YOUNIQUE

PERSONALIZED MARKETING INDEX
The New Travel Experience

THE NEW TRAVEL EXPERIENCE

Digital disruption is resetting traveler expectations. Digital Travel platforms such as Uber and Airbnb are altering what consumers expect of travel brands. And, competition for the best experience stretches far beyond the travel industry.

Experience leaders such as Amazon and Netflix are continuously reshaping what consumers expect across industries. From ease of use and customized features to offering recommendations and, increasingly expert opinions, experience leaders are setting new standards for the experience all companies—including travel brands—must strive to deliver.

For companies trying to attract and retain digital consumers, experience can be a game changer that drives a consumer to love the brand or to hate it. As brands push to build their next generation customer experience, the ability to personalize that experience can be a powerful differentiator.

Accenture Interactive embarked on research at The Dock, our multidisciplinary research and incubation hub, to understand how brands' efforts to personalize marketing are impacting consumer perception and experience. Our study spans four segments of travel and tourism: airlines, cruise lines, hotels and online travel agents (OTAs). It provides distinctive insight on travel brands' investment in personalization and consumer perception.

The Accenture Interactive Personalized Marketing Index is comprised of two dimensions: a consumer perception survey of 2300 people across the US and UK and an 'outside in' audit of brands' digital personalization capabilities. We used Accenture's proprietary artificial intelligence technology to analyze the two bodies of research and four key themes emerged.

MIND THE GAP

Despite industry progress toward customer intimacy, digital hospitality is lagging. A gap remains between what consumers want and how well brands are delivering relevant, personalized communications.

THE IMPORTANCE OF ME

Leading brands are no longer marketing to segments, but customizing the entire experience to the individual.

POCKETS OF INNOVATION

Innovation is happening in distinct areas, but the race to best in class personalization is wide open.

THE OPPORTUNITY

Travel companies' existing IT can present personalization challenges but getting beyond technology and tools will bring the personalized consumer relationship to life.

MIND THE GAP

The travel industry works hard to create a meaningful guest experience, recognizing that traveling customers expect a high level of hospitality.

"The heart and soul of hospitality is the person-to-person service experience, engaging people with warm and welcoming behavior—truly treating them like guests," says Cathy Enz, Professor of Innovation & Dynamic Management at the Cornell University School of Hotel Administration. "This kind of earnest, genuine customer service that never feels forced distinguishes the industry.[1]" Yet when it comes to personalizing digital marketing, travel companies have work to do.

More than two-thirds of consumers want travel companies to provide personalized communications. They want brands to use data to help them make better travel decisions by providing recommendations and expert opinions. In contrast, less than half of consumers surveyed think travel brands know them or are sending them relevant communications. The brands in our study represent the biggest and best in the travel industry and as a group, less than 50% of consumers believe travel brand communications are relevant to them.

MIND THE GAP

OTAs rank lowest on knowing the customer: 39% of consumers feel that OTAs know and understand them compared to 47% believing airlines and hotels do. Perhaps this is in part because OTAs are often perceived as a search utility and less so as a brand with which a consumer will build a relationship. Among airlines, low-cost carriers score lower for consumer perception than their legacy peers. In addition to most upscale hotel brands, many mid-scale and economy hotel brands also score highly for consumer sentiment.

THE EXPECTATION

67%
of respondents want companies to personalize their communications.

67%
of respondents want brands to use previous travel information to help them make better travel decisions.

THE REALITY

44%
believe the communications they receive from travel brands are good.

43%
feel these companies know and understand them well as customers.

MIND THE GAP

75%

OUR RESEARCH HAS SHOWN THAT AT LEAST 75% OF CONSUMERS ARE MORE LIKELY TO BUY FROM COMPANIES IF THEY ARE RECOGNIZED, REMEMBERED AND RECEIVE RELEVANT RECOMMENDATIONS BASED ON THEIR PURCHASE HISTORY.[2]

In the highly competitive travel industry where brands battle daily for margin and customer loyalty, these statistics signal opportunity. Brands that take action quickly and aggressively can gain advantage through digital capabilities.

At **Meliá Hotels**, personalized digital marketing was seen as a strategic lever to improve the customer experience and differentiate the hotels' direct channels from its competition. The company implemented a comprehensive digital marketing strategy and a full range of digital customer capabilities. In just one year, use of direct sales channels—like Meliá.com and the Meliá app, increased 27%, and this trend is being maintained over time. Use of dynamic landing pages that adapt to individual visitors, together with the optimization of the experience, has increased online conversions by 30%. Furthermore, Meliá Hotels has increased advertising ROI by 25% from personalized programmatic marketing that impacts high-value prospects at the right time with the most relevant content.[3]

THE IMPORTANCE OF ME

As travel companies move along the personalization maturity curve, they are progressing beyond segmentation to individual markets of one.
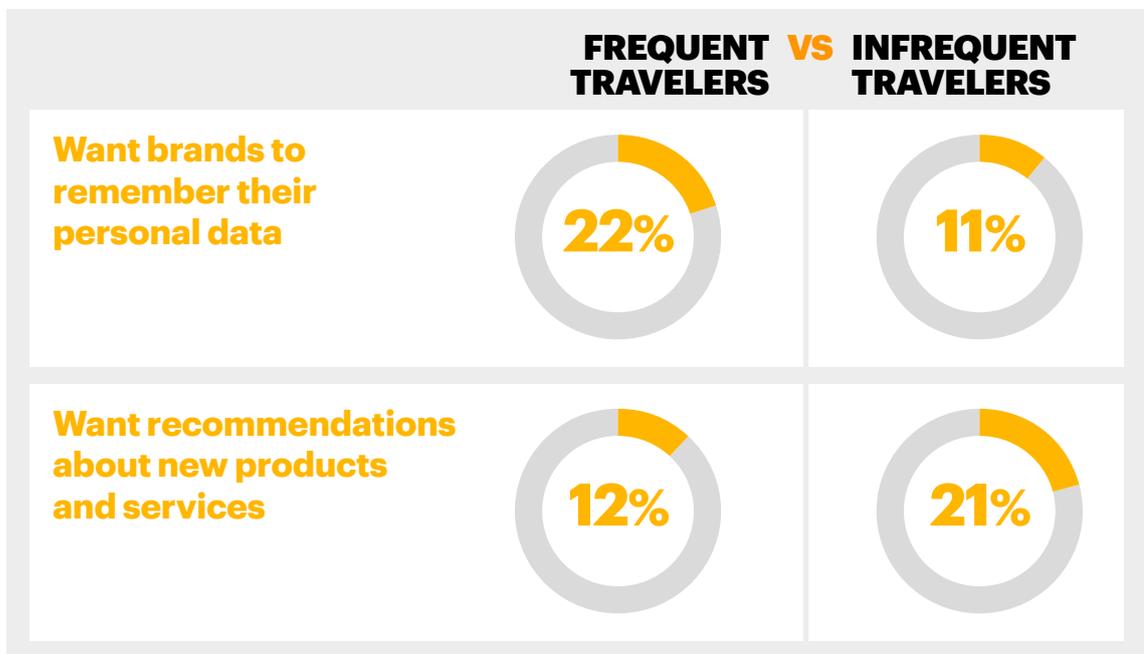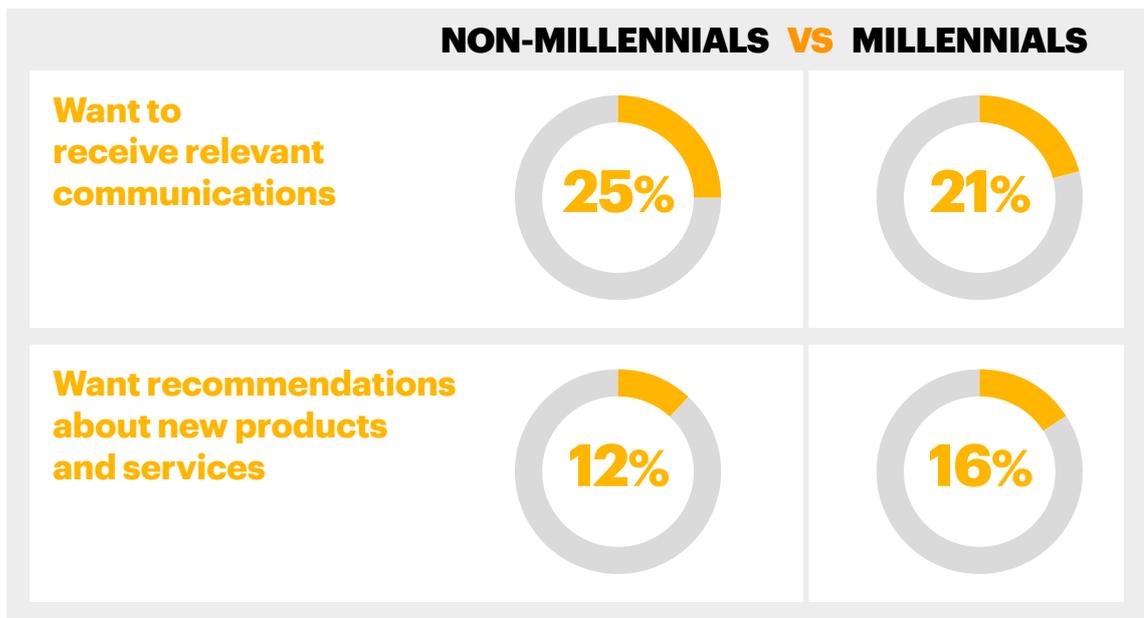
As they do so, they will need to provide curated, individualized experiences, based on understanding not only the WHAT of their customers' demographics, past purchase or browsing behavior, but also the WHY behind their preferences. We refer to this as the customer genome.

While customer segmentation remains an important method of gaining an overall understanding of the customer base, it can be limiting when used to drive more personalized marketing and communications.

GETTING PERSONAL

When thinking about personalization, different types of travelers clearly have different priorities, expectations and preferences. These will affect the kind of communication they want to receive, as revealed by our study.

NON-MILLENNIALS VS MILLENNIALS

Want to receive relevant communications

25% | **21%**

Want recommendations about new products and services

12% | **16%**

FREQUENT TRAVELERS VS INFREQUENT TRAVELERS

Want brands to remember their personal data

22% | **11%**

Want recommendations about new products and services

12% | **21%**

The findings show that non-millennials want to receive more relevant communication. Millennials and frequent travelers want brands to remember them. And infrequent travelers want to learn more about what brands are offering. With more insights, brands can better personalize their marketing.

WHAT TO WHY

Understanding both the WHAT and the WHY of consumer behavior gives brands the ability to set the scene for putting the personal back into personalization—especially for their best customers.

Carnival Corporation has developed the world's first interactive guest experience platform capable of transforming vacation travel into a highly personalized and elevated level of customized service. Ocean Medallion™ is a first-of-its kind wearable device that bridges the physical and digital worlds to deliver a new level of personalized service not previously considered possible. It is powered by proprietary technology that features an IoT network of intelligent sensors and experiential computing devices. Ocean Medallion is paired with Ocean Compass™, a digital experience portal that serves as a vacation concierge before, during and after vacation. This guest-centric approach enables guests to maximize their experiences in real time based on their choices and preferences. The guest experience platform is a key element in a bold new effort by Carnival focused on expanding the cruise vacation market through guest experience innovation, the development of original experiential media content and expanding its portfolio of exclusive destinations.[4]

POCKETS OF INNOVATION

Our digital capability audit gathered information on 65 auditable areas of personalized marketing. No single brand was assessed as having 100% of best-in-class personalization capabilities, but pockets of innovation are evident.

Overall, OTAs are the leaders in advanced digital capability, scoring far higher in website re-targeting and marketing technology toolsets. They are also leading in fast site speeds to enhance the customer experience. Low-cost airlines score lower on the digital capability audit than legacy peers. Many mid-scale and economy hotel brands also score high in digital capability, which is correlated to the hotel group to which they belong.

POCKETS OF INNOVATION

89%

OF BRANDS ENABLE USERS TO SET THEIR OWN EMAIL PREFERENCES.

40%

of brands are sending emails that reflect stated or inferred interests.

37%

of brands are sending abandoned basket emails when members drop out of the purchase funnel, encouraging them to complete a booking.

While 89% of all brands enable users to set email preferences, only 40% of brands are actually using that preference data and sending emails that reflect stated or inferred interests. A few leaders are using information on how consumers are navigating their website to create more personalized email communications. **TripAdvisor**, for example, sends an email when it sees a drop in price on the consumer's recent searches, and 37% of brands are sending abandoned basket emails when members drop out of the purchase funnel, encouraging them to complete a booking.

Brands are also using apps as an extra touch point with consumers, particularly to manage customer relationships in times of service disruption and to upsell on the go. **KLM**, a company well known for its strong content strategy and embrace of new technologies, is using messenger apps for customer communications, including offering the capability to receive boarding passes via Facebook Messenger.[5] In addition, a few innovative brands are beginning to use chatbots as a tool for ongoing conversation and engagement with the customer.

POCKETS OF INNOVATION

90%
of brands have technology in place to help them deliver a personalized content experience.

50%
of brands are using the data from that technology and tailoring content that appears on the homepage based on search interests and purchase history.

Avianca Holdings SA, the national airline for Colombia, was one of the first companies in its market to launch a Facebook Messenger chatbot. The bot–named Carla— enhances the airline's digital customer experience by providing travelers with a range of travel-related services and real-time information on their mobile device. Travelers can confirm itineraries and flight status, locate luggage and, for domestic flights, actually check-in through Carla. They can consult Carla regarding ticket refunds and provide real-time feedback to Avianca's customer service. Carla can also show customers weather forecasts for their destinations, and alerts can easily be set to remind travelers to pack their passports or pick up clothes at the dry cleaners before heading to the airport. It is a fast, easy way for customers to interact with Avianca, helping the airline build stronger customer relationships and improve service.[6]

Accenture's artificial intelligence tool shows there is a high correlation between content quality and consumer perception, affirming the well-known fact that content is king. Some brands are targeting content quality by using new technology to engage the consumer. For example, **Virgin Atlantic** partnered with Microsoft to create a virtual reality experience that gives potential business travelers the experience of being in its upper-class cabins before they even book.[7] Others are raising consumers' perception of content quality by providing tools on their website that allow users to customize their trip based on individual needs and interests. Some are going a step further, advancing their customization of content—such as special offers and information on potential destinations—based on consumers' search interests and purchase history.

JetBlue is upping its ability to deliver a consistent and immersive experience with multiple channels functioning in tandem. A newly redesigned website provides messaging based on a consumer's location, travel history and preferences. Its mobile website offers these same innovative geo-specific features and capabilities including reservation booking, check-in, and flight status information. The JetBlue mobile app extends this experience, leveraging geo-location capabilities to keep consumers informed about important travel information in real time.[8]

THE
OPPORTUNITY

CMOs continue to invest in marketing technology. In fact, Gartner reports that CMO marketing technology spending is on track to exceed CIO technology spend in 2017.[9]

And, our digital capabilities audit shows that brands are investing in technology to support personalization. Nearly all have technology for testing and targeting communications and for tagging, tracking, analyzing and reporting on digital consumer behavior. Despite these investments, the gap remains between how brands are using these capabilities for personalized marketing and communications and what consumers expect.

THE OPPORTUNITY

100%

OF BRANDS HAVE AN ANALYTICS TOOL IN PLACE THAT ALLOWS THEM TO SEE HOW USERS NAVIGATE THEIR WEBSITE.

90%

of brands have the ability to test and target communications.

95%

of brands have a digital marketing tag management tool in place.

Part of the challenge sits with IT. Travel IT organizations manage many large-scale systems often comprised of aging technologies and complicated interfaces. These legacy systems call for deliberate care but innovation and digital disruption require a rapid response. Supporting the organization's digital agenda requires the ability to operate at multiple IT speeds—to balance keeping the lights on with inventing the next light bulb. For many travel companies, this might require a significant IT overhaul. By employing a dynamic operating model and flexible governance structure while rethinking and simplifying the IT architecture, travel companies can operate multi-speed IT that keeps pace with innovation while keeping the business up and running.

Ultimately though, a focus beyond the latest technology is what will bring the personalized consumer relationship to life. Travel companies have implemented many point solutions that often sit in siloed organizations built around optimizing a function or capability. Achieving the level of personalization that consumers expect throughout their travel journey and brand relationship requires an end-to-end orchestration of the tools to create a curated experience for each individual. This involves breaking down organizational silos that are preventing quick action and insight development. **Mélia** has taken these steps with its customer analytics, call-center, CRM and website integrated to manage one single view of the customer and follow the customer journey.

WHAT BRANDS SHOULD DO

Travelers want—and increasingly expect—a continuous experience across channels and devices that is highly relevant to their needs. They want to achieve what they want, when and how they choose. Our research points to four success factors that will help brands pivot to providing the new end-to-end personalized travel experience:

1

BUILD PROFILES

Build a living profile of customers' unique preferences, passions, and needs that can serve as the foundation for your personalization platforms to architect previously unimagined experiences.

2

DEVELOP RELATIONSHIPS

Develop a trust-based relationship with the consumer by demonstrating value—in the form of personalized communications, offers, products and services—the consumer receives in exchange for personal data. Facilitating consumer co-creation and consumer-developed content are two impactful ways to engage potential customers and build relationships.

3

KEEP PROMISES

Make sure you can keep your customer promise by ensuring the organization, processes and tools are aligned and supported by the end-to-end technology that is needed.

4

ORCHESTRATE TECHNOLOGIES

Finally, the best tools and talents fail if they aren't all playing to the same sheet music. **Orchestrate your technologies** in a way that allows you to create a unique experience for the individual.

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ABOUT THE RESEARCH

The Accenture Interactive Personalized Marketing Index integrates two bodies of research to understand both consumer perception and brand digital capabilities.

Consumer perception survey
Respondents were asked about two travel brands they had booked or considered booking with over the past two months. The survey investigated seven key areas to assess content relevance, marketing channel and conversion tactics.

Digital personalization capabilities audit
The audit assessed 65 data points considered best practice in digital marketing for each of the 62 largest travel brands in the US and UK. This provided an 'outside in' view of digital capability, based on what a consumer experiences or can see about the brand's digital marketing communications capabilities. We looked in depth at the quality and functionality of the website experience and marketing channel performance including marketing channels (SEO, social, email and apps), website experience (seamless process, onsite tools, content quality and re-targeting), and technology (marketing technology, site speed and security).

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ABOUT ACCENTURE INTERACTIVE

Accenture Interactive, part of Accenture Digital, helps the world's leading brands transform their customer experiences across the entire customer journey. Through our connected offerings in design, marketing, content and commerce, we create new ways to win in today's experience-led economy. Accenture Interactive was ranked the world's largest and fastest-growing digital agency in the latest Ad Age Agency Report. To learn more follow us **@AccentureACTIVE** and visit **www.accentureinteractive.com**

ABOUT THE DOCK

The Dock is a multidisciplinary research and incubation hub where we investigate, imagine and bring new ideas to life. Teams of designers, developers, researchers and experts in artificial intelligence, advanced analytics, augmented reality and the Internet of Things ideate and rapidly prototype innovative solutions. The Dock is a destination where Accenture clients experience how digital and emerging technologies will transform their business. To learn more follow us **@AccentureDock** and visit **accenture.com/thedock**

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