BEYOND POINTS

WINNING LOYALTY WITH HYPER-RELEVANCE IN TRAVEL

Travel companies who want a sustainable relationship with consumers to drive growth need to move beyond the trip into travelers' daily lives. When they get it right, they go beyond being relevant—they become hyper-relevant.

Hyper-relevance is a key competitive advantage now but will be a necessity in the future.

Traditional travel companies spend almost a third (31 percent) of their marketing budget on the traveler experience.[1] So why isn't it having the impact they desire? Why are consumers more engaged with some brands than others? What makes this so hard for some companies versus others?

A lack of relevancy. Travel companies who see hoped-for returns from digital investments have usually nailed the art of hyper-relevance. As a result, they see increased loyalty, share of wallet, engagement and greater brand affinity. Hyper-relevance means meeting consumers on their own terms—building on a digital foundation to glean consumer insights—delivering an experience that is never static. Successful brands move beyond the trip into travelers' daily lives by continously tailoring experiences.

Consumer switching globally is predicted to cost companies a potential $212 billion in travel revenues, there has never been a better time to master the art of becoming hyper-relevant.[2] Nine out of 10 travelers say it is important to them in a travel provider.[3]

Why the relevancy gap?

While travel companies have done a good job of digitizing areas like searching and booking travel, they fall short in meeting the liquid expectations of consumers as they digitize the physical interactions and signature moments that make up their service. They digitized to stay relevant to consumers, but they failed to align this digitization with what consumers want in travel.

Consumers feel online travel agencies (OTAs) offer a more hyper-relevant experience than traditional travel companies[4]—which begs the question: What are OTAs doing differently? In short, they are meeting consumers' ever-changing expectations, inspiring and delighting them in five key areas: Purpose, Prestige, Partnership, Protection and Personalization (more on those to come). By continuously adapting in each of these areas, they can offer a more relevant, real-time experience.

Accenture believes this relevancy gap will continue to grow unless companies address common shortfalls and find solutions to increasingly stronger consumer headwinds.

Faulty fuel

Companies are doubling down on customer experience without better results, for one key reason. Most companies lack the Holy Grail: breadth and depth of knowledge on consumer behaviors and preferences. Without it, they cannot accurately develop insights on their consumers and identify which interactions are highly relevant. The result? Too many invest and innovate across all channels and touchpoints under the inaccurate assumption that any change will improve engagement.

Three out of four travelers feel only a handful of travel companies really excel in relevance.[5]

Travel companies who are hyper-relevant can personalize the experience of individual travelers. Equally as important, they use a collective consumer pulse to determine where to invest in new products, services, experiences and capabilities. This makes them relevant to the market, as well as to individual consumers.

As companies digitize service to consumers, challenges to relevance arise. Companies lack the design agility to test, learn, and quickly adjust the most relevant and valued experiences. As a result, they tout new digital bells and whistles that don't necessarily make them more relevant to a traveler—do hotel guests really care if they can order up virtual fitness classes in the spa? Will mobile room keys make a traveler choose one hotel over another? Probably not. Other more strategic digital interventions might, though. Adding to the complexity for travel companies, high levels of workforce turnover further complicate delivery because they create talent and skill gaps at the heart of the experience: the point of service.
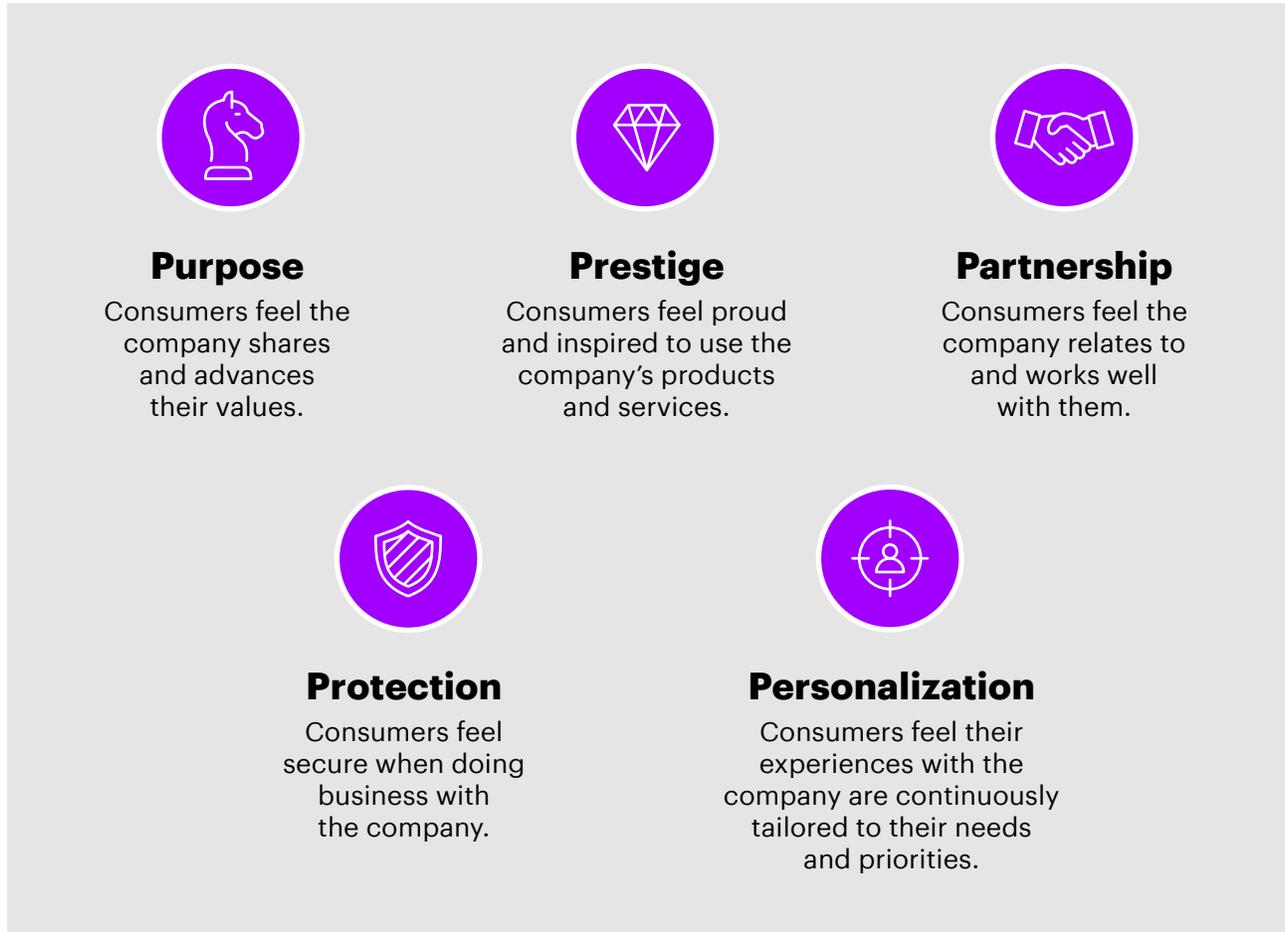
To get hyper-relevancy right, travel companies need to holistically change their operating models. Rather than shiny new digital bells and whistles, they need to invest in talent, culture, ecosystem and all other operating model inputs—and they need to do so armed with consumer insights.

Consumer headwinds are increasing

Beyond liquid expectations, consumers are becoming increasingly concerned about sharing their data. This makes it difficult for companies to gain consumer permission to capture richer data on behaviors and patterns. Companies need that data to better identify, design, and measure more relevant consumer experiences. Already, six out of 10 travelers will switch providers if their current provider is not providing a relevant experience.[6] Digital only makes this easier. Ask yourself, what could you do with better travel patterns and shared data about your consumers? How would you get it?

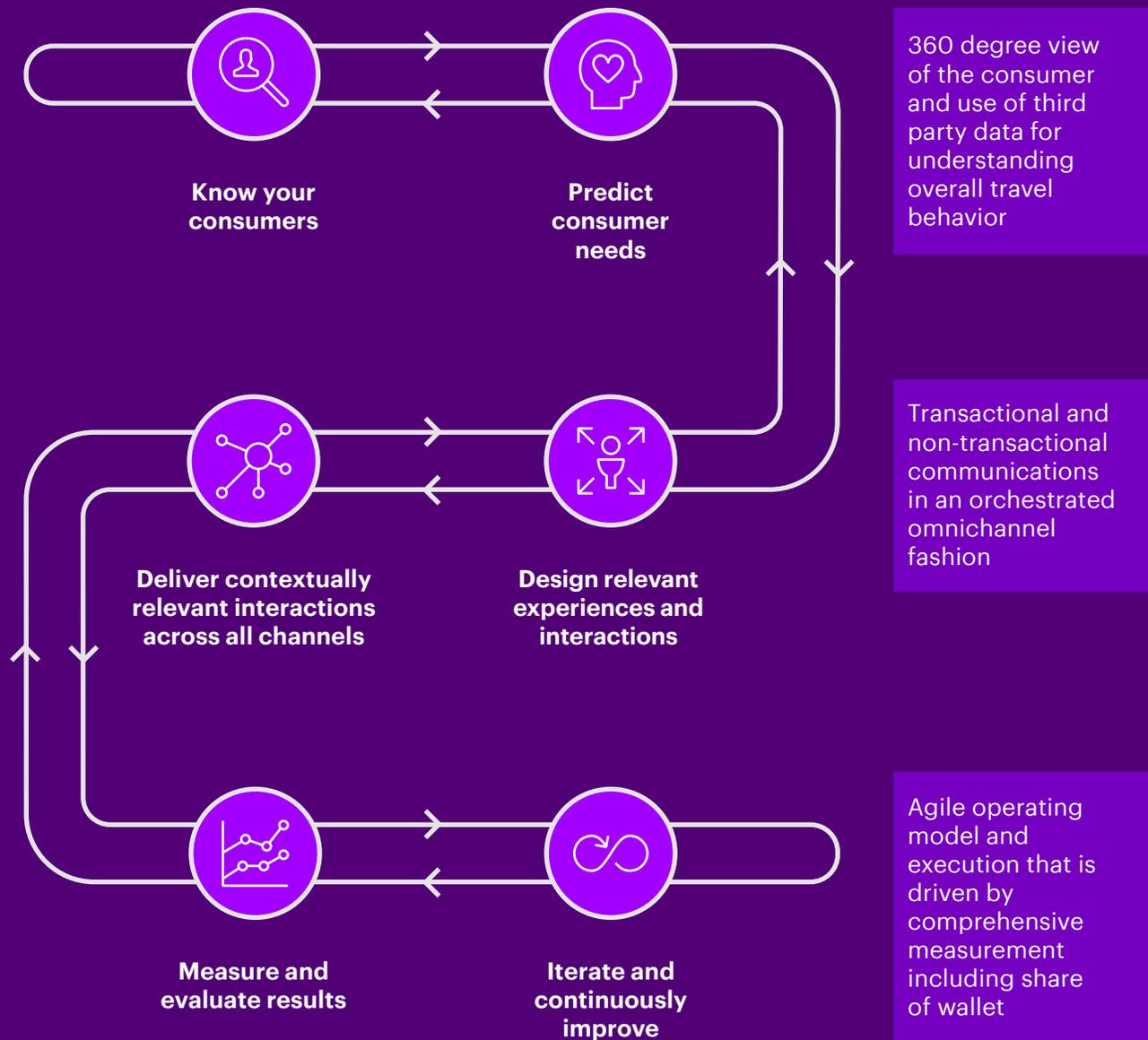# What does hyper-relevance look like?

Hyper-relevance is all about outcomes. Accenture identified five essential ones:

Purpose
Consumers feel the company shares and advances their values.

Prestige
Consumers feel proud and inspired to use the company's products and services.

Partnership
Consumers feel the company relates to and works well with them.

Protection
Consumers feel secure when doing business with the company.

Personalization
Consumers feel their experiences with the company are continuously tailored to their needs and priorities.

Source: Accenture

To get to these outcomes, travel companies must continue many of the universal marketing and consumer engagement activities they are already doing—with one key change. They must do them differently.

The Future of Consumer Engagement

Know your consumers

Predict consumer needs

360 degree view of the consumer and use of third party data for understanding overall travel behavior

Deliver contextually relevant interactions across all channels

Design relevant experiences and interactions

Transactional and non-transactional communications in an orchestrated omnichannel fashion

Measure and evaluate results

Iterate and continuously improve

Agile operating model and execution that is driven by comprehensive measurement including share of wallet

Source: Accenture

A 360 degree view of your Consumer

Travel companies have not yet been able to build a truly multi-faceted view of their consumer. For example, a rental car company may see a change in a consumer's usual behavior. The businesswoman that regularly rents from them the first two weeks of every month suddenly stops. In the traditional model, the company would send this consumer a promotion to spur use again—because the only thing their data shows them is a lack of use. But, if they had data from third parties—partners in their ecosystem such as airlines or hotels—they might see that this executive now travels on business to Manhattan the first two weeks of every month, versus Phoenix. She no longer needs a car, as she is in the heart of the city.

Moving beyond purely demographic data to a 360 degree view of a consumer's lifestyle and preferences is key to becoming truly hyper-relevant. Travel companies who lead in the future will meet consumers in the moment—fully aware of the context of that moment—and will provide services that are relevant to it.

Designing relevant experiences

Developing an understanding of what your consumer values, the goals they set for their personal and professional life, and what they do outside of travel, is a foundational step towards being more relevant in how you market to and create experiences for your consumers.

To that end, some travel companies are moving beyond simply providing a stellar experience while the consumer is traveling into providing stellar service in daily life outside of travel.

Multinational hotel group Accor SA is the first major hotel group to actively pursue a significant piece of the home-sharing market. Its luxury rental brand, Onefinestay, announced Higher Living in early 2018. The program—meant to promote consumer loyalty and engagement—offers free, round-the-clock concierge service for an entire year after a vacation. CEO of Onefinestay, Javier Cedillo-Espin, has said Higher Living is "almost like a guardian angel delivering local experiences,[7]" with on-call concierges to fulfill customized requests—from in-demand theater tickets to a chef for a private party. With consumers now able to access these concierges—free of charge—for one year after a stay in any property, Onefinestay moves beyond the traditional travel purveyor boundaries.

Onefinestay is capitalizing on a key insight: Consumers feel affinity towards brands that relate to and work well with them—on their terms.

Measure and improve

Tradition measures like total revenue and repeat business are no longer sufficient when it comes to measuring relevancy. Those just measure transactional loyalty, not true relevancy. Companies must develop methods that track how well they are appealing to the values of their consumer and how well they are helping them achieve their goals. Travel providers should know how incorporated they are into their travelers' everyday routines.

The ability to measure on all these counts is essential—but is only useful when paired with an agile operating model that can rapidly adjust and execute based on these learnings.

Carnival brings hyper-relevance to life

Savvy companies are turning to an intelligence consumer experience model. Carnival Corporation is doing just that, as it reinvents the guest experience with Accenture's help.

"We've created the Ocean® Guest Experience Platform that revolves around the OceanMedallion™ to enable an entirely new level of service personalization while ensuring the entire vacation experience is more immersive, more unique and hassle-free," said John Padgett, Chief Experience and Innovation Officer for Carnival Corporation.

Using real time individual based Experience Intelligence™, streaming analytics, contextual awareness and machine learning, Carnival has created new "Guest Genomics," capabilities in partnership with Accenture. The Guest Genome powers real time service delivery customization that anticipate guest preferences and equip crew members with insights to personalize interactions with guests.

Each guest on board a MedallionClass ship receives a free OceanMedallion— a sophisticated, wearable device that enables every Guests to be connected to an embedded xIOT™ (Experiential Internet of Things) platform composed of thousands of sensors and digital devices. The light, quarter-sized disc facilitates the enhanced guest experience but has no discernible technology—no on-off switch, no charging, no menu to navigate.

The Medallion holds a guest's unique digital identity and communicates with the xIOT on board as well as in select ports and provides crew members with information about each guest to help them provide better service.

The Medallion enables a frictionless payment, keyless stateroom access, cashless casino and accelerated embarkation and much more.

The connected guest experience also offers an entirely new level of service and personalized attention including interactive fun, wayfinding around the ship, locating friends and family, exploring all the ship's activities, or wagering anywhere on board.

"It's all about guest centricity," Carnival CEO, Arnold Donald, explained. "Every decision we make arises from our guest."[8]

To do that, Accenture has helped Carnival distinguish itself by:

Reinventing to be more relevant. With its connected workforce and innovative guest experience, Carnival is raising the bar in the travel—not just the cruise—industry. It has the tools to continually reinvent itself to stay hyper-relevant—and encourage guests to stay hyper-loyal.

Delivering engaging experiences that cultivate true loyalty. Carnival can build guest loyalty through meaningful connections that foster intimacy with frictionless, tailored experiences.

Modernizing its technology to keep up with evolving guest demands. The new platform is helping Carnival become leaner and more responsive to guests, giving it greater agility to compete.

Empowering the workforce to improve how they operate. Crew members now have a common foundation to sense and respond to guests in real time. Intelligent operations powered by data are changing the way the crew works—and the company culture to continually reinvent the guest experience.

Common pitfalls on the road to hyper-relevance

A lack of organizational alignment and coordination. Many companies underestimate the amount of alignment and coordination it takes to be hyper-relevant in travel. Traditional organizational boundaries around consumer loyalty and marketing have blurred. In our experience with travel clients, we find organizations that perform the best, align around a common set of aspirations for how they engage—and what their brand stands for in the consumer's mind. All corporate functions are then anchored to these principles and help ensure the best outcome.
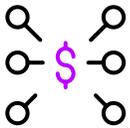
Transaction-based value propositions. Companies need to think more broadly about their consumer value proposition. Too often, they think of a value proposition in terms of transactions, which leads to engagement and interactions that are for transactional purposes only. When they build the common aspirations that align the organization, companies often fail to express the value of helping their travelers under non-transactional circumstances. As platform plays become more common in the travel industry, the boundary where a company stops engaging with its traveler to create relevancy blurs—and moves beyond the core travel experience. How a company expresses and shows its value to consumers in other everyday ways (like food shopping and retail) is an important consideration.
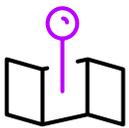
Lack of a line-of-sight roadmap. No program ever goes exactly as planned from a scope, timeline, funding and benefits standpoint. No organization can perfectly plan for three years from now in today's fast-paced digital world. Instead, companies need to create a flexible way to evaluate tradeoffs as their world changes—from organizational changes to shifts in consumers preferences. This is what we call a "line of sight" roadmap—linking the capabilities an enterprise creates with the benefits they will generate, and the activities that will deliver them.

Myopic master planning. Companies often define a very narrow scope when developing a plan for relevance, thinking more about the core technology necessary than about the change required across their entire loyalty and marketing ecosystem. Planning the journey to hyper-relevance in a broader, big-picture context will help ensure success, and set appropriate resource and funding requirements.

Limited resources and funding scope. Companies typically focus on the core technology investment required to power marketing capabilities, but they often underestimate ongoing operational, non-technology costs. Many complex solutions result in untapped capabilities because of insufficient resources to properly implement them. In addition, to fully operationalize highly relevant consumer engagement there must be an investment in the front-line organization to deliver that "last mile" of the engagement directly to the traveler, particularly when it is non-transactional or service in nature.

Value capture. Measuring value in the context of relevancy means more than driving revenue. At a minimum, it is about understanding share of wallet and mind. Traditional metrics like year-over-year revenue growth or increased revenue per traveler don't take into consideration circumstances in the broader industry or competitive landscape. Exploring how third-party data can help bring into full focus total consumer spend—and even consumer sentiment toward a brand—helps companies capture better value from engagement efforts.
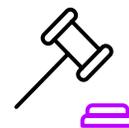
Governance. Companies need to strike a balance between immediate/near-term revenue from marketing interactions, and long-term revenue through increased brand affinity and loyalty. Strong governance will help them do just that, balancing priorities and investments. Governance is particularly important because creating a positive, rewarding brand experience for consumers sometimes conflicts with short-term revenue demands. Capital-intensive and cyclical as the travel business is, it has a history of strong transaction revenue management—so it needs equally strong governance to maintain momentum in the near-term, while driving investment in hyper-relevance over the long-term.

Are you hyper-relevant to your Travelers?

Travel leaders, ask yourselves these questions to assess your company's starting point and relative strengths and weaknesses in becoming hyper-relevant to your traveler.

Purpose

1 Is your brand defined by more than the products or services you offer?

2 Does your brand positioning reflect the personal values of your consumer?

3 Does it inspire consumers to achieve something greater in life, society or the environment?

4 How could you engage consumers differently to help them live these values?

5 What type of ecosystem of partners would you need to make this happen?

Prestige
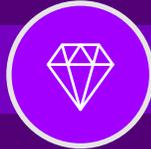
1 Do consumers consider your company innovative?

2 Are you setting industry standards or following fast?

3 Are you making continuous improvements that are noticeable to your consumers?

4 Would consumers say they are attracted to doing business with your company?

5 How much brand leverage do you have with your corporate partners?

Partnership

1 How well do you handle unexpected situations with your consumers?

2 Do your consumers feel your company has their best interests in mind?

3 Do you engage with consumers on their terms or yours?

4 Do you engage consumers with the right blend of physical and digital channels?

5 Are you top of mind for consumers when they are engaged outside of your core product or service?

Protection

1 Are there circumstances when your consumers hesitate to engage with you (e.g., worries about personal information security)?

2 How open or transparent are you when you engage with consumers?

3 What do you do (or not do) when you fail (or meet) consumer expectations?

4 Do your employees feel accountable when a consumer's experience goes wrong?

5 How empowered are your employees to earn the trust of a consumer?

Personalization

1 Would consumers say that you "know me and value me" when you engage them?

2 Do you know what you don't know (but could) about your consumers?

3 How much data do your consumers share with you?

4 Do you ingest data from outside your organization?

5 How consistently do you leverage data across your channels and touchpoints?

The next era of growth

Three out of four travelers (75 percent) say they can feel the difference in a company moving toward hyper-relevance.[9]

The $212 billion in play due to potential switching by consumers is more than motivation—it's a burning platform.[10] We believe relevancy is the next era of growth for travel companies.

The travel leaders of tomorrow are already beginning to meet travelers on their own terms, using digital technology to fuel personalized, fluid experiences. The result should be thoughtful, inspirational, continuously improved experiences, fueled by a new breadth and depth of consumer insights.

Experiences like those take travel companies beyond the trip and into consumers' daily lives. That takes relevance to a new level—hyper-relevance. And it's key to winning in a travel industry that gets more competitive every day.

Hyper relevance: the beating heart of a Living Business[11]

The path to continuous growth depends on developing five interdependent sets of capabilities. Each capability set is focused on deploying advanced technologies with precision to conceive, design, and exploit distinctive offerings that meet customers' demands at the exact moment they most need them. These capabilities can consistently deliver hyper-relevant services.

The Five Capability Sets

Target new opportunities
Target core and disruptive growth initiatives to fuel responsive innovation

Design for customers
Design products and services as hyper-relevant platforms

Build engagement
Build intelligent marketing and sales experiences

Scale with partners
Scale with a broad and new set of ecosystem alliances

Rewire culture
Rewire your workforce with a customer-first mindset

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NOTES

[1] Accenture CEO and CMO Insights 2018

[2] Accenture Global Consumer Pulse Research, 2017

[3] Ibid.

[4] Ibid.

[5] Ibid.

[6] Ibid.

[7] https://www.bloomberg.com/news/articles/2018-01-19/onefinestay-bets-on-loyalty-program-to-keep-luxury-airbnbs-at-bay

[8] https://www.zdnet.com/article/ces-2017-carnival-accenture-use-machine-learning-to-make-cruises-more-fun

[9] Accenture Global Consumer Pulse Research, 2017

[10] Ibid.

[11] www.accenture.com/livingbusiness.