TARGETING MOMENTS OF NEED IN THE NEW TRAVEL LANDSCAPE

Transforming Brands Into Service

amp agency

INTRODUCTION

The immediate, highly personalized interactions of technology brands like Amazon, Apple and Facebook have set a new benchmark for customer expectations across all industries. These companies power individual experiences that are fully informed by the context of a consumer's history of behaviors, choices and purchases.

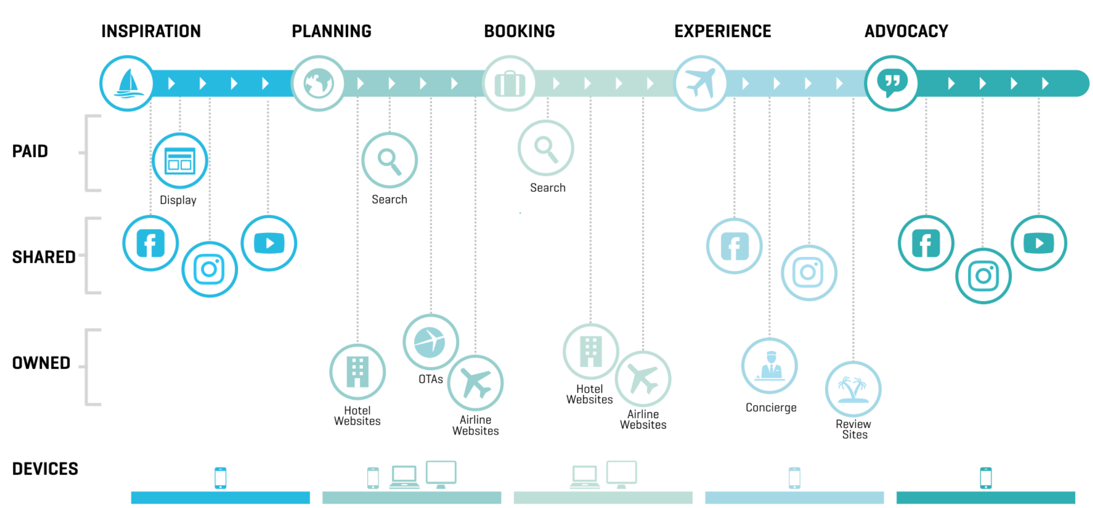
Meeting these new expectations remains the top concern for corporate executives. A survey of 300 corporate leaders finds that 82% report their customers have higher expectations than three years ago, while 60% admitted that it has become more difficult to please their customers. Another 42% of respondents believe their customers will use social media to shame the company into giving them what they want.[1]

The evolution of technology has largely outpaced the ability of most businesses to harness that technology in reaching their true potential.

So, what happens when consumers unknowingly transpose the elevated expectations of technology brands onto travel brands? What impact do these expectations have on the travel process itself? What are the new, unmet needs of consumers? Finally, what are the risks to brands operating in this new environment if they continue to play by the old rules?

To answer these questions, AMP surveyed U.S. travelers between the ages of 18 - 55 who had taken a leisure trip within the past year. Our research and analysis uncovers the changing attitudes and behaviors of travelers throughout their journey; starting with what inspires them to travel, how they plan and book trips, followed by their experience at the destination and their customer service needs.

FIGURE 1: MAPPING THE TRAVELER'S JOURNEY IN DIGITAL



1 Corporate America Under Pressure From Consumers' Rising Expectations, Lithium, June 2015.

1.0 ADVOCACY + INSPIRATION

CONVERTING SELFIES INTO SALES

When tourists aim to compose the perfect vacation selfie, they're creating more than just travel envy – they're creating copycats. Our research revealed that 84% of millennials and 73% of non-millennials are likely or very likely to plan a trip based on someone else's vacation photos or social media updates. And, while traditional word-of-mouth is still the most prominent source of travel inspiration, Facebook follows a close second, especially among millennials. In fact, Facebook, Instagram, and YouTube each beat out traditional sources of travel inspiration like TV, movies, and magazines.

Travel destination brands should consider ways to make their experiences "share-worthy" – incorporating wit, unique visuals and selfie opportunities, as well as rewarding brand engagement.

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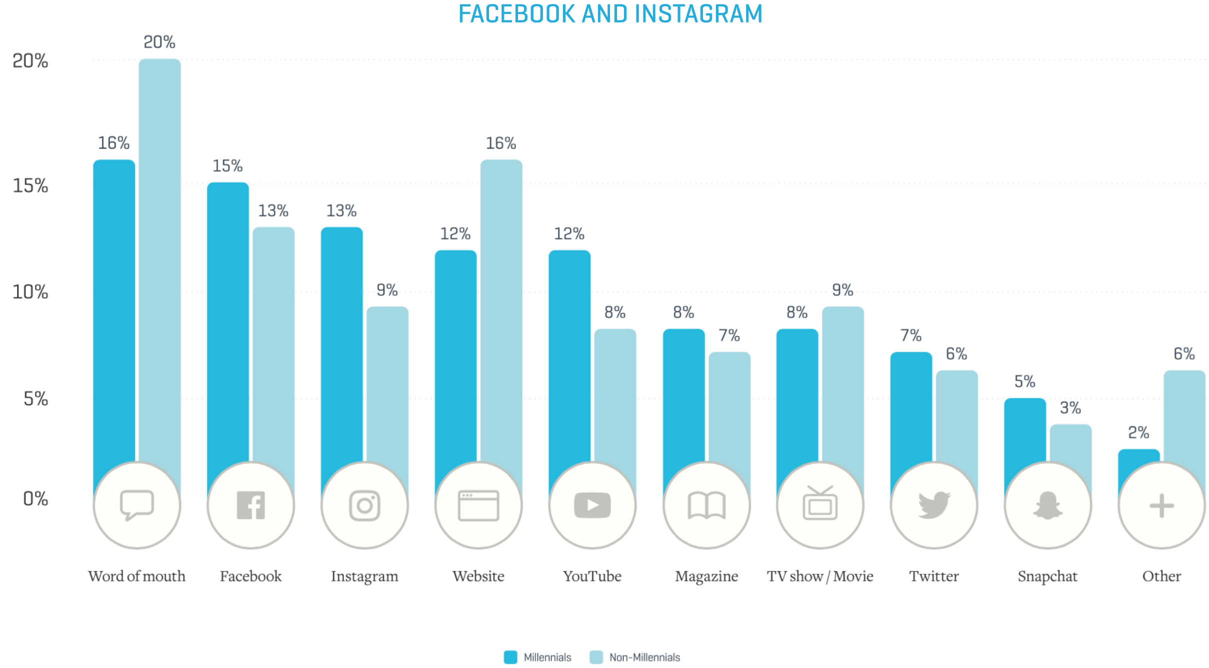
FIGURE 2: MILLENNIALS ARE MOST LIKELY TO FIND TRAVEL INSPIRATION VIA WORD OF MOUTH, FACEBOOK AND INSTAGRAM



Q: For your last leisure trip, where did you get the inspiration to select the destination you went to? Select all that apply.

1 Corporate America Under Pressure From Consumers' Rising Expectations, Lithium, June 2015.

We found that 59% of individuals and almost 70% of millennials follow travel brands on social media. Uber and Airbnb, both of which are categorically closer to tech, are the most-mentioned brands that travelers follow. Although each has struggled with corporate optics, they both stand out for their ability to use shared media to their competitive advantage.

While Uber is promotion and stunt-driven, Airbnb uses social tools to highlight destinations that are purposely unlike any hotel. Each has its own clearly defined voice and deliberately ignores its category's previously defined "swim lane." Both offer lessons about the possibilities to inspire consumers by earning engagement with a larger audience in ways that traditional travel brands have not.

FIGURE 3: TRAVELERS ARE MORE LIKELY TO FOLLOW UBER AND AIRBNB IN SOCIAL MEDIA
(SIZE OF CIRCLE REPRESENTS NUMBER OF UNAIDED MENTIONS)

Q: What travel or lodging brands do you follow in social media?

1.0 ADVOCACY + INSPIRATION

KEY TAKEAWAYS

- Since advocacy is the biggest driver of inspiration for travelers, align advertising strategy accordingly.
- Use a unique brand voice and be aware that the standards for engagement are being set by technology brands.

2.0 PLANNING

ANTICIPATION AND INFORMATION OVERLOAD

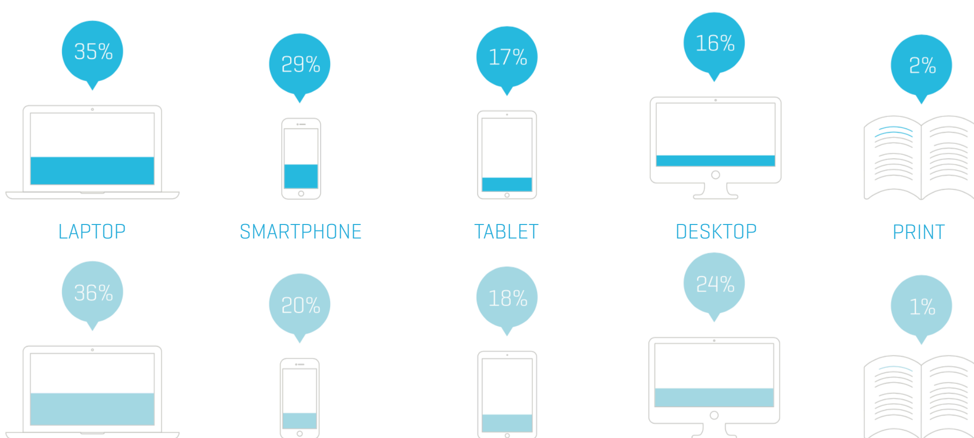
Consumers are spending more time planning and researching their vacations, and they're using multiple devices to do so. Online research typically starts 45 days before booking, with most individuals devoting 2-3 hours to research. Our study showed that 16% claim to spend 6 or more hours planning. While travelers still rely primarily on their laptops, millennials are increasingly using their smartphones to conduct research.

The number of websites visited by travelers while planning a trip is on the rise. Hotel websites and apps are the most frequently used, followed by airline websites and apps. Our survey showed that 38% of respondents claim to spend at least one hour reading travel reviews, while another 30% spends two hours. Still, most of travelers' time planning is spent looking for the best deal - especially when it comes to flights and hotels. Consumers will check multiple sites on multiple days to ensure they are getting the best price, yet even then fear they are overspending.

However, with so much information available, travelers feel confident in planning their own itinerary, with 78% claiming to enjoy the research and planning process. Despite the depth of research, many consumers still suffer from FOMO - fear of missing out - if they skip a particular activity, restaurant, or attraction at their destination. In fact, even though they profess to enjoy the process, 72% of individuals said they feel overwhelmed or sometimes feel overwhelmed when planning a trip.

Once travelers arrive at their destination, many continue their research process. However, at the end of the day, most individuals (79%) said they felt they had spent the right amount of time planning their trip once they've arrived.

FIGURE 5: LAPTOPS ARE STILL THE PREFERRED DEVICE FOR TRAVEL RESEARCH, BUT SMARTPHONE USAGE IS ON THE RISE



Q: Which device do you typically use to research your trip?

Millennials Non-Millennials

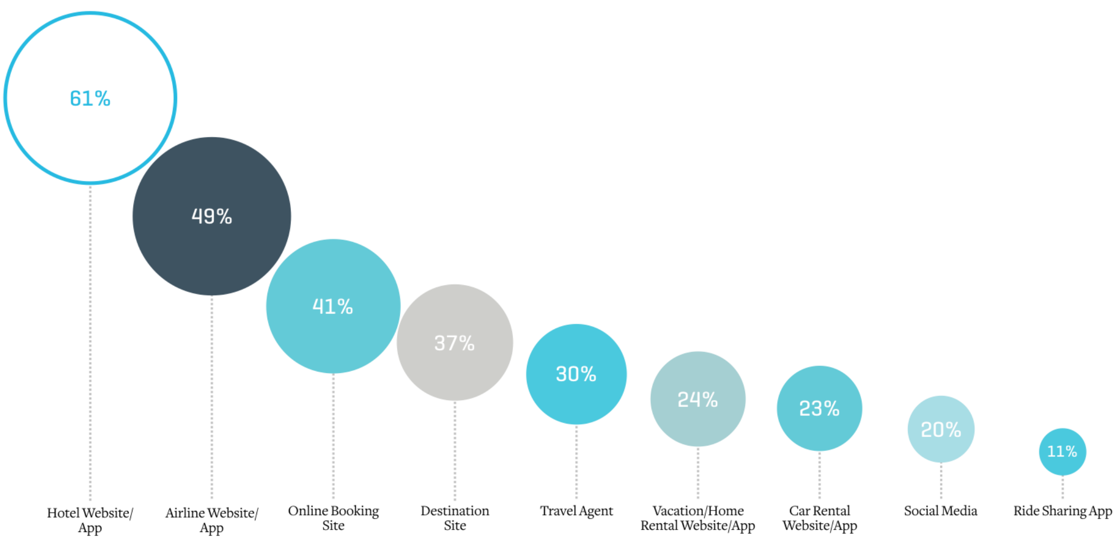
While consumers overall seem relatively happy with the planning process, there is ample opportunity for travel brands to better serve them. We found that 39% of travelers felt personalized recommendations would make trip-planning more enjoyable, while another 31% stated they would want recommendations that come from a real person (i.e., not automated). The most frequently requested service for which travelers turn to booking engines is the ability to book multiple travel elements (flight, lodging, excursions), followed by the ability to see all of their itinerary details in one place.

> 78% of individuals claim to enjoy the research and planning process, yet 72% of individuals said they feel overwhelmed or sometimes feel overwhelmed when planning a trip.

Very few existing booking experiences perform either of these tasks well. Existing online travel agents (OTAs) face threats by new services that can better aggregate and bundle multiple trip components – services that behave like a simplifier, not just an aggregator of data.

Meanwhile, brands are also atomized in this planning process. They live as micro-moments across myriad devices and touchpoints. Brands that uphold strong and consistent behavioral guidelines will have an easier time building meaning across so many small interactions.

FIGURE 5: HOTEL AND AIRLINE WEBSITES AND APPS ARE THE MOST USED RESOURCES WHEN PLANNING A LEISURE TRIP



Q: For your last leisure trip, what resources did you use to plan your trip? Select all that apply.

2.0 PLANNING

KEY TAKEAWAYS

- Hotels and airlines should invest in their websites and apps as they are the most used resources for travelers during the planning phase.
- Start acting as a simplifier to meet the needs of travelers who are overwhelmed when planning a trip.

3.0 BOOKING

EMERGENCE OF A NEW TYPE OF TRAVEL AGENCY

Over the last two decades, OTAs and direct-supplier ticketing websites have revolutionized the industry and forced many brick-and-mortar travel agencies to reinvent themselves, find their niche, or close their doors altogether.

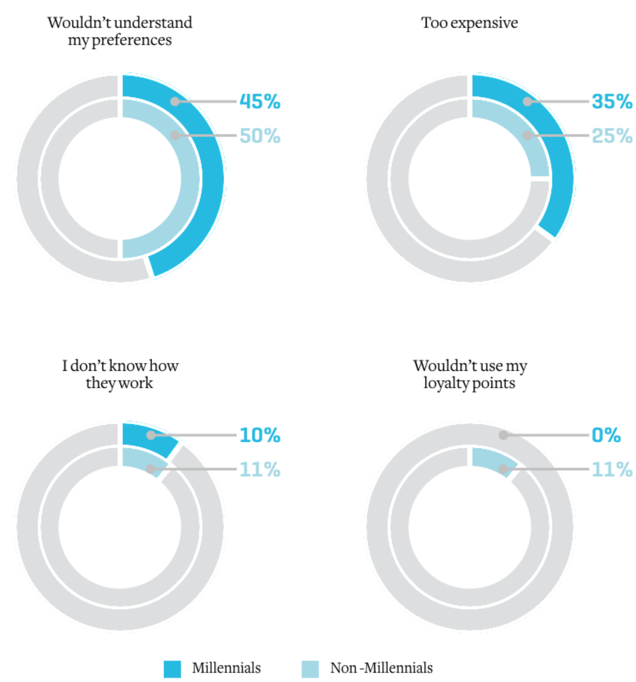
Many of the travel agencies that remain standing serve a wealthy clientele. When Travel + Leisure wrote about the importance of travel agents in May 2015, they cited trips like a 32-person, two week, six city trip across India as an example that highlights a travel agent's indispensability.[2] While one may appreciate the services provided to make this trip possible, it is not a relatable scenario to most travelers. Yet, according to IBIS World, the travel agency industry is growing once again and showing signs of a broad turn to experts to help plan travel.[3]

We see four trends that will increase demand for travel agents in the near future:

1. OTAs that serve endless choices, not solutions.
2. The possibility for better, more personalized recommendations powered by big data and artificial intelligence (AI).
3. A new generation of travelers who have come of age on mobile devices.
4. The ongoing premium placed on 'authenticity'.

When it comes to booking, our study showed 79% of individuals want customization and ease. The majority (56%) of those surveyed have used a travel agent in the past, citing deals, time savings, and expert advice as the best reasons to use a travel agent. Of those who had not used an agent, 30% didn't do so because they enjoyed the planning process and 25% found it to be too expensive. Another 21% said, "I trust myself more."

FIGURE 6: MANY TRAVELERS WILL NOT ALLOW OTHERS TO PLAN THEIR TRIP FOR FEAR THEY WOULD NOT UNDERSTAND THEIR TRAVEL PREFERENCES



Q: Why would you not allow someone else to help plan your trip?

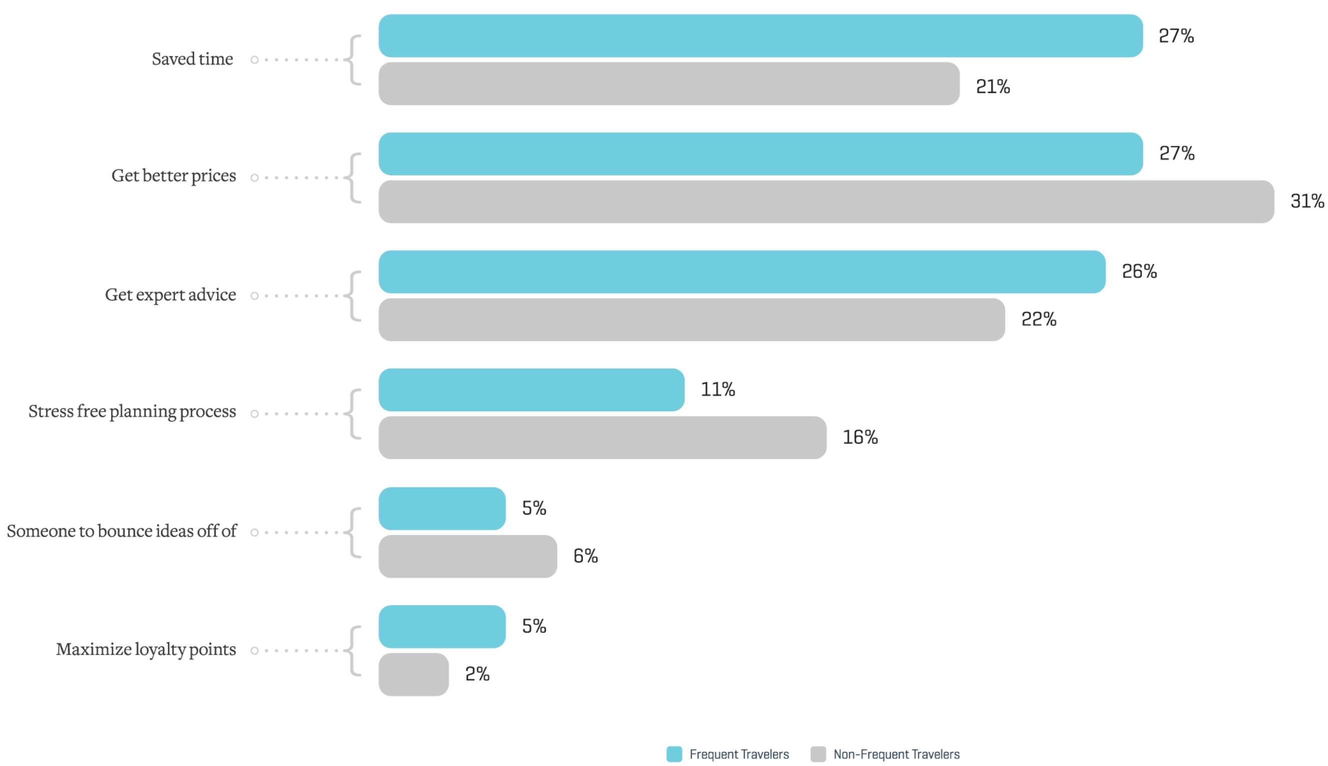
2 http://www.travelandleisure.com/slideshows/most-important-travel-trends-of-2015, Most Important Travel Trends of 2015, Travel + Leisure, May 2015.
3 http://www.ibisworld.com/industry/default.aspx?indid=1481, Travel Agencies in the US: Market Research Report, IBISWorld, February 2016.

Importantly, frequent travelers value an agent's expertise and ability to save time, whereas infrequent ones value an agent's ability to save money and stress. While 85% of individuals are willing to have another party help plan their trip, agencies need to help consumers understand more clearly how they offer personalization that demonstrates desirable ROI.

Traditional travel agents should also be warned of new services like Lola, which fuse a chat interface, AI and human expertise to generate trips.

Lola offers a glimpse at the future of travel agencies – personal, immediate and delivered through a chat interface. The brand deliberately avoids the data tables that plague almost all other booking experiences. It is the only travel experience we know of that is built for an audience who has come of age conversing through mobile intermediaries.

FIGURE 7: FREQUENT TRAVELERS VALUE A TRAVEL AGENT FOR SAVING TIME WHILE INFREQUENT TRAVELERS VALUE SAVING MONEY



Q: What was the best aspect of using a travel agent?

3.0 BOOKING

KEY TAKEAWAYS

- A combination of AI and human expertise is about to disrupt the travel agency industry.
- Travelers are receptive to planning assistance from an agent provided there is demonstrable ROI (time saved, money saved, expertise, or personalization).

4.0 EXPERIENCE

BALANCING TECH + HUMAN TOUCH

While some travelers feel that vacations are time to disconnect from technology, or take a "digital detox," most people don't actually unplug. When we asked travelers about their wish list for their hotel stay, the majority of people said "free WiFi." In fact, millennials will choose a hotel based on "Instagram-worthy" décor, pointing to their desire to be connected to social networks while vacationing.

This need for connectivity also speaks to continued planning during a trip. Travelers frequently use navigation apps while traversing a new city, or apps like Yelp and OpenTable to figure out where to eat.

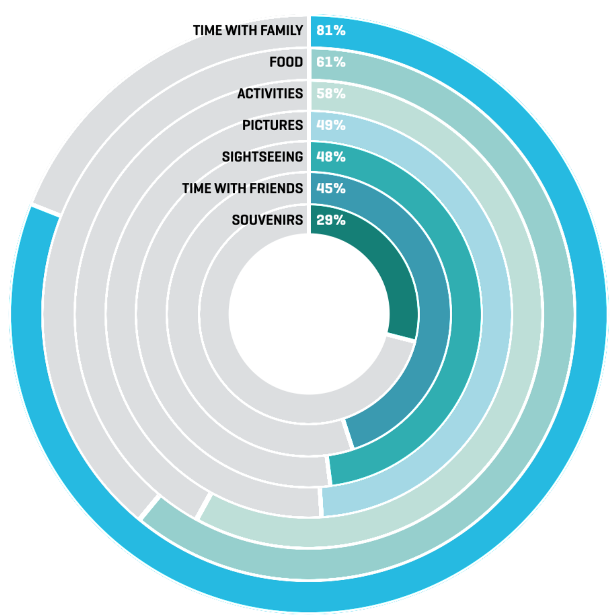
The dependency of technology has removed spontaneity from travel - open-ended exploration has been replaced by people moving through destinations based on their popularity and share-worthiness. But research and anecdotal stories show that spontaneity is good for us. There is still nothing that quite compares to the thrill of discovering a gem by happenstance.

However, travelers have conflicting feelings about spontaneity. We found that 47% of travelers said they wish they were more spontaneous, while 30% said they wish they were more of a planner. Most will accept a nudge to be more impulsive – as 73% of individuals said they would be willing or very willing to receive text messages about unplanned excursions, dinners and other experiences while on vacation.

"Nothing quite compares to the thrill of discovering a gem by happenstance."

So what kind of useful tips can brands provide travelers? Well, family-friendly activities to start. But surprisingly, travelers ranked food experiences as their second most memorable moments.

FIGURE 8: BRANDS CAN HELP CONSUMERS CREATE MEMORABLE MOMENTS AROUND FAMILY ACTIVITIES AND FOOD-RELATED EXPERIENCES



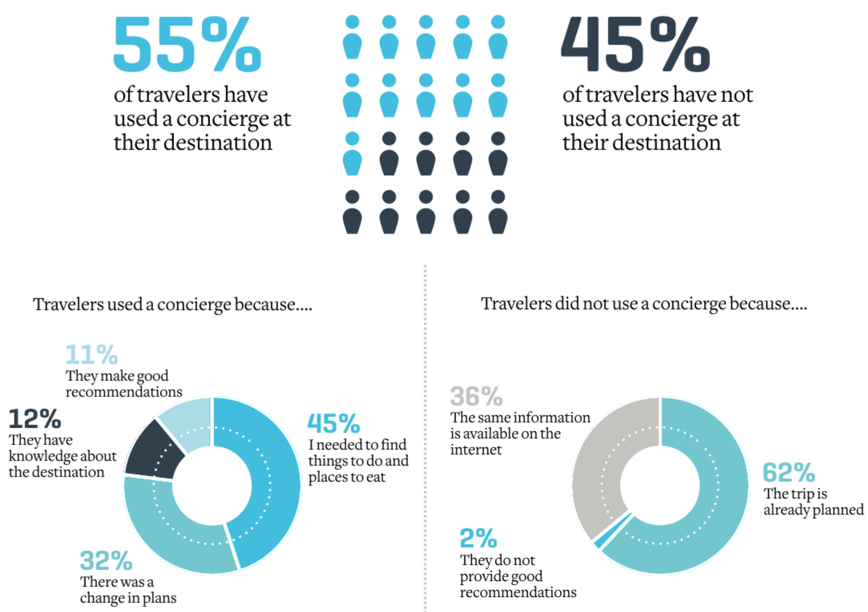
Q: When you're on vacation, what makes for memorable moments? Select all that apply.

When it comes to communicating with travelers at a destination, the best medium depends on context. Our research revealed that 84% of travelers are open to receiving text messages from hotels with check out time, WiFi usernames and passwords, menu specials, etc., while 67% are likely or very likely to use chat services or texting with airlines or hotels. For transactional conversations like these, a text, chat or emoji will suffice.

However, a whopping 76% of surveyed individuals believe that human interaction throughout travel-provided services is important or very important. While the majority of individuals (55%) have used a concierge when at their destination, the remaining 45% who did not felt they didn't need one or that they could find the information they needed on the internet. Of those who have used a concierge, most prefer to have conversations in-person, not digitally. When we spoke to travelers, many of them reflected positively on the times they had one-on-one conversations with their Airbnb host and received local – not touristy – recommendations.

It's important for travel brands to understand when they can interject during a trip, when to emphasize in-person conversations, and when a text will be more well-received.

FIGURE 9: MOST TRAVELERS ARE OPEN TO USING A CONCIERGE, UNLESS THEY HAVE ALREADY PLANNED THE DETAILS OF THEIR TRIP



Q: Have you used a travel concierge once you've reached your destination- either through lodging or airlines?
Q: Why did you use travel concierge at your destination?
Q: What would be your reasons for not using concierge at your destination?

4.0 EXPERIENCE

KEY TAKEAWAYS

- Travelers welcome useful suggestions from brands that prompt them to be more spontaneous.
- For transactional communication, digital will suffice. However, for personalized concierge service, most travelers prefer in-person.

OPPORTUNITIES

Across this evolving travel landscape, hospitality, airline and booking brands are looking at a variety of opportunities to better activate their brand voices, use technology for competitive advantage and make investment decisions based on travelers' unmet needs.

Our research has uncovered three significant areas of opportunity for travel brands:

PRIORITIZE SOCIAL STRATEGY

Social media represents the dominant force for inspiration in this new landscape. There is potential to create greater brand affinity and distinction by operating social channels differently.

BEHAVE LIKE A SIMPLIFIER

The planning process is time-consuming and overwhelming, but travelers ultimately enjoy it. Booking engines have an opportunity to provide consumers with time-saving experiences and better management of multiple trip components. Niche providers are already effectively replacing data tables with simplified and conversational interfaces.

BALANCE TECH AND THE HUMAN TOUCH

Even in a connected world, travelers have a strong desire to connect in person when they need help at their destination. Hotels, tourist attractions and excursions shouldn't be too quick to replace service personnel with digital kiosks, but should carefully consider the right moments for digital interactions.

ABOUT AMP

AMP is a full-service brand ecosystem agency, with offices in Boston, New York, Seattle, Los Angeles and Austin. We have 300+ of the world's top creatives, strategists, planners, technologists and analysts working to grow client's businesses.

AMP has helped drive engagement and reservations for brands like Aruba, Collette Travel, Disney World, Icelandair, Hilton, Holland America, Princess Cruises, Seabourn Cruises and Southwest Airlines.

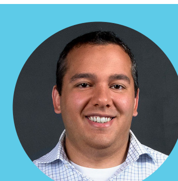
SURVEY METHODOLOGY

AMP Agency and BLITZ Agency coordinated an online consumer survey August 12-17, 2016, through Survey Sample International (SSI). The survey targeted the general U.S. population that travels for leisure. To qualify for participation in the study, respondents were required to:

- Have taken at least one leisure trip in the past year, but not more than four business trips
- Be between the ages of 18 and 55
- Have a household income equal to or greater than $50,000 /yr

AMP received 385 qualified responses, and the respondent pool can be projected with confidence onto the U.S. leisure travel population. The error interval for analysis is +/- 5.0% at a 95% confidence level.

Consumer expectations are shifting. We look forward to sharing our learnings and expertise from working with the world's top travel brands. Let's get connected.



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