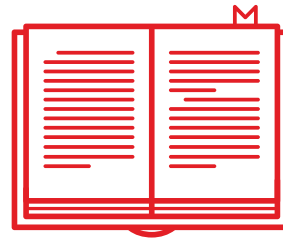TRAVEL &
TECHNOLOGY:

DIGITAL TRENDS FOR THE TRAVEL INDUSTRY IN 2015 AND BEYOND

e3

EXECUTIVE SUMMARY

At the end of 2013, e3 produced the first in a series of trend papers focussed on the travel sector. It specifically looked at how the growing influence of mobile and social gave rise to a much more connected traveller. As the landscape of the travel industry continues to shift and flex around new technologies, we are seeing both the emergence and development of new and existing trends.This second paper in the series discusses how the continued growth and confidence in mobile gives rise to new research and purchasing behaviours. For 2015, we've identified 4 key digital travel trends we feel have implications right across the industry, from airlines and hotels to airports and online booking agents:

1. SELF-SERVICE AND THE CURRENCY OF TIME

From airport luggage drops and boarding passes to hotel check-ins, self-service is big news. We live in a culture of instant fulfilment, where expectations are set by the immediacy of mobile and social media. Customers will gladly adopt new technologies and serve themselves if that means they can avoid waiting, so smart travel and hospitality companies are early adopters too.

Why it's interesting

Innovations in technology create innovations in customer service and satisfaction by providing a seamless, convenient and connected experience.

2. DIY TRAVEL

Self-service travel is particularly popular with Do-It-Yourself travellers who plan, manage and book travel online, rarely speaking to another human being in the process. These DIY travellers prefer to feel independent and enjoy their trip without having to interact with others, be it travel agents, hotel concierges or tour guides, which poses a challenge for an industry that focuses on the human service element.

To fulfil these customers' needs and differentiate their offering, digital-only companies like Airbnb, Roomarama, HomeAway and CitizenM make the absence of human interaction a selling point.

Why it's interesting

To compete, traditional travel companies must make the most of their access to customer data and high-spec technology to serve customers on their terms.

3. MOBILE BOOKING

148.3 million bookings were made online last year, and 65% of same-day hotel reservations were made via a smartphone, according to eMarketer[1]. Consumer confidence in mobile, along with the industry's ability to provide real time pricing information, combine to create a growing wave of mobile bookings.

65%
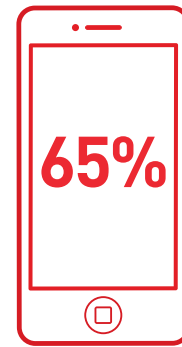
Why it's interesting

Companies that are already delivering great booking experiences are now turning their attention to easier booking on any device, deeper insight into customer context, flexible customer preference management, and extended involvement in the customer's trip.

4. AUTHENTIC EXPERIENCES

Authenticity is valuable in 2015. The trend for authentic experiences has broken the surface in the past year as travel mentality has shifted from 'tourist' to 'traveller'. Digital connects people across the globe, with new companies helping travellers find accommodation, guides and other services within the local community to satisfy the consumer's desire not to feel like a tourist.

Why it's interesting

Big names in the travel industry recognise the need to cater to this mindset shift from tourist to traveller. And whatever you want to experience when you travel, there's someone only a click away waiting to show you authentic local sights.

—

All four of these trends have two important elements in common: mobile technology and the Millennial audience are behind self-service, DIY travel, mobile booking and the search for authentic experiences.

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THE YEAR AHEAD

2015 will be an exciting, but challenging one for the industry. The battle for bookings will be won not only by owning big data, but more importantly, by interpreting it correctly. In doing this, organisations will successfully deliver a more personalised, contextual experience for their customers - something we are doing with a number of clients here at e3, including Bristol Airport and Centro.

1 eMarketer Survey, September 2014
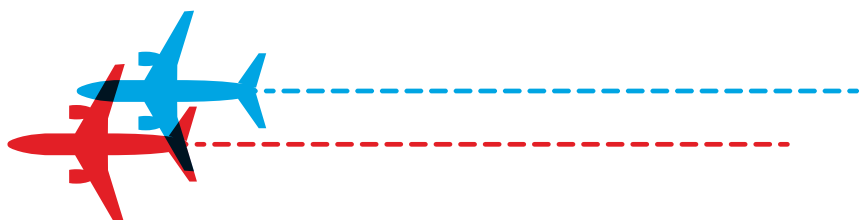
Q1 2015: TRAVEL WHITEPAPER #2

By Kate Fitzpatrick, Strategist, e3

NEXT STOP: DIGITAL TRENDS FOR THE TRAVEL INDUSTRY IN 2015 AND BEYOND

INTRODUCTION

At the end of 2013, e3 produced the first in a series of trend papers focussed on the travel sector, looking at the rise of the connected traveller, particularly the influence of mobile and social. As the landscape of the travel industry continues to change, now is a good time to identify new trends and this second paper in the series discusses how the continued growth and confidence in mobile gives rise to new behaviours.

Every year brings new predictions and trends about what to watch out for over the coming 12 months – the digital sector is no different. Digital currency. Wearable tech. The internet of things. The "high-tech" is now mainstream as Millennials drive cultural change.

In fact, change is the only constant. That, and the perennial mantra of 'know your customer', which is always worth repeating. Understanding consumer behaviour is the key to delivering experiences they'll treasure — and to riding the wave of change, because changes in customer expectations and behaviours prompt the evolution of fresh solutions. In 2015, consumers are coming to expect every brand experience to be convenient, personalised and immersive. These expectations are no different when consumers plan or buy travel. Statistics from the Association of British Travel Agents (ABTA) illustrate the recent shift in travel consumers' researching and buying behaviours — particularly those of Millennials.

RESEARCH
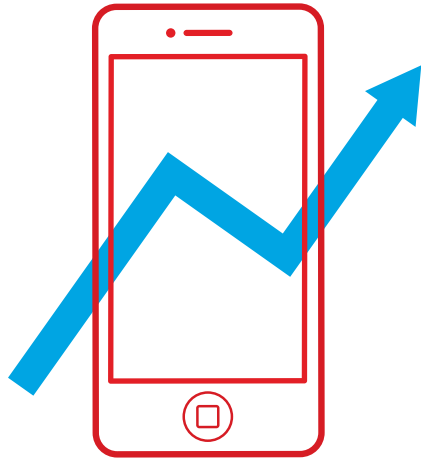
Mobile device use for researching travel options is rising, but PCs and laptops are still the more commonly used device in this phase.
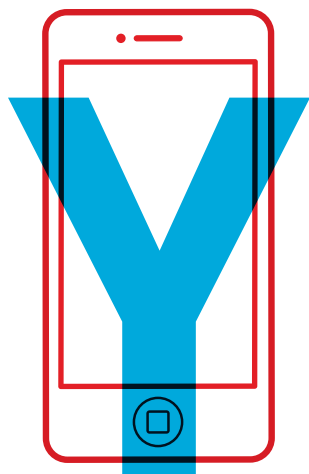
18%

44%
16 to 24 year olds
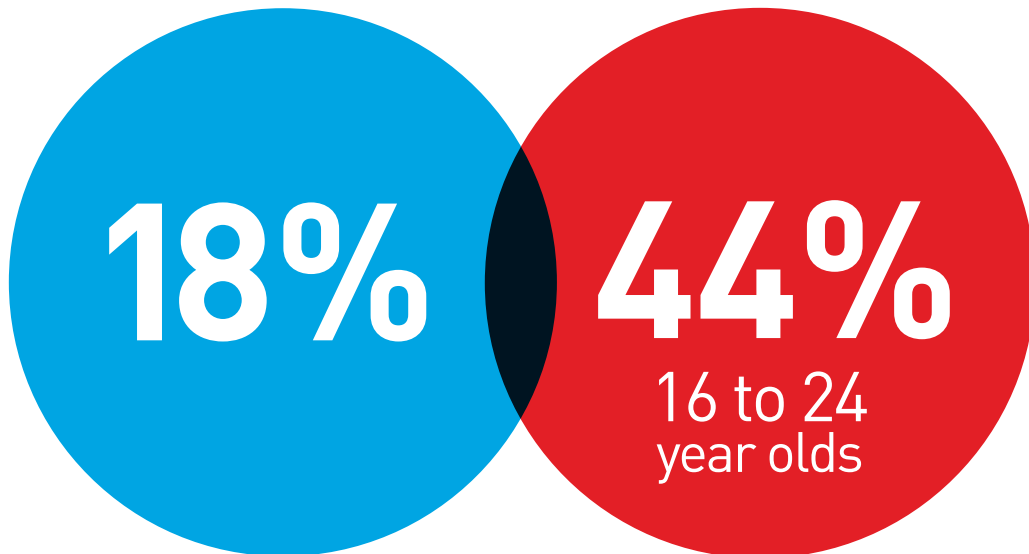
18% of total internet users use social media to research and plan travel,

but that number rises to 44% among 16- to 24-year-olds, who focused on social media more than any other age group[1].

1 (ABTA: Consumer Holiday Trends Report, September 2014)

BOOKING

Millennials are much more likely than other age groups to make travel bookings via mobile devices.

88%
16 to 24 year olds

35%
of millennials

88% of 16-to-24-year-old internet users had used a PC or laptop to book travel in the 12 months ending July 2014 — the smallest proportion across all age groups.

But 35% of Millennials had used a mobile phone to book travel — the highest percentage across all age brackets[1].

1 (ABTA: Consumer Holiday Trends Report, September 2014)

2015'S CONNECTED TRAVELLER

Search 'digital travel trends 2015' and you'll get roughly 95 million search results. To narrow the information firehose, we've picked out 4 key trends that will have implications across the industry, from airlines and hotels to airports and online booking agents:

1. Self-service

2. DIY Travel

3. Mobile Booking

4. Authentic Experiences

There are a plethora of others, with the best of the rest including the rise of the bleisure traveller, tech free travel and wellness tourism.

1. SELF-SERVICE

Self-service is big news for the aviation industry this year. Most consumers view airports as painful stepping stones, a necessary ordeal on the journey to their destination. To make airport experiences more meaningful, convenient and connected, airport operators are finding smarter ways to serve passengers.

Gatwick Airport plans to become 'the world's most efficient two runway airport' by cutting down passenger transit time and getting rid of queues. According to the architect Sir Terry Farrell, "queues have literally been designed out. The new terminal will be simple and convenient to use."

Improved IT infrastructure and mobile technology provide the foundation for innovation. Aviation technology provider SITA's 2014 Airport IT Trends Survey reports that more than 80% of the world's airports are planning projects in the self-service and mobile areas over the next 3 years, and nearly three-quarters of airports expect most of their passengers will use self-service check-in by 2017.

Multi-service kiosks, self-bag drop and self-boarding services are the big drivers of self-service in aviation, and will see a lot of investment over the next 2-3 years.However, with budgets for these developments already allocated, some airports are already seeking the next tech opportunity to help gain competitive advantage.

HELSINKI AIRPORT INTRODUCES
## FLOW MANAGEMENT TECHNOLOGY

In July 2014, Helsinki became the world's first airport to introduce passenger flow management technology. The whole customer pathway from car park to departure gate is now monitored by more than 300 iBeacons tracking the Wi-Fi enabled phones of passengers. It's estimated that up to 70% of phones moving through the airport are Wi-Fi enabled. This sensor network gives Helsinki Airport reliable real-time data on how people are moving around the terminal, including any clusters or bottlenecks. This insight makes it much easier to plan more effective terminal traffic management strategies, avoid queues and keep passenger satisfaction high.

In addition to this, the airport is looking to push out messages that gives passengers helpful information based on their location in the airport. This, in time, will provide a retail opportunity to use location technology to deliver personalised, time sensitive offers and promote lucrative ancillary services such as battery recharging or buggy hire.

Why it's interesting

The increasing adoption of mobile has fundamentally changed consumer behaviour. It shapes people's expectation of interactions with brands, products and services. This trend presents an interesting scenario: if passengers begin to view airports as short-term destinations in their own right, the battle for bottoms will shift from the sky back into the airport lounge.

Figure 1.0 Screenshot of Helsinki Airport website- image courtesy of Finavia

http://www.finavia.fi/en/helsinki-airport/
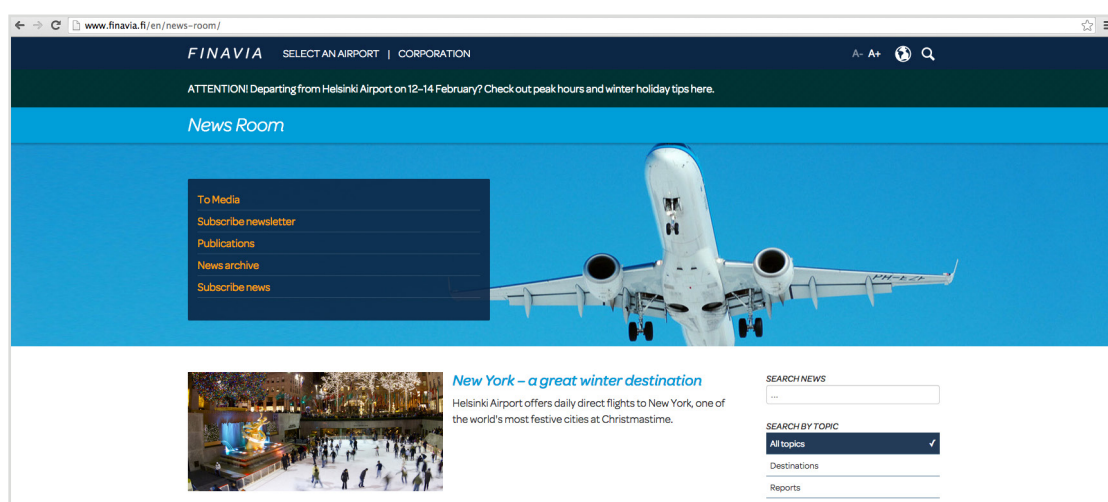
2. DIY TRAVEL

Do-It-Yourself travellers, also occasionally called 'silent travellers', are digitally confident, independent individuals who use a range of devices and tools to plan, manage and book travel online. Their relationships with travel brands, hotels and booking agents are purely digital — because that's the way they like it.

DIY travellers can interact with brands as much or as little as they want, which poses a huge challenge for an industry that typically emphasises the human service element.

— If consumers choose to limit human interaction, how can the industry identify, understand and fulfil their needs?

— How can brands cross the digital barrier and get the insight they need to differentiate their offering, without becoming intrusive?

Fulfilment and differentiation are the most critical parts of this challenge, as DIY travellers are the most likely to use social media to comment on, praise or criticise services. Digital-only startups like Airbnb, Roomarama and HomeAway tell compelling stories online to sell a travel experience without human contact, taking advantage of the increasing distance between digital-focused DIY-ers and traditional travel providers. CitizenM, a small, independent chain of international hotels, purposely caters for the preferences of the DIY traveller by weaving technology, independence and quality service into its brand story. These hotels offer a unique combination of services and facilities: airport-inspired self check-in, free Wi-Fi, and a tablet with which to control the blinds, lighting and free movie service in every guest room.

They also skip the features DIY travellers don't need, such as concierges and dining rooms. Many hotel companies have adopted CitizenM's model, including Z Hotels, Qbic, The Nadler (formally Base2Stay), and YOTEL for the business market.
Traditional hoteliers and travel agents are fighting back by adjusting their approach to target DIY travellers more effectively, using technology-based propositions they hope will provide the 'personal' element of the experience. Starwood Hotels and Resorts Worldwide, the owner of the W Hotel chain and manager of the Sheraton brand, now lets customers use their mobiles to check in via SPG keyless entry.
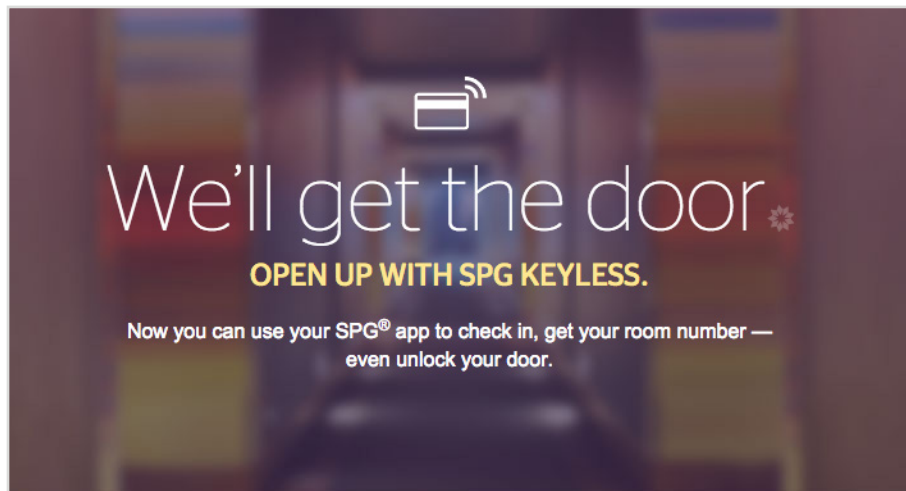
Why it's interesting

To thrive in the DIY travellers' market, traditional travel companies will have to master the art of the invisible and use data as their new concierge.

3. MOBILE BOOKING

The impact of mobile technology on consumer behaviour is undeniable and ever-present. Time is currency in this culture of immediacy. Google reports that travellers spend an average of 55 minutes to book a hotel and flights; they visit 17 websites and click four different search ads per travel search and 90% of these travellers use more than one device during the booking process[1].

2014 saw the highest number of online travel bookings ever, reaching 148.3 million, with 65% of same day hotel reservations made via a smartphone[2]. This growth is enabled
by confidence in mobile technology, mainstreaming high-spec devices and real time pricing capabilities.

But as audiences become accustomed to online booking, they also become increasingly demanding of the service. For companies that already deliver great booking experiences, the focus has shifted to deliver excellence across three key areas:
How can we make it even easier for our customers to book on the device of their choice?

— How can we better understand our customer in context?

— How can we extend and shape the experience beyond the final
   click to book?
— How can we make it even easier for our customers to book on the
   device of their choice?

MAKING BOOKINGS EASIER

Expedia CEO Dara Khosrowshahi recognises the complexity of the research and planning phase that precedes booking, and wants to help customers by tracking their searches. According to Khosrowshahi, "Expedia's users now shop across more sites than ever before. A user who's doing a flight search will be doing over 40 flight searches before booking a flight and we are seeing users shop across multiple devices."

To facilitate this process, Expedia developed ScratchPad to track a logged-in user's searches regardless of device, so users can continue their search activity seamlessly even if they switch devices partway through the process. Once the user indicates a destination preference, Expedia pushes relevant content including daily price changes and relevant offers.

THE CONTEXTUAL CONSUMER

In 2015, marketers and organisations have to understand audience behaviours and needs in context rather than in isolation. Context influences device choice and hence the options that you need to present at any given time to a customer.

For instance, mobile engagement provider Mobiquity reports that consumers use different devices depending on how soon they plan to travel. The closer their departure date, the more likely they are to use a smartphone — and after departure the smartphone is the clear winner over any other device.

Organisations that know and manage their customers' preferences, both dynamic and persistent, will benefit in the long term as personalisation and customer-centricity continue to dominate in coming years.

EXTENDING THE EXPERIENCE

Understanding context lets you tailor the customer's travel experience in ever-increasing detail. For example, if your preferred device while travelling is a mobile and you're likely to dine out every night, Expedia could offer you an app-based service like OpenTable. The OpenTable app helps users find and book local restaurants, but also lets diners review their order, pay, add a tip and leave the restaurant without ever having to wait for a server's attention.

Why it's interesting

The more we understand customer preference, the more valuable mobile becomes to travel industry brands and marketers.

4. AUTHENTIC EXPERIENCES

The trend for authentic experiences has been growing for at least a year, together with other recent trends, such as the 'internet of me' and hyperlocality, that revolve around concepts of community and self.

The authenticity trend has arguably been driven by the ubiquity of social networking. People now suffer from 'Facebook envy' and the 'Instagram effect': they're surrounded by filtered images of friends and strangers having the time of their lives. Hiking Machu Picchu, eating with locals in downtown Hanoi or free climbing in Yosemite National Park. It's a FOMOist's nightmare.

Travel mentality has undergone a huge shift, particularly among millennials, who are moving from 'tourists' to 'travellers'. Digital is clearly the catalyst for this change, connecting people across the globe much more easily than before, leading to the creation of multiple services and product to cater for these needs.

Accommodation-finding is the best-known of these services, with Airbnb leading the way. A peer-to-peer platform that connects travellers worldwide with local people who have rooms or properties to rent, Airbnb not only facilitates the booking but offers the first step to an authentic and local travel experience. This has brought about rapid brand growth over the past 5 years.

In the past, this side of the travel industry was cause for safety concerns with many horror stories reported by people using disreputable accommodation-finding websites. Today, the transparency and vigilance of market leaders like Airbnb sets higher expectations and gives consumers confidence. But accommodation isn't the only thing travellers want.

Digital networks help travellers find authentic experiences with other humans, too. Vayable is a portal designed to match travellers with a network of local citizens and communities. It lets users book onto tours and experiences with local people, share their experiences with others and even buy experiences as gifts.

Meanwhile, Berlin based company My Plus One lets users 'Book a Local' for activities and experiences ranging from seeing street art to going clubbing. Users fill in a form, select how much time they'd like to spend with their local, get pricing, then wait for locals to accept their request. Whilst Hallo Hello, a pop-up restaurant in Copenhagen Airport, gave culinary-minded travellers

a place to gather before they set off on the next stage of their journey. Big names in the travel industry recognise the need to cater to this mindset shift from tourist to traveller. In 2014, Marriott Hotels partnered with MIT's Mobile Experience to develop the prototype for Six Degrees, a business social networking platform. It featured an app, a hotel lobby display screen and an interactive table to connect guests via their social profiles, bringing them together by showing what they might have in common.

The aim of the experiment was to turn Marriott's lobbies into proactive, social tech hubs for their guests. Marriott has also launched the Travel Brilliantly programme which actively explores co-creation opportunities with their patrons to keep the hotel experience authentic.

Why it's interesting
Whatever you want to experience when you travel, there's someone only a click away waiting to show you authentic local sights.

FUELLING CHANGE

The trends discussed here have 2 key elements in common: mobile technology and Millennials, the audience segment driving mobile use.

These 16 to 34 year olds are the new generation of consumers, and they're pushing the boundaries of what's possible in the travel industry. Whether it's real time pricing, virtual check-in, or sharing a meal at a local's table, the Millennial appetite for digital flexibility is opening up the travel market to new opportunities.

Amidst the many exciting new brands and platforms, it's encouraging to see that long term players are flexing their propositions to support the Millennial market. But traditional travel brands will have to think and act fast to keep up with their more adaptable digital competitors.

The year ahead will be an exciting but challenging one for the industry. The battle for bookings will be won not only by owning big data, but by interpreting it correctly to deliver a personalised, contextual experience for the customer – something we are doing with a number of clients here at e3, including Bristol Airport and Centro transport network.

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Kate has over 8 years' experience within digital, working on both client and agency side. Prior to e3, Kate worked at Bray Leino in an account direction and strategic role for a variety of clients including Legal & General, The Royal Mint, AXA, and Sun Life Direct. Her client-side experience saw her heading up the digital marketing output for the fiction division of HarperCollins Publishers.

Kate's experience covers B2B and D2C digital campaigns and executions, from social media to content strategy.

CHAT TO US

To discuss any of the information in this paper, to arrange a free workshop, or to discuss any of your digital requirements, please contact:

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ABOUT e3

e3 is one of the UK's most awarded independent digital marketing agencies, providing creative solutions to real-world business problems. We combine our deep understanding of digital audiences with creative, technical and strategic vision to solve problems that exist within – and beyond – marketing

We work with globally recognised brands including Kia, Royal Navy, Orange and the National Trust.

Working from London and Bristol, e3 has grown into an agency of more than 60 digital specialists over the last 18 years, and consistently features in the NMA / Econsultancy Digital Top 100.

We won 20 industry awards in 2014, including a BIMA for Best Design & Build and Campaign of the Year at the Digital Impact Awards for Royal Navy; and Gold Best Corporate App for Orange.

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