

WHERE NEXT? REINVENTING THE TRAVEL EXPERIENCE WITH CX-LED DIGITAL TRANSFORMATION

In this whitepaper, we discuss our recent travel consumer survey findings and explore the opportunities for brands to stay connected before, during and after a trip.



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EXECUTIVE SUMMARY

We last published a paper on the travel industry back in 2015¹, and there was a sense then that the sector was falling behind in the smart use of tech. Failing, perhaps, to capitalise on the opportunities presented by the increasingly connected traveller.

We recently surveyed over 1000 UK adults to understand the attitudes people hold now. Things have changed.

Travel companies are getting much more tech-savvy, with airlines leading the way and hotels following close behind. But expectations are growing, with nice-to-haves from 2015 now considered standard. Personalisation is a major trend, and (in particular) larger companies are beginning to see the benefits of big data, AI and machine learning to facilitate it.

From a traveller's perspective, though, their holiday is not a series of data points – it is their trip. Designing a holistic experience around the user means recognising that, and also that many people are fairly conservative in what they want from a holiday. Tech and digital innovation can – must – drive the travel business forward, but it may be as much about taking a powerful backstage role than appearing front and centre.

— STATE OF THE MARKET

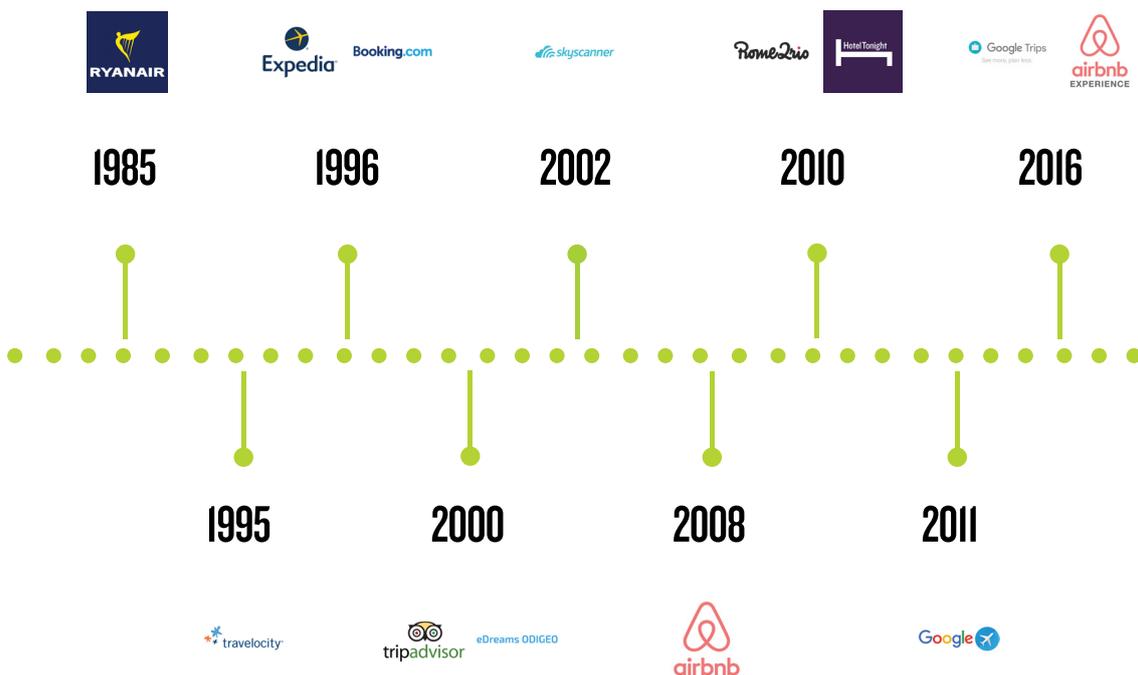
1 EVOLVING EXPECTATIONS



Today's connected traveller has high expectations. But these expectations are not only shaped by the likes of travel trailblazers like Airbnb or Skyscanner. The sophisticated experiences provided by Amazon, WhatsApp, Nike, ASOS and Instagram and enjoyed by users in-store and online mean people now **expect more and forgive less**. In an attempt to meet these expectations, the travel tech market is booming and big brands are becoming bolder with innovative ways to deliver a best-in-class

service for their consumers. But it's a real challenge. Travellers expect the customer experience pre-, during and post-trip to be as good as the best in any other industry. A traveller's journey – more than most – will likely be made up from a range of different products and services, so it's doubly difficult for travel brands to ensure a smooth experience from when someone begins their initial research to when they're back home and planning their next trip.

DRIVING CHANGE IN TRAVEL





Travel spending has increased tremendously in the last few years. Only recently, the effects of the economic crisis left travel near the bottom of priority lists. But the global travel industry enjoyed a staggering \$1.6 trillion of gross bookings in 2017², making it one of the fastest-growing markets in the world. Recent analysis from IATA³ shows air passenger numbers are rising rapidly – global revenue passenger kilometres (RPK) showed 9.5% year-on-year growth in March 2018, the biggest bump in the last 12 months. Tour and experience providers are keeping pace too, with revenues of \$183 billion predicted⁴ by 2020. Tech-focused companies have done particularly well. A number of brands that began as single-purpose websites back in the 90s are now an agglomeration of all things travel.

Booking.com (i.e. Booking Holdings) now owns a number of brands spanning across all travel verticals, including Kayak, Momondo, Rentalcars.com, and OpenTable. Expedia Group acquired brands like Trivago, Hotels.com, HomeAway, CarRentals, to name just a few. Younger digital entrant Airbnb has expanded to experience-based offerings with their acquisition of brands such as trip4real, and are even planning to launch their own airline. Of most concern for the traditional incumbents is that Google and Amazon are also showing serious intent to disrupt the travel market. Google Flights' interface⁵, for example, is clean and quick, and their deep pockets (stuffed with valuable data as well as cash) look set to change the industry.



The travel industry is no stranger to digital, but it can still offer new ways for brands to shape the travel experience. Part of the challenge lies in delivering tech solutions that enhance rather than detract from 'me-time'.

If chosen and implemented correctly, CX-led tools have immense potential to broaden engagement – helping to turn travellers into loyal fans and brand advocates. Here, we take a look at how brands can stay connected to the connected traveller before, during and after a trip.



[2] www2.deloitte.com/content/dam/Deloitte/nl/Documents/consumer-business/deloitte-nl-travel-hospitality-industry-outlook-2018.pdf

[3] www.iata.org/pressroom/pr/Pages/2018-05-03-01.aspx

[4] www.skift.com/2018/02/27/new-skift-research-report-the-state-of-tours-and-activities-2018/

[5] www.google.com/flights

— BOOSTING BRAND RELEVANCE BEFORE THE JOURNEY

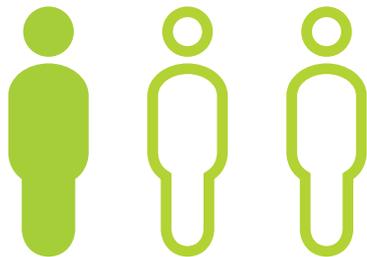
2 PRE-TRIP PLANNING



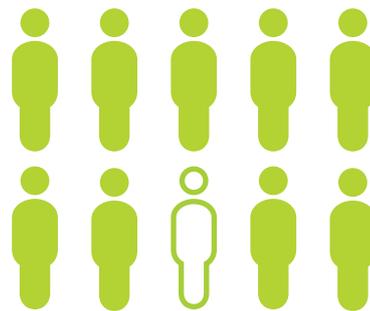
TODAY'S TRAVELLERS KNOW WHERE THEY WANT TO GO

Research carried out by The BIO Agency shows that 84% of consumers have at least one destination in mind, or already selected, when planning their next holiday. Perhaps today's travellers are just more decisive when it comes to their travel plans, but there are still opportunities for brands to influence their decisions. Almost 60% of consumers have a shortlist of a few destinations they want to visit next, and consider that further research is required to decide on their final choice. Things get even more complicated when selecting the right accommodation.

So, people know where they want to go. But what do they want to do? Only 15% of our survey respondents plan a day-by-day itinerary. Recommendation engines are common, with travel brands like Expedia now suggesting destinations, accommodation or activities based on consumer's previous choices. Personalised destination guides are also becoming mainstream, with brands like Booking.com delivering expert destination insight to help with planning and to keep the conversation going post-booking.



Our survey shows 1 in 3 customers finds choosing the right accommodation the most difficult thing when travelling



Getting there getting easier? Just 10% of people find booking transport the most difficult part of planning a trip



TODAY'S TRAVELLERS ARE WELL-PREPARED

The first step of a journey starts well before the trip commences. Hours⁶ are spent considering options before deciding on a final destination, hotel, ferry, airline, or a fully packaged holiday. Incredibly, the PSFK 2018⁷ survey indicates that just 1% of consumers place most trust in travel brands for travel advice. How, then, can they ensure their place in the travel planning process? The travel sector has long been dominated by reviews, meaning that user-generated content plays a major factor in the decision-making process. Companies may be able to boost travellers' trust and confidence in their recommendations by recognising the importance of, and offering access to, user-generated content. This is something the retail sector has excelled at, but travel brands still have some catching

up to do. Whether integrating TripAdvisor reviews with a brand's own digital touchpoints, or pushing user-generated content with travel advice and destination tips, there are a number of ways for brands to utilise previous consumer feedback and knowledge to grab attention and foster trust. To truly excel with pre-booking experiences, though, travel brands can make use of some of their own data that consumers will not find elsewhere. Machine learning and AI show potential for enhancing the planning stage. Carlson Wagonlit, a major business travel management company, has developed a flight delay index solution to provide customers with accurate predictions on flight delays, before they purchase the ticket and well before they arrive at the airport:



“Machine learning has allowed us to be able to predict randomly occurring events with a high degree of accuracy. Using highly sophisticated mathematical models, we can predict the likelihood of delays for any flight, anywhere in the world, at the time of booking itself. The practical utility of this technology allows the travellers to choose a flight or a route which is least likely to get disrupted.”

— Utpal Kaul, Global Head New Product Incubation, Carlson Wagonlit



TODAY'S TRAVELLERS ARE MOBILE-FOCUSED

Not a surprise. But travellers now increasingly rely on their mobile not just during a trip, but before booking. A recent Hexaware survey found that up to 44% of customers research and book on a smartphone. Mobile should sit within an omnichannel delivery strategy, relevant to all stages of the customer journey – from discovery through to on-trip support and post-trip engagement.

Mobile solutions, generally, should reduce the time users need to spend to gather information or complete a task. Personalised one-click solutions, one-page timelines giving users a holistic view on the status of their journey and

tasks that still need their attention, or simple options for quick changes and upgrades, is something travel brands should strive for. But brands need to start thinking about the bigger picture. Booking a trip with separate travel providers can mean a fragmented customer journey. Partnerships between various providers could help to smooth things out, benefiting both brands and travellers. Incorporating simple ways to book additional services, such as airport or inter-city transfers, all in one place, can enhance an experience and deepen brand loyalty.



“Today’s traveller isn’t just comfortable booking on his or her mobile device, they prefer it. To them, the thousands of returns they get for a hotel search on a traditional OTA [online travel agency] aren’t helpful, they’re a nuisance.

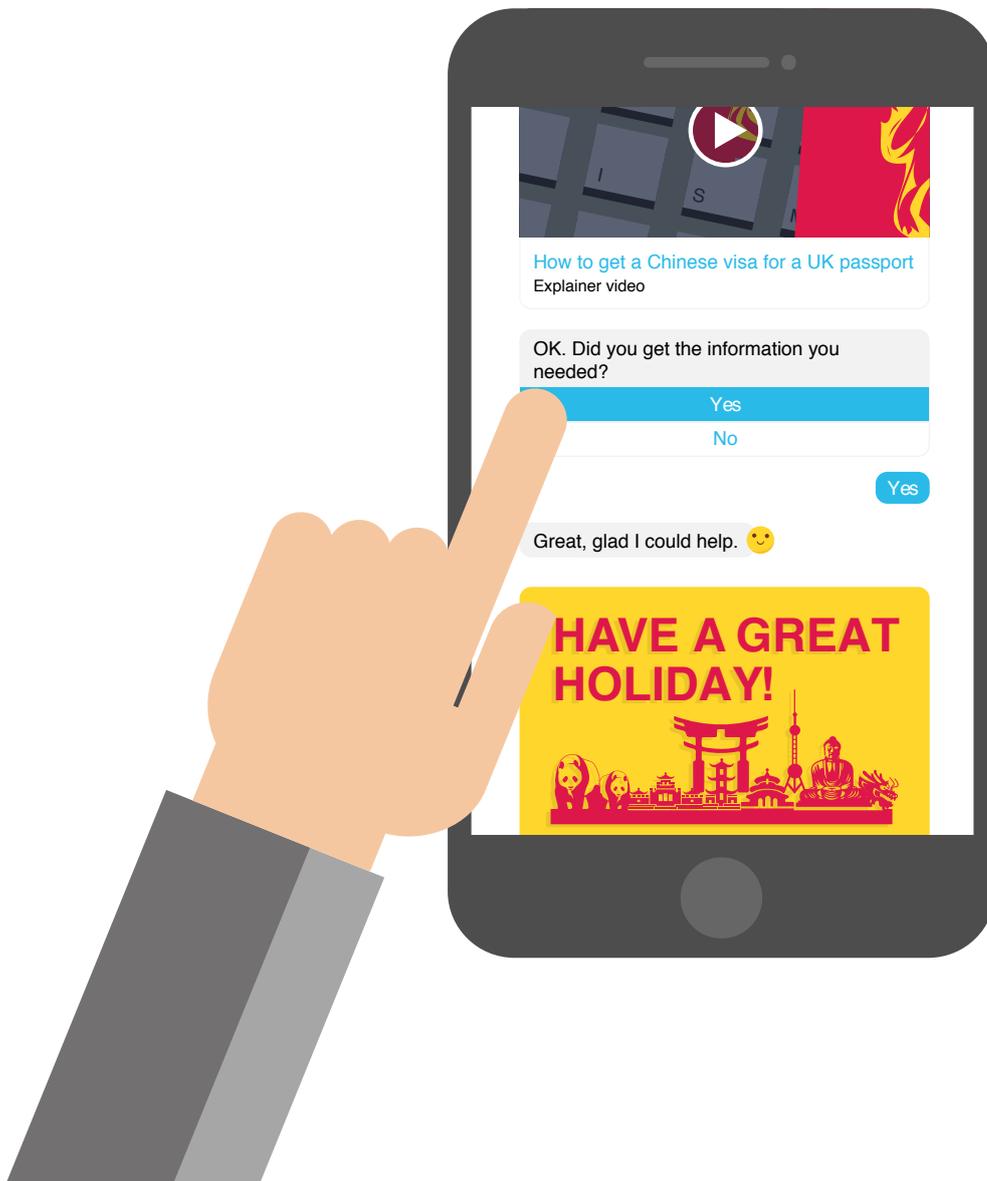
More than half of millennial business travel hotel bookings are on a mobile device and nearly half of U.S. consumers are comfortable doing all of their travel planning and booking on a mobile device.

What that means is that, for our segment, mobile is no longer a trend, or a different use case. Increasingly, it is travel.”

— Donnie Schumann, EMEA Manager, HotelTonight

But brands can go further. Combining machine learning with human-like characteristics can deliver powerful results. Emirates has recently partnered with WayBlazer to develop a market-first chatbot ad that captures consumer intent with rich data analytics and natural language processing. Aimed at supporting the discovery stage while ensuring high exposure to Emirates' own holiday offerings, this AI-powered tool combines Emirates Vacations' content, inventory, user intent and user preferences to come up with personalised and contextual recommendations that drive users to action. Emirates' chatbot increasingly resembles a conversation with a travel agent – perhaps one of the biggest factors behind its jaw-dropping 87% lift in engagement.

Customers need help deciding on their final destination and planning their trip, and that is an opportunity for brands. Customer decisions are highly influenced by price (37%), customer reviews (24%) and luxury-led experiences (17%). These figures should be considered against the brand's target market to inspire with the right content and tools. Personalisation and data-driven technology will help to ensure relevancy and aid discoverability when engaging with customers during their planning phase.



— STAY RELEVANT, PERSONAL AND TIMELY

3 WHILE ON THE MOVE



We know that digital, done right, can be a catalyst for enhanced customer experience. On-trip innovations have left a mark across many travel verticals, with airlines and hotels being the biggest players. With recent tech advancements, however, the opportunity for personalised, relevant and timely on-trip support is expanding. Below, we explore the state of play and some opportunities to successfully cater to the micro-moments of I-want-to-know, I-want-to-go, I-want-to-do, I-want-to-buy that characterise today's traveller.

Today's travellers show a strong appetite for innovation across all age groups. Our survey indicated that

almost 1 in 5 value on-the-go access to their flight information and travel updates more than anything else. A small, but potentially valuable, set of travellers (14%) expect personalised travel information and offers, which could be delivered via partnerships with external travel providers. This could include destination tips with easy booking capability, airport guides with real-time gate information and updates, or personalised airport and in-flight offers. Some airlines and airports are already taking advantage of location-based updates to keep customers in-the-know during their air travel journey, but more can be done to enhance the experience.

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“The travel industry is transforming from mass offerings to personalisation. This can be achieved by using the data airlines have about passengers which can be collected at every touchpoint along the journey. Using this data, I believe, machine learning will help airlines to develop better solutions and products to personalise the travel for passengers. The possibilities range from increase in operational performance to targeted marketing.”

— Serdar Gürbüz, Digital Innovation Manager, Turkish Airlines



of our survey respondents chose end-to-end baggage delivery as the solution they'd value most from airlines



felt baggage tracking on their mobile device would aid their experience the most when it comes to travelling by plane

Our survey indicates customers care most about baggage-related solutions. Almost half said that having their baggage delivered direct from door to plane, or the ability to track the location of their baggage on their mobile device would aid their experience the most out of all emerging technologies. This is not a surprise – hundreds of suitcases and bags are lost or mishandled each month, causing significant stress and customer frustration, but this is now slowly beginning to change. SITA⁸ research showed new technologies and process improvements has led to 12% drop in instances of mishandled baggage in the last year.

Smart luggage tags and self-scan baggage drop-off machines are becoming a reality. American Airlines has already implemented smart tag technology. They offer baggage tags with tracking devices, allowing passengers to keep tabs on their luggage in real time. It's a great way to increase overall customer satisfaction, gain customers' trust and reduce costs associated with lost baggage. It's not all about luggage though – American Airlines recently partnered with Grab, a food delivery company, to integrate food ordering with their app, enabling travellers to get the food delivered whilst waiting at the airport gates.

Biometric-based recognition (e.g. face or fingerprint recognition) to enter airline lounges, go through security, and pay for products during the flight are also getting attention. Almost one in ten of our respondents attributed the highest value to biometric tech when evaluating various tech propositions. Delta Airlines is currently trialling biometric boarding passes using fingertips, scans or facial recognition to identify the passenger. Although the technology is still in its infancy and is relatively costly to implement, it promises to strengthen security, cut costs and increase convenience.

Perhaps one of the most intriguing opportunities for innovation lies in transforming the in-flight experience to create personal, seamless and on-brand services. Passengers on a flight might all be going in the same direction, but they don't all want the same things on the way. There's a two-fold consideration for airline brands; first to ensure that they adequately cater for individual

wants and needs, and second to ensure they communicate their brand effectively. If used in a strategic way, technology can help to deliver both.

From windowless planes to smart cabin design, opportunities to innovate the in-flight experience with physical design and digital tools are enormous, and go well beyond simple selection of entertainment. Any cabin innovations should be derived from solid consumer research and wrapped around customer experience thinking to complement and extend the brand values. There's also, of course, a huge gulf in scope to communicate your brand between pre-flight and in-cabin experiences.

To fully understand the needs and pain points of various customer groups, behavioural analysis is crucial – simply asking people what they want is rarely enough.



— ENHANCING THE EXPERIENCE DURING THE STAY

4 WHEN YOU'RE THERE



ACCOMMODATION: APPETITE FOR INNOVATION

The appetite for emerging travel tech is big. Our survey respondents were interested in on-the-go access to booking info, mobile live translation tools, smart room controls, and real-time contextual information to help with city discovery.

Real-time mobile translation tools are in high demand. The technology has been booming in the start-up scene in the last few years, and Google⁹, Amazon¹⁰ and Microsoft¹¹ are all upping the stakes. As the technical barriers drop, there is growing scope to integrate it within a brand's digital channels, enabling hotel guests from across the world to get what they want, in any language.

The IoT and its potential for travel is still relatively untapped, though the most forward-looking brands like Hilton Hotels or Marriott are already rolling out smart room solutions. In partnership with Samsung and Legrand, Marriott¹² is experimenting with technology it hopes will be able to anticipate guest needs and personalise their experience. The smart room allows multiple responsive IoT systems, devices and applications to communicate and deliver hotel room experience of the future, with voice-enabled technology enabling customers to adjust room settings to best meet their needs. The anticipated benefits are massive – not only improving service for guests, but also streamlining hotel operations.



(9) www.skift.com/2017/10/05/googles-new-earbuds-with-real-time-translation-have-huge-implications-for-travel/

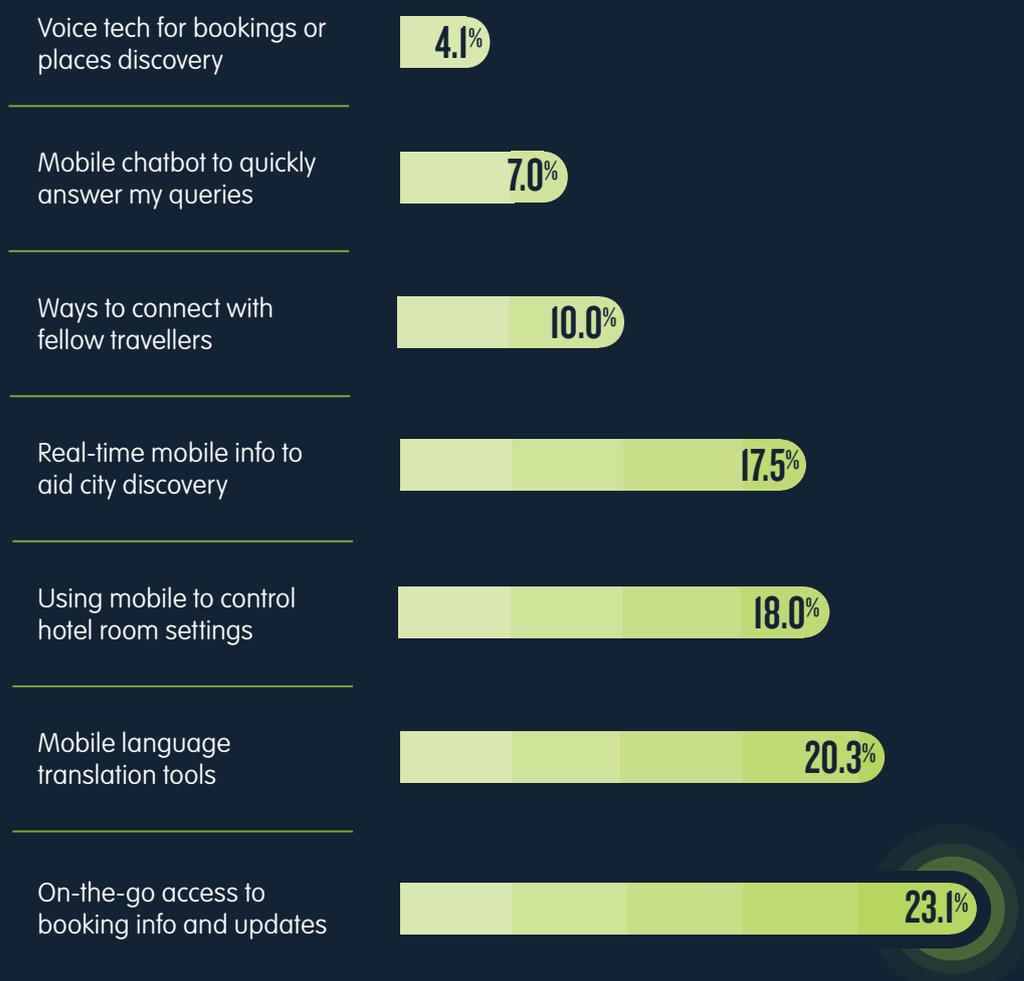
(10) www.aws.amazon.com/blogs/aws/introducing-amazon-translate-real-time-text-language-translation/

(11) www.translator.microsoft.com

(12) www.news.marriott.com/2017/11/marriott-international-teams-samsung-legrand-unveil-hospitality-industrys-iot-hotel-room-future-enabling-company-deepen-personalized-guest-experience/

Q: WHICH OF THE FOLLOWING NEW TECHNOLOGIES ARE YOU MOST EXCITED ABOUT WHEN IT COMES TO STAYING AT A HOTEL AND EXPERIENCING YOUR TRIP?

*BIO 2018 Survey, 969 respondents





TOURS: THE DESIRE FOR LOCAL

Experiential travel and 'off-the-beaten-track' exploration is a strong trend among today's travellers, and technology can support its delivery. Detour – location-based guided audio tours launched by the founder and former CEO of Groupon – helps travellers to discover hidden gems by following the voice of local people. Concepts like Detour can play a huge role in helping travellers to discover a city and shape their general on-trip experience.

Which state-of-the-art technologies could make the tours the brightest child of travel tech? Gamification could deliver experiences that go beyond the traditional guided tours. AR might build the bridge between the past and the current. And location-based updates could guide people to paths less travelled. But whichever technology is used to enhance the tour experience, it's still human contact that many travellers seek when learning about a local culture. And this should be considered when implementing any new tech.



“As well as enhancing the experience, technology for tours and activities should aim to solidify travellers’ psychological commitment pre-trip and solicit reviews or maintain engagement post-trip.”

— David O’Kelly, Chief Executive, Sandemans New Europe Tours



OMNICHANNEL
EXPERIENCE



GAMIFICATION
TECHNOLOGY



AUGMENTED
REALITY



LOCATION-BASED
UPDATES



HUMAN
TOUCH

— HOW DO YOU CREATE LOYALTY IN A FRAGMENTED WORLD?

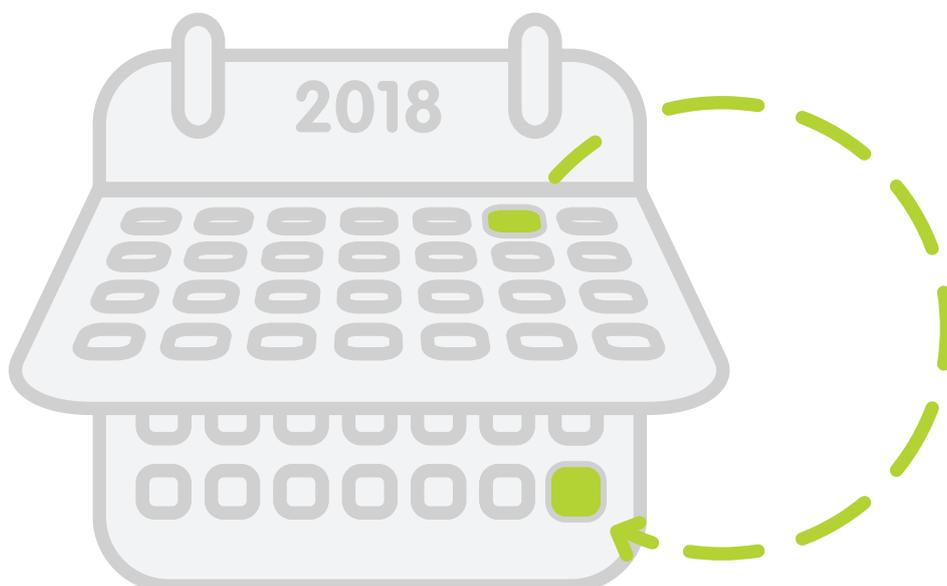
5 POST-TRIP ENGAGEMENT



Current loyalty levels in travel are exceptionally low. Almost 60% of customers¹³ say they would always shop around for different hotels to stay at. How can we drive loyalty in such a price-driven market? Easily accessible rewards and relevant communication are key during post-trip engagement. For any service that, once over, has only limited opportunities to connect, it's vital that things feel simple, rewarding, personal and salient. Many bigger brands have developed loyalty programmes, with the majority of big airlines (e.g. Emirates Skywards) and hotels (e.g. Hilton Honours) offering sophisticated reward schemes. But is this enough? While loyalty points may work for some, the majority of consumers expect immediate rewards. The nature of the travel sector means

they have to wait months, if not years, to see any benefits. Creating lower value, but more immediate rewards, could help to enhance the effectiveness of current schemes with a one-click approach and frictionless point management experience that extends user benefits across and beyond their journey.

Any solution aimed to increase advocacy and engagement post-trip should always keep the brand's customer needs at heart. Because no matter what services or tools brands use to increase retention, it's the quality of physical and digital customer experience throughout the entire journey – pre-, during and post-trip – that will bring travellers back.



[13] www.oracle.com/corporate/pressrelease/oracle-hospitality-research-021417.html

WHERE NEXT?

The forecast for the global travel market remains positive, but market expansion of digital giants from other sectors poses a real threat to legacy travel brands. It's the smart use of technology and relentless focus on the customer that will determine whether big travel incumbents can stay competitive. A growing appetite for personalisation, coupled with public wariness over use of personal data, makes for an interesting challenge. Brands will have to tread carefully – new personalised products and services must demonstrate true utility from the start, and this puts a premium on a UCD approach.

Digital transformation is not about chasing the Instagram-friendly holiday offerings that millennials are so fond of (or so the cliché goes), but creating services that can make a difference with a genuinely customer-first approach. Brands should be incorporating service design methods into their touchpoints and using data throughout to anticipate future needs. Our work with British Airways to engage customers using their mobile app focused, in part, on delivering exactly what travellers wanted at a given stage of their journey. An Airside Upgrade option, for example, allowed passengers to opt for a last-minute flight upgrade even after check-in has closed.

Our connected world suits the connected traveller. Companies that can rapidly design, test and implement products and services around them stand to benefit – and to set the coordinates for the future of travel.

BIO FORECAST

We anticipate the following trends will have the biggest impact on the travel sector:

Personalisation will need to be, well, personal. People are wary of data privacy, and controversies have eroded trust. There's only a narrow sweet spot between personalised and weird... and, whilst this is likely to shift as people grow more accustomed to it, for brands that step either side of it there is going to be trouble.

A growing appetite for (and the outsized trend-setting influence of) new types of travel, particularly solo and adventure trips, is going to key into new expectations for personalised trip management. It's about how big travel brands respond to these that will determine whether they can keep a big chunk of the market.

The IoT has potential to totally disrupt baggage traffic, with new options for transit, delivery and storage of your luggage already starting to surface.

Making efficient use of data, AI and machine learning will mean getting deeper into the war for talent, and put a premium on organisational/operational agility as new teams are created and embedded.

Intense competition between air carriers, combined with the use of shared infrastructure (i.e. airports) means that only carriers who can deliver on-brand excellence in customer experience, combined with genuine surprise and delight moments, will be able to differentiate.

ABOUT THE BIO AGENCY

BIO is an award-winning digital agency consulting and delivering on customer experience-led innovation and transformation. We are one of the only agencies in the UK that can provide an in-house, end-to-end service, spanning everything from business vision and strategy to service design, creative innovation and technical development and build. Defining ourselves as **Digital Change Agents**[®] we create experiences that are simple, seamless and intuitive, changing the way customers engage and buy from today's organisations. We work to redefine sectors, helping clients move ahead of their competitors and creating companies fit for the future.

Peter Veash

– Chief Executive Officer

Peter founded The BIO Agency in 2006, bringing together pure-play digital experts to create digital change. It's quickly grown to become a major player in the field. Peter champions creating innovative solutions for B2B and consumer brands, building his vision on a strategic understanding of customer behaviour.

Find out more

We empower our clients to be at the forefront of the digital revolution. We can help your organisation go through change, from consultative advice through to creating and building digital solutions for your customers.

We'd love to share some of our insights and help you on your journey.

Charlie Attenborough

– Partnerships Director

Charlie worked with a number of world-leading brands including National Geographic, Fortune Magazine and The Economist to manage and grow their key client partnerships throughout EMEA and APAC. Charlie is now leading BIO's sales team to drive long-term growth and ensure effective management of key client relationships.

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