DAC

Departures, Destinations, and Disruptors

How digital continues to make waves in travel and hospitality—and how to stay on course

Contents

Executive summary

Like the surface of the ocean, the future of the travel and hospitality industry is constantly being challenged and reshaped by different forces. Social media, influencers, aggregated reviews. Marketers are constantly flooded with questions they need answers to.

- How has digital technology changed consumer behavior and the customer journey?
- How do we create a more personalized experience for our target audiences?
- How important is locally relevant content and how do we offer travelers an authentic experience?
- How do we identify relevant touchpoints to engage with our customers?

We're in the thick of a customer-centric digital revolution. The modern consumer is equipped with tools to find the best of the best, and they won't settle for less. It's now more difficult to impress customers, build loyalty, and meet their ever-increasing expectations.

Personalization, millennials, consumer journey—these are major marketing buzzwords, particularly in travel and hospitality. Customers expect a seamless, personalized experience and, in return, companies are trying to come up with creative ways to meet heightened expectations. At the same time, industry disruptors such as AirBnB continue to grow in popularity, especially among millennials.

In a world where competition is fierce and every mistake has the potential to resonate across review sites and social media networks in real time, what is the best way forward? This white paper explores how companies are coping and what they are doing to stay relevant.

The stakes are high. How can brands rise to the challenge?

Introduction

The impact of the digital revolution on travel and hospitality means consumers are savvier than ever, and executives must make every dollar work hard across channels. Marketers need to be pragmatic as they create strategies that build loyalty, personalize the customer experience, and target multiple demographics.

In this paper, we take a guided tour through the trends and patterns that are shaping travel and hospitality. We also hone in on some of the common themes and challenges that industry experts face every day.

Who we talked to

DAC spoke with the following experts about keeping up with industry trends, tackling technology-related challenges and changing consumer behavior, and the future of the sector:

- **Chris Brogan,** Head of Analytics, FirstSight; SVP Strategy and Analytics while at Hyatt
- **Arjun Channa,** General Manager at The Westin Calgary
- **Kathleen Doheny,** VP, Marketing at Travel Edge
- **Tom Griffin,** Assistant Professor in the School of Hospitality and Tourism Management, and Assistant Director of the Hospitality and Tourism Research Institute at Ryerson University
- **Andy Kaplinsky,** Chief Commercial Officer at Greyhound
- **Sarah Kirby-Yung,** Executive Director of Marketing and Communications at Coast Hotels
- **Carré Le Page,** VP Marketing, Corporate Division, Flight Centre Travel Group
- **Robecta Ma,** VP Marketing at Cathay Pacific Airways
- **Garry Stasiulevicuis,** President at Counter Intelligence Retail, an NPD Group Company
- **Chris Willoughby,** General Manager, Brand and Member Marketing at Aeroplan

"You just have so many more tools at your disposal to do travel research better, more quickly, ultimately saving you a lot of time and a lot of money."

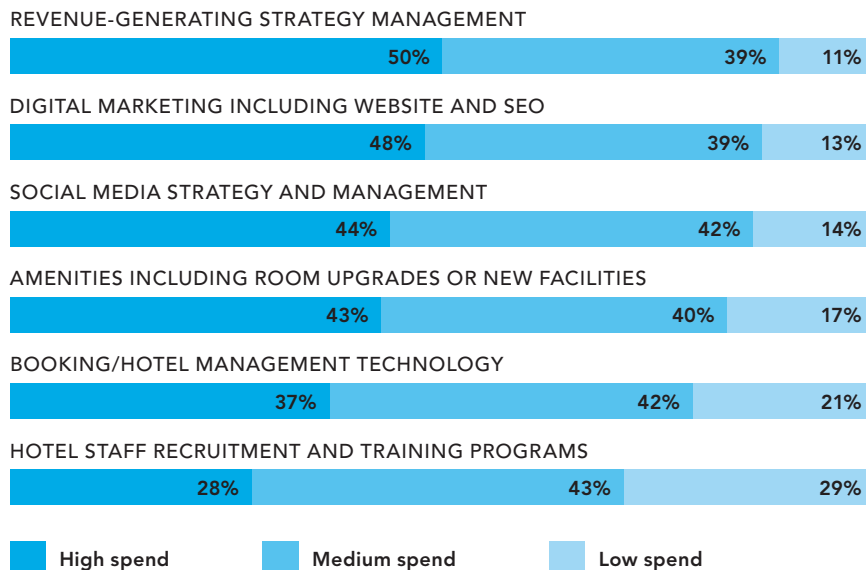—**Chris Willoughby,** General Manager, Brand and Member Marketing at Aeroplan

Cruising the digital sea

Digital disruption

Digital technology has fundamentally changed the way we make decisions. Consumers have a broad spectrum of resources at their disposal when researching and booking travel—and they often use all of them. They read reviews and compare properties, services, sites, and prices in an effort to make an educated decision.

Areas in which hotel professionals worldwide expect to allocate their budget, by level of spending, Jan 2017 (% of respondents)

REVENUE-GENERATING STRATEGY MANAGEMENT

High spend	Medium spend	Low spend
50%	39%	11%

DIGITAL MARKETING INCLUDING WEBSITE AND SEO

High spend	Medium spend	Low spend
48%	39%	13%

SOCIAL MEDIA STRATEGY AND MANAGEMENT

High spend	Medium spend	Low spend
44%	42%	14%

AMENITIES INCLUDING ROOM UPGRADES OR NEW FACILITIES

High spend	Medium spend	Low spend
43%	40%	17%

BOOKING/HOTEL MANAGEMENT TECHNOLOGY

High spend	Medium spend	Low spend
37%	42%	21%

HOTEL STAFF RECRUITMENT AND TRAINING PROGRAMS

High spend	Medium spend	Low spend
28%	43%	29%

■ High spend   ■ Medium spend   ■ Low spend

Note: in the next 12 months

Source: SiteMinder, "Global Hotel Business Index 2017: A visual look at financial plans, focus points, and future predictions," March 28, 2017

225689   www.eMarketer.com

Andy Kaplinsky, Chief Commercial Officer at Greyhound explains, "[Greyhound is] leveraging technology to make the entire experience more transparent in order to help guide the customer along the journey, all the way from awareness and consideration through to the actual physical trip with us and then post-trip engagement after that. So, there are a lot of great things you can do with technology to enable and build that relationship with the customer, and we're working on all stages and every touchpoint possible."

Travelers visit different websites and use various online resources to compare prices and brands. They read reviews and they watch videos. In fact, they're research-obsessed. A Nielsen study found that travelers spent an average of 53 days visiting 28 different websites over a period of 76 online sessions, with more than 50% of travelers checking social media for travel tips.[1]

Travellers spent...

53 days

visiting 28 different websites
over a period of 76 online sessions

Additionally, an Expedia study found that the consumption of digital travel content is on the rise, with a growth rate of 44% in the U.K., 41% in the US, and 18% in Canada.[2] It has been estimated that more than 148.3 million people use the internet to make reservations for their accommodations, tours, and activities. That's more than 57% of all travel reservations each year.[3]

1. MDG Advertising "7 Travel Marketing Trends Worth Exploring in 2017" (2017)
2. CMO, "15 Mind-Blowing Stats About Digital Trends In Travel And Hospitality" (2017)
3. Rezdy, "Tour Operator Trends for Booking Channels" (2016)

Chris Willoughby, General Manager, Brand and Member Marketing at Aeroplan, believes the biggest change is that travelers can now make arrangements at any time, from anywhere.

"What[ever] tool you're using, you have access to so much information to help you really quickly and easily get a very high level of comfort when you're planning travel, to make sure you're doing things that like-minded people have done before so that you know that it's something you're going to enjoy," he said. "You can also very quickly digest all available inventory, price point and the technical information surrounding the preparation for a trip."

"There are a ton of innovators coming in and putting more power directly in the hands of the consumer in terms of searching around the globe and finding the services they need and want."

—Kathleen Doheny, VP, Marketing at Travel Edge

As digital technology makes the world smaller, Kathleen Doheny, VP, Marketing at Travel Edge, believes this intensifies competition: "There are businesses all over the world—local, foreign, and international—and they are all able to fish in the same waters. From my perspective, from our perspective, we see that as potentially the growth of competition from unexpected places." Digital disruption has made its way into virtually every sector imaginable. The question is whether or not businesses are ready to embrace change and reap the benefits.

Ubiquitous in the micro-moments of life

Mobile is viewed as a disruptive force across industries, particularly in travel and hospitality. In fact, according to Think with Google, 40% of U.S. travel site visits come from mobile.[4] After researching on their smartphones, 79% of mobile travelers have completed a booking which, according to a report by Think with Google, is a significantly higher percentage than last year's 70%.[5]

Kaplinsky mentioned that Greyhound always thinks of the entire consumer journey and finds that mobile technology enables them to differentiate themselves from the competition: "We're thinking beyond just the hotel room or bus seat or whatever, and more around making their entire door-to-door experience just simple and easy. The apps and mobile devices are incredible tools to be able to do that and differentiate."

That means it's crucial to make sure your website or app is intuitive and user-friendly. After all, 88% of travelers with smartphones would switch to another website or use a different travel app if the one they were initially using did not satisfy their needs.[6] In other words, that dated website or confusing app poses a very real risk of customer attrition.

> "We're almost living The Jetsons now;
>   it's the mobile device that is going to be that
>   game changer."

—Andy Kaplinsky, Chief Commercial Officer at Greyhound

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4. Think with Google, "How Micro-Moments Are Reshaping the Travel Customer Journey" (2016)
5. Think with Google, "3 Ways Travel Marketers Can Fine-Tune their Measurement Strategy" (2017)
6. Think with Google, "Travel Booking Trends Revealed in Let's Book-It Moments" (2016)

Personalized experience

Localization: authenticity, ultimate personalization, and community involvement

> "The way we think about [localization] is ultimate personalization. So, it's understanding the customer as well as possible and then communicating and providing them [with] a customized offering from us at the right time and the right place."
>
> **—Andy Kaplinsky,** Chief Commercial Officer at Greyhound

For all industries, the word "local" can mean many things, and nowhere is this truer than in travel and hospitality. Some experts argue that "local" is synonymous with "authentic", suggesting that travel companies need to exploit local expertise in order to satisfy travelers seeking authentic experiences.

According to Kaplinsky, it ultimately boils down to having enough information to guide customers and present them with unique opportunities: "To me, it's about having an expertise or having information so that people can find what they're looking for. And many people are looking for the off-the-beaten track, unique types of experiences and places to go. So, it's understanding that, and then enabling our customers to experience that wherever they are."

Arjun Channa, General Manager at The Westin Calgary, places a lot of emphasis on "glocal", whereby brands with a global outlook operate at the local community level to provide guests with an insider's perspective and an authentic experience.[7] He said that The Westin

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7.   Le Miami, "There Goes the Neighborhood: Global Hotels" (2016)

Calgary strives to provide guests with an authentic Canadian experience that also reflects The Westin brand's international standards.

"Glocal taught us to think globally but act locally. Giving them local experiences, while still not taking away the Westin promise that we made from an international perspective, is key," explained Channa.

Channa also thinks of local in terms of building long-lasting relationships and getting involved in the community: "We cannot operate as international people and be miniscule in our approach. What I mean by that is that the hotel where we operate should always be contributing to the community at large." This includes corporate social responsibility. "The Westin Calgary is a co-founder of the Children's Foundation in Calgary. We partner with a local radio station and run a pledge day at the end of the year whereby even the Mayor comes to support and all communities listen and call in. The entire city comes together and shares generously from their pockets, down economy or not, because they know it's for a great cause—to help children in need," explained Channa. "That's the power of a brand and the commitment behind it that the people of the city have come to trust".

"Think global and act local."

—Arjun Channa, General Manager at The Westin Calgary

Robecta Ma, VP Marketing at Cathay Pacific Airways, explained that her company adapts to cultural and behavioral nuances across different markets in which they operate: "For us as a carrier that has flights in New York versus Boston versus LA, each market flavor is different and the messaging will also be different to cater to the audiences' demands and what their needs and preferences are when it comes to travel."

Whether you think about local in terms of providing an authentic experience or corporate social responsibility, localization is on the minds of today's travel and hospitality executives.

"It's really getting in the hearts and minds of the customer and having them use us as a way to enhance their experience wherever they are."

—**Arjun Channa,** General Manager at The Westin Calgary

Personalization is paramount

Travelers are increasingly seeking personalized products and services. According to a study by American Express, 85% of respondents of all ages thought that customized itineraries were much more desirable than general, mass-market offerings.[8]

"I think there is a stronger demand for experiences that feel special and unique and interesting, so there's a real dilemma or a challenge for tourism to provide people with an experience they feel is special to them," said Tom Griffin, Assistant Professor in the School of Hospitality and Tourism Management, and Assistant Director of the Hospitality and Tourism Research Institute at Ryerson University in Toronto.

In a recent survey, Think with Google found that 69% of travelers are more loyal to companies that personalize their experiences, both online and offline.[9]

69%

of travelers are more loyal to a travel company that personalizes their experiences online and offline

The key to being able to design those customized experiences is to consistently capture guest/traveler preferences at every touchpoint. Kaplinsky compares personalization to a virtual concierge that assists customers by providing information that is tailored to them. "What people are looking for is a 'customized concierge'. Whatever they're doing or wherever they are, they can go to this concierge

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8.   CMO, "15 Mind-Blowing Stats About Digital Trends In Travel And Hospitality" (2017)
9.   Think with Google, "3 Ways Travel Marketers Can Fine-Tune their Measurement Strategy" (2017)

and it can tell them what they should do, what mode to take, where are the things that might interest them, and basically act as a go-to information resource that is more personalized to who they are," he explains.

Armed with an abundance of data and a solid understanding of customers, marketers have a strong foundation for providing personalized customer experiences.

"Whoever has the data is going to win the day."

—Andy Kaplinsky, Chief Commercial Officer at Greyhound

In a study conducted by American Express, 83% of millennials said they would let travel brands track their digital patterns if this would provide them with a more personalized experience.[10]

Kaplinsky puts a similar emphasis on data: "We use data to be able to target and provide better, relevant information at the right time for our customers to improve the engagement, but also to give them what they desire at the right time and the right place. If you can gather the right information and ideas and bring them together, understand your customer well enough that you're giving them suggestions and ideas that fit their personality, then you'll become a trusted resource, particularly in the transportation and hospitality and travel space."

There is no doubt that data is foundational for businesses in the 21st century. But good data does not guarantee good decisions. Businesses using their data to provide unique, personalized experiences to their customers—experiences that make the customer feel important and valued—is what will ultimately drive digital growth and set great brands apart.

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10. MDG Advertising, "7 Travel Marketing Trends Worth Exploring in 2017" (2017)

Personalized guest experience[11]

Post-Stay Support

- Integration with social media to make hotel stay part of guest lifestyle
- Electronic bill access via multiple channels

Journey Integration

- Blurring the travel ribbon
- Super PNR
- Multi-use self-service
- Multi-channel check-in
- Luggage management

Personalized Service and Support

- Guest recognition at every touch point
- Expedited room service based on guest priority, loyalty, etc.
- Improved onsite F&B service based on expected arrivals and preferences
- Check-out incentives according to guest profile
- Segment-specific support lines for complaints and feedback

Multi-channel Self-Service

- Pervasive devices
- Multi-channel self-service
- Roaming check-in/check-out
- End-of-meeting alert
- Voice response check-in options

Customized Room Options

- Multi-media interface to control preferences
- Multi-use guestrooms
- Customizable guestroom layouts and entertainment/technology options
- Non-key key

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11. Digital Tourism Think Tank, "The Importance of Locality in the Hotel Experience" (2015)

Millenials: the generational buzzword

Millennials have become the most desirable audience from a marketing standpoint. Many people believe, and rightly so, that millennials are shaping the future of business, shopping, the workforce, and everything in between. In an effort to discover what millennials want, brands in every industry are paying attention to their shopping behaviors, preferences, and values. Businesses that do not catch the attention of millennials are going to fall behind.

When asked if the hospitality industry is trying to appeal to millennials, Brogan's response was: "They're chasing it like a unicorn!" However, he looks at targeting millennials differently: "I think hospitality runs the risk of chasing an age demographic as opposed to a lifestyle demographic. Chasing millennials just for the sake of gathering millennials is not necessarily going to be beneficial. Brands have to establish themselves as a place people want to stay regardless of age and they have to tread lightly. I think, especially in hospitality, going after an age versus a lifestyle or product segment can be a mistake."

> "Going after an age versus a lifestyle or product segment can be a mistake."
>
> **—Chris Brogan,** Head of Analytics, FirstInsight; SVP Strategy and Analytics while at Hyatt

This is supported by Ma, who also believes that targeting a specific demographic is not the best approach to take in the hospitality and travel industry: "What we like to adopt is, instead of specifically targeting towards a demographic, it's really about a mindset, kind of adopting the millennial mindset of looking at travel as experiences, and looking at travel as a means to enhance your wellbeing. I feel it's more of a mindset than a demographic, because I'm seeing even people from older generations adopting the same mentality for travel as the millennials."

Willoughby states, "You can't necessarily fit people into nice, neat, tiny little boxes—they span several different mindsets driven by what is their particular circumstance or context in the moment."

Griffin expresses a similar opinion, stating, "To have a completely separate way of dealing with a generation is dangerous I think; dangerous in terms of missing out on engaging the rest of the market."

There is no doubt, however, that millennials differ from other generations in many aspects. Millennials approach travel very distinctly; they are curious travelers who seek new experiences and adventures.

"What we found is [millennials] vacation very differently than older generations," said Kaplinsky. "When they vacation, they tend to go for shorter periods of time, less for relaxation and more for stimulation. So we think we fit pretty well as kind of an alternative, adventurous way to travel, but also a very smart way to travel, because we're very inexpensive and convenient," he explained.

"Storytelling and personalization is central to the contemporary hotel experience."[12]

Baby boomers, Gen Xers and millennials have differing views and approaches when it comes to taking vacations. Where they go, why they choose to go there, where they stay, and how they book the trip—these are some of the things that differ, sometimes dramatically, from one generation to the next.[13]

12. Digital Tourism Think Tank, "The Importance of Locality in the Hotel Experience" (2015)
13. eHotelier, "Clear generation gap on holiday travel decisions" (2016)

The end is the beginning

Take me on a journey: the consumer journey

Brands are putting a lot of emphasis on the customer journey, and the practice of consumer journey mapping has come up multiple times across conversations with our expert panelists.

Understanding the journey allows organizations to walk in their customers' shoes to identify critical touchpoints, understand consumer motivations, how they shop, and what they might be looking for at each stage of their journey.

For travel and hospitality specifically, Think with Google breaks down the travel customer journey into four micro-moments: dreaming, planning, booking, and experiencing.[14]

Travel micro-moments[15]

DREAMING MOMENTS

- What experience am I missing?
- What am I in a mood for?
- What am I inspired for?

BOOKING MOMENTS

- Have I done enough research?
- Am I ready to go?
- Will the process be quick and seamless?

PLANNING MOMENTS

- When will I go?
- Where will I go?
- What is the pricing?

EXPERIENCING MOMENTS

- What will I discover?
- What will I experience?
- What will I share?

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14. Think with Google, "How Micro-Moments Are Reshaping the Travel Customer Journey" (2016)
15. Think with Google, "How Micro-Moments Are Reshaping the Travel Customer Journey" (2016)

It's essential to understand these micro-moments and devise strategies to target customers with relevant content at each stage of their journey.

Consumer journeys are the focus of our experts' efforts much more than in the past. "I think it's critical to understand the customer journey, what their thought process and experience is throughout it, and try to address their needs at every stage," said Kaplinsky. "We studied the best retailers, the best travel providers, the best hospitality providers, and looked at what they were doing and what customers expected of them, and then put that through a lens of our own customers to devise the strategy."

Likewise, Carré Le Page, VP Marketing for the Corporate Division at Flight Centre Travel Group, describes how his company is going through an exercise of mapping out their customers' journeys. Although it's still in the early stages, he sees the benefits of going through that exercise. "How we choose to communicate with our current clients is better understood if we have an idea of: 1) Who they are, 2) What they're interested in, 3) Where they're wanting to go, and 4) What their pain points and hot buttons are when it comes to corporate travel," he explained.

"The best customer journeys aren't created; they're discovered."[16]

Doheny explained how Travel Edge targets customers with personalized marketing that speaks to their specific needs at every touchpoint: "We're not looking at mass marketing—we're targeting the luxury traveler in particular. We know a lot about the way they approach their research around a trip—the number of sites they visit, timeframe from when first thinking about a trip down to consideration, down to close rate… we have a variety of touchpoints to reach them through all of that when they first start."

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16. Inc., "The Era of the Empowered Consumer: Insights From the Gartner Digital Conference" (2017)

Willoughby uses customer journeys to highlight opportunities as well as uncover issues that might be deterring customers from a purchase. "Understanding customer journeys and figuring out all of the different, either pain points we need to rectify, or just frankly opportunities again, that are mutually beneficial to customers, members, and for our own business, is very important." Ultimately, mapping the consumer journey provides actionable insights that allow companies to nurture the customer experience and be present at all critical touchpoints.

"Complex consumer journeys demand that brands think beyond a transaction goal, instead infusing themselves into the consumer's community and across multiple touch-points."[17]

17. Smart Insights,"'The consumer decision journey" (2015)

Ratings and reviews

Customers are, first and foremost, critics.

Ratings and reviews have become the single most important type of information for customers, with 95% of leisure travelers reading reviews before booking their vacations.[18] Tnooz reports that leisure travelers read six to seven reviews before booking, and spend an average of 30 minutes reading reviews, while business travelers read an average of five reviews.[19] These statistics and figures make ratings and reviews just as important for brands as they are for customers.

Brogan noted that reviews have a huge impact on brands and bookings: "Ratings absolutely impact bookings, but not necessarily the way you think about it. Reviews don't necessarily increase bookings to a hotel; what they will absolutely do is crush them. If you've got a bad review out there, it will absolutely and negatively impact booking."

> ## "There's nothing like a third party or person's verification to give somebody some comfort."
>
> **—Sarah Kirby-Yung,** Executive Director of Marketing and Communications at Coast Hotels

Sarah Kirby-Yung, Executive Director of Marketing and Communications at Coast Hotels, agrees that ratings and reviews are fundamentally important in travel and hospitality: "When you're booking a hotel, you're booking an experience. I think reviews will be more and more important, because I think the consumer's perception has changed dramatically. I trust when my neighbor tells me something a lot more than when the brand tells me something."

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18. CMO, "15 Mind-Blowing Stats About Digital Trends In Travel And Hospitality" (2017)
19. Tnooz, "How Do Consumers Want to Read Travel Reviews?" (2015)

Griffin, however, looks at ratings and reviews with a critical eye. "I think there are flaws in the system, but I think people use ratings and reviews a lot for sure," he said. He explains that reviews are not always a fair representation of how good or bad the elements of an experience were: "I guess the ultimate point is that ratings are [given by those that are] extremely happy or extremely upset. Large chunks of the population don't actually rate things."

> "I think ratings and reviews are going to go leaps and bounds over the next five, ten, and even fifteen years. Definitely the experiences of people are going to shadow advertising."
>
> —**Arjun Channa,** General Manager at The Westin Calgary

Managing reviews and customer expectations on social media is tricky, and Kaplinsky acknowledges the challenges that social media presents: "Social media is kind of a difficult channel because it's hard to satisfy the customers all the time. What tends to happen on social media is a lot of bashing, a lot of trolling, and those sorts of things. We've been kind of struggling with, how do we turn the tide there?"

Well, responding to negative reviews—and tracking them down in the first place—is crucial. According to a study conducted by TripAdvisor, 85% of users agree that a thoughtful response to a negative review will improve their impression of the hotel. They also found that four out of five TripAdvisor users believe that hotels that respond to reviews care more about their guests.[20]

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20. ReviewPro, "TripAdvisor Survey Shows Why Hotel Reviews Matter" (2015)

Doheny talked about the importance of managing and responding to negative reviews and complaints: "You got to have a customer care team that is fast, on the ball, that's connected 24/7, that is empowered to make decisions and fix mistakes, or prevent mistakes, and it's not easy."

Consumers are also relying more than ever on word of mouth. In fact, several of our panelists think of word of mouth as the holy grail of marketing in the travel and hospitality industry.

"Word-of-mouth marketing has always been the gold standard; what people are really chasing. People will always believe their friends and family before they believe an advertisement in a newspaper. So traditionally word of mouth has always been so important," said Griffin. He also explained the role that social media plays in word-of-mouth marketing: "What social media has been able to do is allow that word of mouth to be promoted and made louder."

Kirby agreed: "People are very much influenced by word of mouth, and they feel some comfort when something has the people's approval, or a good rating, or positive comments," she explained.

> "Word-of-mouth marketing has always been the gold standard; what people are really chasing. People will always believe their friends and family before they believe an advertisement in a newspaper."
>
> **—Griffin,** Assistant Professor in the School of Hospitality and Tourism Management, and Assistant Director of the Hospitality and Tourism Research Institute at Ryerson University

This was also echoed by Ma: "Reviews are word of mouth. It's something that I can't buy from advertising. So, in terms of reviews and recommendations, those are the things I can't influence, which is all the more important because I want brand advocates out there to be sharing the great experience that they had on Cathay."

Kaplinsky also believes that ratings and reviews are becoming more important and will continue to be relevant: "I think it's increasing in importance. The digital native generation is very adept at researching and looking for reviews and getting recommendations from friends and using the digital channels to do that. Increasingly, this generation is trusting other people a lot more than they're trusting the brands themselves to tell them how the experience is and what the products are. We've seen it growing, we've seen more and more people posting comments and reviews and so forth."

Ratings and reviews can make or break a business, no matter how big or small. Managing customer expectations, keeping track of reviews, and responding to customer complaints appropriately and in a timely manner have become important digital determinants of success for businesses operating in the travel and hospitality industry.

Customer loyalty

Brands in the travel and hospitality industry approach loyalty in a number of different ways. Some brands build loyalty programs, while others choose to create brand advocates by consistently delivering positive customer experiences.
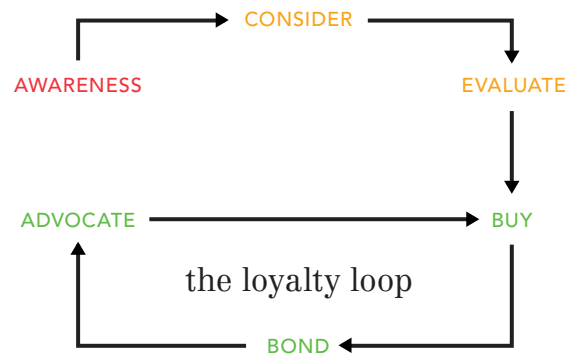
The iterative loyalty loop consists of distinct steps and is part of the larger purchase cycle. The basic premise behind this model is that before customers become brand advocates, they need to go through a series of steps.[21]

They first have to become aware of the product or service, after which they start thinking about potentially making a purchase. Then comes the research and evaluation phase, when they start to seek opinions, read reviews, and make a short list. They then make a decision to purchase a specific product or service. After they have made the purchase, they start to form an opinion about their purchase. Are they having a positive experience? Did it meet their expectations? If the answer is yes, that's when they turn into brand advocates; they will want to make another purchase from the same brand, they will recommend the brand, product, and/or service to their friends, and perhaps write a positive review, too.

21.   Fifteen, "What is the Loyalty Loop and How can Brands Benefit from it?" (2016)

This loyalty loop forces marketers to think about several things:

- How do we make potential customers aware of our product or service?
- Is our brand being considered?
- How can we provide customers with a positive experience once they have made a purchase?

Working through these questions will provide a solid ground upon which brands can start building customer loyalty.

Adapted from the McKinsey & Co. Loyalty Loop

"For hospitality [marketers] to really understand loyalty, they need to be able to capture and use information. That information doesn't all come from a digital entry only, but it also needs to come from employees on the front line capturing that information and putting it back into a system that can follow the traveler," said Brogan. "Any information that can be captured about my preferences, such as how I want my coffee… Any of those things that can be captured and travel with me to my next hotel experience is really where the rubber meets the road for loyalty."

Building customer loyalty, and finding a way to ensure that customers choose your brand, every time, is one of the most important and challenging things that brands need to contemplate.

Industry trends

Experts and industry professionals are always seeking opportunities for evolution. Here's what our contributing experts see in the future of the hospitality vertical.

Bleisure

This buzzword refers to business trips that are extended and turned into leisure trips and vacations. According to Expedia Media Solutions, 43% of business trips are in the U.S. are bleisure.[22]

"If someone's coming for a business conference, we always try and target them with a good rate one day prior and one day later so that they can come one day earlier to experience the city," said Channa.

Artificial intelligence

When asked what they think the biggest digital trend will be in the next five to ten years, most of our panelists had the same response: Artificial Intelligence (AI). It's not surprising. At least eight of the largest hotel chains have already tested some kind of virtual reality experience.[23]

"The trick in the hospitality industry is that they are inundated with data; they have so much data they don't even know what to do with it all. What's the decision I'm trying to make? What's the thing I'm trying to craft? What kind of experimentation comes from that? That's where I see AI. It will be as successful as the people who can craft that entire experience and work it where that data can be used to make behavioral interactions different," explained Brogan.

22. CMO, "15 Mind-Blowing Stats About Digital Trends In Travel And Hospitality" (2017)
23. "15 Mind-Blowing Stats About Digital Trends In Travel And Hospitality"

Industry trends (cont'd)

AirBnB

AirBnB is the definitive disruptor. It is changing the hotel industry in dramatic ways, and by Q4 2016 was the world's most visited accommodation website.[24]

"We're watching for those interrupters that kind of change the game," says Doheny. "The disruptors, like AirBnB, that are looking to expand their market—not just providing a bed to sleep in, but looking at expanding into experiences. They're getting into that idea that when you package more, there's a greater value. You can also unlock greater profit, you can grab a larger share of the market. They're pretty savvy, tech-enabled, so they're moving in that kind of direction."

Garry Stasiulevicuis, President at Counter Intelligence Retail, an NPD Group Company, thinks brands should work with the disruptors, not against them, and embrace change: "There are a lot of travel retail brands who look at the likes of Amazon and Alibaba as a threat. My personal view is that we should be looking at them completely the other way around. How do we embrace what they've done? And how do we embrace how they operate that brings value into the travel retail world?"

24. CMO, "15 Mind-Blowing Stats About Digital Trends In Travel And Hospitality" (2017)

Key takeaway

Digital disruption and intense competition, coupled with the ever-increasing importance of personalization, ratings and reviews, localization, and authenticity, are only some of the realities of the travel and hospitality industry.

Ultimately, however, brands create their own realities. Choosing to embrace the aforementioned challenges allows travel and hospitality brands to craft winning strategies, putting them at the forefront of consumers' minds. Conversely, brands that fail to innovate, change, and adapt in order to remain relevant to today's consciously informed consumers will undoubtedly suffer.

What is your brand's reality?

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