning and 14% used peer review sites.

When booking 63% opted for direct brand sites via desktop and 11% used a physical travel agent.

But the use of mobile in planning and booking is still quite low compared to other sectors.

Only 8.6% said they used mobile to look at brand websites when planning and 7.3% booked directly via mobile.
Hotels do have the edge in mobile booking and companies such as Starwood Hotels & Resorts have created all-purpose apps that deliver a number of benefits. The company says that mobile bookings are growing much faster than web bookings did 10 years ago and the app functionality it has developed for its brands includes real time communication of relevant offers.

We know people are cautious about booking big ticket items via mobile until there is greater security and an easier purchase process. However, brand websites can certainly benefit from being better optimised for use as a planning tool with improvements in service design and site content. Video is going to be a huge driver of engagement on mobile and needs to be embraced.\(^{(3)}\)

The travel sector is making moves in the right direction but is a long way from realising the full potential of mobile in terms of engaging the customer.

Holidaymakers appear less enthusiastic in using technology while travelling to and actually being at their destination. The number being ‘extremely likely’ to interact with technology in getting to the destination dropped to 21\%, although this rose to nearly half the poll (48.6\%) when the ‘slightly likely’ figure was added.

Marginally more people (19\%) said they were ‘very unlikely’ to interact with digital technology while away on holiday than were ‘extremely likely’ to do so. Supporting this, a hotel providing wearable tech, like a wristband that allowed contactless payment while on holiday, ranked low in a wish list of possible tech offerings.

These low percentages suggest there is an opportunity for forward-thinking companies and we’ll look at this in the next section.

“I believe that the key [to a seamless customer experience] is understanding who your customer is and being able to identify and recognise them at all touchpoints. However, due to legacy and separate IT systems that are present in so many travel companies it is difficult to be able to present this data at all points of the customer journey.”

— Louise Williams, head of customer strategy and CRM, TUI UK

\(^{(3)}\) BI Intelligence forecasts that Smartphones will account for nearly half of all online video ad plays by the end of 2016, up from just 10\% in 2013.
While the novelty factor is certainly attractive, our findings suggest that the human touch needs to be present in the experience to make guests feel special and welcomed. Companies need to tread warily and the challenge is to figure out which tech-driven ideas are ‘cute touches’ and which will become essential to the holidaymaker of the future.

Robots may deliver efficiencies but are they really delivering what the customer values?

This isn’t so far-fetched when the cost of holidays is considered, especially if the customer wants to take two or more breaks a year or is taking a family holiday. It is the 61+ demographic that is most vocal for financial help (52% of this demographic ranked it top priority).

Next comes solving the perennial pain point of queuing (30%) and then the next highest ranking would be having a more tailored experience (26%). The 18-30 group is most keen on personalisation with a third of respondents in this demographic saying a more tailored experience would enhance their holiday.

Not far behind is using technology to help access advice and suggestions from holiday makers who have ‘been there, done that’.

Despite the fact that automated check-in is near the bottom of the priority list, some hotels are rushing to install it. For instance the planned Heen-Na Hotel in Japan says it will introduce robots at check in, making it ‘the most efficient hotel in the world’. This seems counter-intuitive.
Q: In what ways do you think that digital technology can enhance your travel experience?

- Saves me money: 47%
- Provide a ‘fast lane’ with less queuing or waiting: 30%
- Make the experience more tailored: 26%
- Enable an inside view from people who’ve been there, done that eg. ‘ask a guest’: 25%
- Smooth the transition between providers and stages of the trip: 21%
- None of the above: 19%
- Create a single platform that packages the whole experience: 16%
- Improve the quality of trip through social recommendation: 14%
- Enable contactless payment: 14%
- An automated check-in at a hotel rather than a physical person: 14%
- Recognises my previous bookings and makes tailored recommendations for future holidays: 13%
- Auto-suggest itineraries based on length of stay and profile: 13%
- Other way(s): 3%

Age demographic key: 18-30 31-45 46-60 60+
FIND THE GAP

We know the connected customer has **high expectations**. Travel companies using technology in a strategic way can address these expectations and take advantage of opportunities.
Digital is here to stay for planning and booking. It helps consumers research their holiday and hunt for the best deals. Consumers seem less convinced about the ‘in the moment’ benefits right now.

There are many pain points when travelling to the destination that technology can alleviate. These range from ‘smart’ luggage tags that can be tracked and hold detailed information on the destination and owner to navigation apps to find airport gates, car hire bays or transfers.

There is an apparent resistance to using tech while in-resort or hotel, although responses to certain of our poll’s questions suggest other interpretations. Top of the wish list for a service provided while on holiday is free Wi-Fi (69%).

If reliable Wi-Fi was readily available at no cost then it would open up many ways to improve the holiday. We know holidaymakers love to share videos and photos of their trip and are happy to be brand advocates in this way but companies are not making it easy for them to do so.

There are plenty of ways to meet the call for money-saving help digitally. For instance; brands could provide currency converter apps or aggregate voucher offers for local attractions at a digital hub.

Other ‘soft’ technology services of use to customers in-resort or hotel are translation and weather forecasting apps. Part of the challenge lies in education and proving tech solutions can enhance rather than detract from ‘me-time’.

The research shows a sizeable level of uncertainty about the value of propositions such as wearable tech, contactless payment and facial recognition/retina scanning devices to enhance the holiday experience. The more hyped technological innovations that dominate media coverage of events like the Consumer Electronics Show have not yet fully engaged holidaymakers.

However, there are digital win-win efficiencies for both holidaymakers and companies available. The Walt Disney Company has attributed higher first quarter revenues at its Orlando theme park in part due to its MyMagic+ wristband.

This wearable tech was introduced last year and helps payment, hotel access and fast track queueing. The results show a ticketless and cashless offering means a better customer experience but also provides increased capacity and higher spend per visitor for Disney.

The big challenge is how digital can be ‘baked’ into the elements of surprise and discovery that are the most desirable components of a holiday. The cost of connectivity while abroad still remains a significant barrier, but this is changing.

The travel industry can learn from local search and discovery engines like Foursquare, how to use data to solve the question of

“what’s the best thing I could do with time, where I am now?”

This could be the ‘sweet spot’ that travel companies need to discover to help mass market. The sector needs to find its own equivalent of a service such as ‘click and collect’ that has revolutionised retail – something that no-one realised they needed but once offered found it invaluable.
Q: When do you expect to receive online/email follow-up contact from airlines/hotels/tour operators that you book a holiday with?

- **80%**
  - **As soon as I’ve booked** - A confirmation

- **39%**
  - **To remind me about my forthcoming trip**

- **6%**
  - **Whilst on holiday**

- **16%**
  - **When I return home - that week**
A MONTH AFTER MY TRIP

SEVERAL MONTHS AFTER MY TRIP

OTHER TIME (S)

NONE OF THE ABOVE / NEVER

Age demographic key:
If customer data could be shared among the various suppliers involved then a better crafted travel experience would follow. For instance, one bout of form filling could satisfy all regulatory requirements from airline to hotel. And extrapolating further, all those journey touchpoints could have knowledge about personal preferences, for instance for a softer pillow.

For this to happen, travellers would have to trust companies to handle data sensitively and securely.

Our findings show that the argument for the data value exchange is still not convincing. When asked about the trade-off of sharing personal information with a brand “in return for a highly personalised experience” only 3% of the poll said this was ‘highly desirable’ while 44% were in the ‘not sure’ camp.

It looks like travel companies need to make a greater case of the benefits of personalisation to move customers over the line for deeper data collection.
“I think the travel industry has had a bad press in the past for adapting technology like this; it often lies in the inability to marry up to a bespoke system which can be legacy systems. Plus it often ends up packaging up various elements of third party products as one product and then translating this overseas obviously prevents a further problem, as opposed to a more linear journey in some of the retail sector.”

– Steven Seddon, head of marketing and digital, Kuoni

“The industry is a little behind the curve in its customer focus; it has been a bit slower to bring its customer management systems together to really give that enhanced customer experience.”

– Andrew Shelton, marketing director, Skyscanner
DON’T CALL ME, I’LL CALL YOU

Data is also key to regular engagement. Unlike other business sectors, customers do not use a travel company’s services on a weekly or monthly basis.

It is hard to discern when the company has ‘permission’ to make contact and via what channels. This makes it difficult to find the optimum frequency of messaging that is acceptable – under-messaging and over-messaging also have service costs.

The findings show that an email confirmation of booking is expected almost immediately but less than half of respondents (39%) expect a reminder prompt ahead of departure. There is an opportunity to step up communication ahead of the holiday but it should be wrapped in something useful, such as a recommendation on the latest nightclub or restaurant openings.

TUI’s award-winning MyThomson app is a good example of a useful product with features such as a holiday countdown, excursion booking facility and the ability to bring in holiday tips from friends and family. However, in some ways it could be seen as a ‘Holiday 1.0’ app and the sector should be driving towards a more highly tailored ‘Holiday 2.0’ product which recognises things like individual food preferences.

Follow-up contact expectations are low. Only 16% expect digital contact the week of return and only 3% ‘several months after the trip’. This does not mean permission is refused point blank; more relevant and tailored messages may find a better reception. But this will need greater knowledge of the different target segments.

As we have seen, holidaymakers show a reluctance to impart deeper data. Have travel companies created strong enough brands to build trust and ‘earn’ more contextual data?

Trust comes from a positive personal experience of a service and online travel agents (OTAs) and legacy tour operators rarely rank high in cross-sector surveys. Airlines and hotels fare a lot better but OTAs and holiday companies do not appear in Nunwood’s 2014 Customer Excellence Ranking until Travel Republic at number 94 and Virgin Holidays at 96. Online bank First Direct ranks number one.

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WHAT IS THE PRIORITY?

There are opportunities in the customer journey that an agile and tech-savvy company can exploit. But big travel companies are often too siloed to figure out the useful connections and where they can add real value to their customers.

Companies are making strides in the right direction. Steven Seddon of Kuoni says:

“We’re tracking customer data in a much more targeted and specific way and are increasing ownership of communications to our experts in store wherever possible in order to maintain a personal, relevant and knowledgeable experience for the customer. Our website is responsive and optimised for mobile and a lot of the strategies we are adopting are mobile first.”

Speed is a key mantra for two reasons. Businesses need to move quickly to build a competitive advantage in their respective sectors. Also, there is a rising demand from customers for fast delivery of solutions and services – especially marked in younger consumers who ‘plan in the moment’ – be it to order a pizza or a cab. Challenger brands like Airbnb offer instant solutions and a very quick transaction process.

The kind of agility companies now need to possess will only come by adopting a tight customer focus as an organising principle.

Travel companies are following other business sectors from retail to utilities in creating chief customer officer-type roles. However, this position is just a Band-Aid unless there is a real mandate to work in co-operation with other divisions from technology to design, and logistics to operations to find solutions and optimise knowledge.
“Our focus over the last few years has been to connect all of our customer facing staff with our customer data. All of our staff overseas can now access relevant customer data immediately using their tablets which means that they can resolve customers’ queries immediately and if necessary can raise complaint forms and pay out compensation.

This also allows us to vary our service offering for different segments of customers. For example a customer who is new to TUI will have different needs to a customer who has been to the same hotel 20 times – it is important that we can recognise this. We are rolling out the same technology to our cabin crew, retail and contact centres throughout 2015.

We have also introduced a Thomson and First Choice app, which allows a customer to view their booking and all of the related information. Over the next few months, this app will link to our online check-in service and will also provide customers with assistance with their holiday planning.”

— Louise Williams, head of customer strategy and CRM, TUI UK

TUI UK is one company trying to improve internal structure. Williams is head of customer strategy and CRM with responsibility for how the customer experience is delivered in the UK.

She reports into the marketing & digital director but also has a dotted line into the customer operations director and works in partnership to deliver customer facing projects.
“I think if the industry harnesses data and tech in a way that can help us understand and personalise the travel experience for customers from pre booking through holiday to return then we’ll be in a pretty good place.”

— Steven Seddon, head of marketing and digital, Kuoni

“The results show that consumers have much higher expectations from travel brands than they are currently being offered. This provides an excellent opportunity for companies to capitalise on this gap to utilise digital technologies to create a fully connected customer experience from the first steps in thinking about a holiday to returning home.”

— Peter Veash, CEO, The BIO Agency

Through the consumer’s eyes their holiday is not a series of product touch points – it is their trip and the trip as a whole needs to be as seamless as possible. It must encapsulate the ‘holiday feeling’ from the start and long after return.

When asked what behaviour they wanted to influence in their customers, senior marketers interviewed said loyalty and confidence in the brand.

A seamless experience will deliver these wishes and translate to measurable benefits, from fewer abandoned booking site baskets, to an increase in positive reviews. Satisfied customers will be more receptive to upsell and cross-sell, and a more streamlined user experience provided by an overhaul of internal structures will generate efficiency savings.

A company willing to listen to customers and make the connections that others miss will be able to identify where technology can improve the experience without making it over-complicated or intimidating. It is a desirable destination for all players in the market.
ABOUT THE BIO AGENCY

We solve our clients’ business problems by helping them take advantage of the digital era. It’s way beyond marketing. **We look at the whole business strategically** to see how digital can impact on the organisation and its customers. We define ourselves as **Digital Change Agents™** creating technology to make things better, whether it’s buying your shopping online, paying a bill or calling a cab. We create customer experiences that are simple, seamless and intuitive. We work to redefine sectors and above all, we help our clients stay ahead or move in front of their competitors, by arming them with best-in-breed digital.

Peter Veash
– **Chief Executive**

Having started in direct marketing, Peter then moved into creating integrated marketing solutions, but was most comfortable when putting an idea through digital. Peter then founded The BIO Agency in 2006, a pure-play digital agency. Now with a 100 people it has grown to become one of the UKs most successful independent digital agencies.

Find out more

At The BIO Agency we want our clients to be at the forefront of the digital revolution and believe that travel and holiday brands have an excellent opportunity to revolutionise the customer experience for today’s demanding connected traveller.

*To find out more about the research, get in contact with:*

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Peter champions multi-platform solutions and creates digital change in companies. His key strength lies in understanding the required consumer experience with the ability to execute innovation. This has helped The BIO Agency be featured in the Sunday Times Tech Track Top 100, ranked 1st for creativity and innovation by RAR, 3rd for creativity by Econsultancy and 2nd for performance by The Drum.