



EMBARK: TRAVEL, TECH AND TRUST PODCAST- EPISODE 2

AUDIO TRANSCRIPT

Marco Ribas:

Welcome, everyone, to our second episode of the Embark podcast, where we talk about Travel, Tech and Trust, and the latest on the travel industry.

Today, as always, I am accompanied by Shantha Maheswari, our global Travel Tech Lead, and Jonathan Sullivan, Cloud First Industry Captain for Travel. I am also very happy to welcome Christine Maguire, GM for Global Media Business at Tripadvisor, who is going to share with us details of an exciting survey we did together and provide some insight on developments in the travel industry.

So, Christine, great to have you with us on the podcast. I heard we did some interesting work together at Tripadvisor and Accenture around the new trends coming out post-pandemic, especially around what the new travel dream looks like. Can you expand on the topic a little bit for us... what the survey found?

Christine Maguire:

First of all, I was really excited to do the research in conjunction with Accenture and, as you guys know, the second you do research and create insights through this last year/year and-a-half, they are immediately outdated, so I am really excited to have some new things that we are seeing in the data and were pretty surprising. In 2020, and honestly even over the last few months, there is still a focus on domestic, local, outdoor short trips which we all know, but in a post-pandemic world we found that millennials are really valuable travelers and consumers. They want to be the first adventurers. They spent less in 2020 and saved a lot, so they are excited to spend more in 2021 and beyond. We actually found that high income millennials are planning to spend more than 5k on their next trip; which is a staggering stat when you think about the average cost of a trip in the US. So luxury is a focus and relaxation and indulgence for millennials.

We also found that the focus of local and outdoors and beaches continues to be a real focus... a third of US respondents were looking to take a beach vacation. But we actually found one fourth of the audience was focused on cities. And the comeback of cities, which is really exciting to see - knowing that there was an exodus from the New Yorks and L.A.s - to see that coming back. So, we are really excited to see that and then hopefully in 2021, as international travel comes back, we really see that rebound in the cities. So, there is a wealth of new and interesting insights that I think will be really exciting for the travel industry, but also rising confidence within consumers and specifically millennials and a couple of other generations



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Marco Ribas:

Thank you very much, Christine. Within the research how the new traveler wants to get inspired? And maybe how companies can make travelers' life easier and really pick up on the trends we are seeing?

Christine:

Health and safety are still very much at the forefront of all the trends that we are seeing on a macro-global level, and ultimately what I believe businesses need to make sure that they are most prepared for. The reality is that COVID cases - and situations like what's currently happening in India - is ever-changing. We have to continue to be as nimble as possible and react to that. The regulations based on that are ever-changing and then health and safety protocols for different businesses and reviews around that are also critical in their relevancy.

At Tripadvisor, it was probably six to nine months ago at this point that we launched Travel Safe, which is a set of tools that power businesses to be able give peace of mind to our travelers around what they are doing... from checklists, different reviews, what their protocols are when you come to their business - whether it is a restaurant or a hotel or an experience. That continues to be front and center and ways in which the pre-planning time that businesses can really give, and destinations can give, consumers confidence to actually go there. I also think re-introducing new places and restaurants and hotels that are open and consumers want to explore, that they haven't in the last year or might have changed a lot in the last year and want to try new things, there are a lot of different ways in which you can create awareness and hit a new consumer base that you may not have had before. We have a lot of different clients and thankfully over the last year we were really able to hone into the spirits, the finance, CPG categories, auto, where they were looking to get their message to the valuable traveler that was in a wanderlust state, so it really depends by category. For travel clients that are really performance focused, it is all about the insights and following the insights on a daily and hourly basis at some points to make sure that they are picking up on that demand curve the second that it happens.

For destinations, it is really about striking the right message especially in the mindset of COVID and all of the social unrest and making sure that safety is front and center. They also generated a lot of their profit from conferences and business travel, so changing that dichotomy over the next year or two is going to be really interesting to make sure that they maximize the rebound and their profit centers knowing that's going to be a little longer to come back.



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And then if you think about finance or auto or the spirits category, the traveler is an extremely valuable consumer that you might not always think that those categories would have a great place to play there, but cross borders is an extremely important aspect for finance companies/credit card companies and staying abreast to the second that international travel starts to come back and being first to capture that demand is critical. So it really depends and thankfully with our wide array of clients we are doing very different things to super-start them.

Marco Ribas:

If I hear you correctly, I reflect upon a lot of segmentation and a lot of better understanding the audience and how to really target the message to capture this rebound and to capture the whole value of those different consumers. And I see Tripadvisor is looking to some of that. Maybe then I will ask Shantha and Jonathan to talk a little bit about how...the implications of this segmentation and how to actually be able to have the tools and the process behind to better understand those travelers and really to cater for them in the travel industry.

Shantha Maheswari:

If I just look at the shift of a business to leisure kind of a focus, there are no insights. So basically we are starting off with data and insights, capturing more and more of the consumer trends and really learning as we go from this market because there is not so much of that historic information that we have. I think that is one.

The second dimension I think is clearly going to be....the loyalty aspect of it. I think traditionally it was all about the points and miles and how we use it in many different ways or how we can consume those. But I think with the millennials and the segmentation of the consumers that are coming, who are going to get more and more conscious, the way you put it beautifully, Christine, on being healthy, wellbeing, all of that becoming focused.

To start looking at the dimension of the old revenue management: All of our systems today, all our systems are all siloed, they are all meant for a lot of business-related aspects. They are always focused on a flight being full, all the rooms being occupied; but I think suddenly now with this leisure market mindset and the leisure journey mindset we literally have a lot of aspects that we need to look ahead with respect to how these systems will start managing inventory better.



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And the beautiful thing that Christine articulated around the content and media, I think is really going to play a lot of difference in bringing many many hyper-relevant experiences which is clearly going to be a big game changer in how you connect the channels together.

So maybe, Jonathan, would you like to share some perspectives on that?

Jonathan:

I would. I would also like to ask Christine a lot more questions too, because most of the segmentation that most travel companies use - that is the most valuable - is a kind of a backwards derivation of what customers really wanted when they through the revenue management matrix and made their final choices. And now we're in this funny world where, in the first instance, we don't have any good revenue-management data going backwards, at least now for a year/year and a half, because people haven't been traveling.

We need to stitch together newer and better segmentations of what customers really want. The interesting thing about this research is that it completely flips on its head what I think people would have been expecting, which is are millennials really going to splurge? Well it seems like they are. It seems like the higher end ones of which there are more and more of these days are willing to spend over \$5000 dollars on their next trip. How many more trips are they looking at taking in the near term horizon? How can we encourage them to come back? How do we find them? How do we target them?

So I guess my question back to Christine is how are you and how are your clients in the travel industry working together with you to help fix these big holes that have opened up in their own segmentation, their own ability to target their own customers?



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Christine:

It's an amazing question because, even at Tripadvisor, we modeled a lot of our booking data on intent and the revenue systems that you are talking about and all of that obviously in the last year has changed. Loyalty systems do look very different, I think the loyalty aspect of travel is going actually become more paramount because it will be a hybrid of both business and personal. If you think about your subscription to a streaming service like Spotify or retail like Amazon, I can't live without them personally; it has become a crazy change in my lifestyle and there is nothing like that that exists in travel.

There has been very little disruption and I think it is because there are such high dollars in the travel landscape that the competition is so high and nobody has been able to take a step back and truly innovate. But because of this crisis, Tripadvisor thought about what does the future of travel look like? Where is the white space? And a subscription service is really where we have invested in over the last year. And it is really based on value. And value looks very different and this research is I think a good indicator of that. Value looks different for a millennial making over \$100,000 who is looking for luxury and has a lot of discretionary spending, versus a family that is taking one vacation a year and they want to do it the best way they can.

So we look at it as how do you up your travel? There are a few different areas within that - you look at hotels - which is typically the biggest part of your purchase within a trip - and discounts on hotels is probably the number one thing that we found in our research that is important. But there are a lot of other things within your trip - whether it be experiences and discounts on that, or pre-booking and flexibility, different perks with Dollar Flight Club and things like that that ultimately are going to help bolster your experience. But also insurance. Insurance has been a thing that has been part of the experience in European countries, for instance, Jonathan, because of all of the international travel and the different landscape that it is versus the US, but has not actually been something that has changed in the US. It is really a 'pond' transaction versus any upfront insurance policies and now there is a lot of flexibility that has been pervaded within the airlines and hotels for cancellation, but that does that sustain post-COVID?

And then is there a way within this to change travel behavior around upfront insurance policies that ultimately will be more bang for your buck with regards to flexibility and ensuring that you are creating the best experience possible from a travel perspective, which for me after being pent up for the last year - I can't wait to travel more than I ever did before. And it used to be on the business side and I expect it now to be very much so on the personal blended with the business. But there is absolutely white space there and I think a huge opportunity in personal travel and business.



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Jonathan:

That really resonates with one of the themes that we having been thinking about as well, which is: All travel companies are going to need to sell more services and when it comes to international travel now, it has never been more complicated than before. It is complicated because I don't know what tests I need on which side to go backwards and forwards. It is complicated because I don't even know what hotels are still in operation backwards and forwards. It is complicated because I don't know what restaurants I would have loved to visit and which ones I can and which ones I can't anymore.

Maybe the question to you is how is: How is Tripadvisor helping overcome some of these challenges and how can travel companies integrate with you all more closely through some of the services you offer to help customers get through all of those complexities and then buy products back on their own websites?

Christine:

I think Tripadvisor thankfully as an end-to-end platform. There are bookings that happen and all of that, but ultimately it is about their research and making sure that we are keeping travelers as informed as possible with the relevant information that is trusted. And the flip side of that is we are truly a two-sided marketplace with businesses.

The business relationships that we have with hotels and restaurants and experiences are extremely important and we work very closely with them to make sure that they have the tools in their management center to make sure that everything is as up to date for travelers to be able to find that information, have it served up in the most relevant way possible. So the ease of doing research pre-trip or just in the planning of things is as easy as possible. I think things again like a subscription service; there are ways long term to make that even more easy with personalization through what we know about that user and getting more and more information to make sure that their time spent on travel planning is as easy as possible.



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So I think that, if we do this right, the two-sided marketplace and the things that we already have done and built Tripadvisor on, plus all of the work that is happening with regards to personalization and subscription and loyalty, are going to be extremely important for the long term success of Tripadvisor, but really of how travelers ultimately come back and come back strong.

Shantha Maheswari:

Many dimensions of what Christine talked about I think I agree with a lot. I think the future of work, especially in the travel industry has also led us to a lot of re-thinking. Digital workspaces and why the digital workspace is going to be, for what purpose, I think it is possibly going to get more and more sharply defined.

One example I can think of right away is that a lot of us go through a call center or a contact center for booking. If I were to look at a contact center I want to get very relevant, self-service meaningful answers, meaningful insights for the question I have asked. I also see contact centers well complimented by AI and analytics to really ingest meaningful insights. So maybe, Jonathan, what do you think about it? How do you see this coming through?

Jonathan:

I agree with you. That seems to me that there is enough white space in there because if the millennials are willing to do it; certainly those of us who are a little older and then our parents who again are older still who maybe still have an urge to travel and have got a lot more money than most of the millennials, they definitely need the help. There is a real opportunity here to build that virtual concierge service as one of the self-services things for any travel company right now. It's just got to be done because this research is amazing... there's a market there. It's bigger than we thought.

There's more money out there ready to go than we thought. We have not heard good news like this in a long time and now it is just how do I best capture it and how do I set myself up for these segments that I no longer understand to pull that in? It's groundbreaking.

Christine Maguire:

I think that there is a need for it more than ever. Especially for specific demographics that don't have the time and really want that level of handcrafted, white glove service and want unforgettable experiences that they have not been able to have for a year and I think everybody is going to covet it over the next few years at the very least based on what we all went through for the past year.



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Marco Ribas:

Shantha... from Accenture's perspective, how we see the changes in technology and Cloud enabling some of the stuff we just talked about and how this can be a tool or lever for business to really take it to the next level.

Shantha Maheswari:

I think just to bring it altogether: the various aspects of the business areas that we spoke about, the shift of business to leisure, but we also want the business to come back at the right time. And also looking at the millennials and new demographics and the whole insight and how all of these are very important. Be it on aviation, be it on hospitality/travel services, if we look at the systems today by and large there are companies which have taken the digital adoption, which have clearly seen a lot advantage of having that nimbleness, that flexibility, that ability to adapt. But we are also seeing there are certain core systems like the passenger system, property system, loyalty system; there are also systems where when we look at some of these areas and the shift that we really want to make...having that adaptability within many of our IT and technology systems.

Jonathan Sullivan:

We look at the journey across four steps; whether it is for a hospitality entrepreneur or an airline, companies have got to get the systems up into the Cloud. It's a tough business case to do by itself today for companies that have not yet started. Those that are there see that it was a really smart thing to do in the past and it makes the next set of business cases really easy to do. Then we get into the view of what I call the connected journey of sorts.....how do we build little services in the Cloud that make doing things for the customers or for the employees easier in the first step?

How do we cross our natural silos that have formed up over the years in all of our travel businesses? It is so much easier to do in the Cloud today. How do we integrate third party services in so the customer experience is more than just the metal, the room, the fabric of the bed and bring this omnichannel world that we have come to love with our retailers into the travel experience?

Again, it is not hard when we get into Cloud to do so. Its effort pays off so fast because we get machines working where people were having to be locally able to pull things together. And then the next step for us, and it's a big long-term step, is this connected travel. How do we make it easy to have the whole journey taken care of and buy it in one spot? And we would want to take all of the pain out of booking and researching and understanding what I can do, when I can do and then having to have that done in a series of transactions and make that easier for customers under one spot.



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We have got to be pragmatic and perhaps that pragmatism is we build up a separate set of... with and Oracle product or a Microsoft product or an SAP product that allows us to sell more services and we connect these two things together when the main technology for running hotels and airlines can allow that to take place. And then we can connect across the hotels and the airlines when the search technology allows that to take place. I am looking forward to the world where most of my travel companies have already done that, most of them are profiting and they are making a lot more money because it is easier to purchase through them than it was to do the research and buy individually. Christine does that resonate with the Tripadvisor view of the world?

Christine:

It fully resonates. I would say that that is absolutely where Tripadvisor is going, but the underpinnings of the complexity there is real, due to the systems that our partners and all the other pieces are on. So I think that is where it becomes really challenging, where we need to be integrated and move the industry along pretty quickly to get off of these legacy systems and create that integrative experience. But I am hopeful after this last year that we are closer to that than we ever were.

Marco:

In closing, first of all: thank you, Christine. Christine, it was really great and energizing to look into the perspectives of being back to travel. I think the survey and the research is very provocative for the industry to think about the new traveler and, maybe you, Christine - can offer us your final thoughts?

Christine :

Thanks so much and I would fully agree. I only shared a sneak peek of the research, but there is a full white paper where I believe the trends that we found were really unique and differentiated in terms of the place that we are currently in and the things that we saw pre-pandemic... and so excited for us to publish that and to get it out in the world.

But I really enjoyed the conversation today as well and can't wait to get back out there.

Marco:

So thank you all very much. I'll see you guys in the next podcast.

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