MEET THE CONNECTED TRAVELER

Steps to becoming a successful online travel business
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Travelers are changing – their behavior, needs and expectations differ from even 10 years ago driven by advances in technology and consumer adoption. Travelers are creating their own holiday experiences via dynamic packaging, renting cars, rooms and apartments through sharing economy platforms like Uber and Airbnb, and mixing business and leisure trips in the new ‘bleisure’ sector.

Because people have consumer-grade technology options in other key aspects of their lives, they now have the same expectations of a superlative customer experience from the travel industry.

From the travel industry perspective, agencies have experienced many upheavals in the past two decades affecting primary revenue streams and customer service. But they have proven resilient and adaptable. The next leap forward for agencies who intend to stay competitive and want to take advantage of new revenue opportunities need to explore the potential of starting or expanding an online business. That means that first, travel agents need to understand their customers’ propensity to transact digitally. Second, they need insights into their consumer’s digital channel preferences (web, mobile, social). Armed with this understanding, agencies can begin to deliver an intimate and personal digital customer experience.

The paper presents an overview of key trends driving change, customer expectations, staffing and technology needs, online growth opportunities, and outlines a strategy for introducing online capabilities to your business. It includes insights from Sabre experts and examples of how travel agents have benefitted from working with new technology.
The travel business is booming as people journey for business or leisure to other countries and continents. International tourist arrivals are projected to grow 4% year-over-year in 2016, with strongest growth forecast in Asia-Pacific and the Americas, closely followed by Europe.

The United Nations World Tourism Organisation forecasts international tourist arrivals to increase by 3.5 percent to 4.5 percent over 2016, in line with its long-term projection of 3.8 percent growth a year for the period 2010 to 2020.

Increasingly, consumers plan, research and book holidays and business travel with a degree of online involvement. The transition has been slow and the pace varies from region to region. But it is an accelerating trend facilitated by the younger ‘digital natives’ progressing in their careers and increasing their earning power and disposable income.

However, travelers still want both offline and online options available for their research and booking needs. Even in Europe, where consumers have embraced online booking the most, 48 percent of all travel revenue is predicted to be booked offline through 2017.

Desktops, tablets, smartphones, wearables and other connected devices are multiplying. Forecasts suggest there will be 33 billion connected devices worldwide by 2020, which averages to 4.3 devices per person.

Digital technology adoption and the changes in online consumer behavior vary across regions. For example, in the Indian and Chinese markets, young consumers have skipped desktop and the traditional web and moved straight to handheld devices and the social web. In some markets like Indonesia, online checkout and payment on a mobile device is more common than on a desktop. As consumers become more comfortable using their credit cards to pay for small things, it’s not hard to imagine that they will buy higher ticket items via mobile, too.

Advances in payment technology and ability to transact in multi-currency and micro-denominations through e-wallets is further accelerating this trend. In Asia and the Middle-East, online payment technologies are being adopted at a rapid rate. Take up of these systems, coupled with a burgeoning middle class with more disposable income, is further accelerating the already growing online consumer base.

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2 UNWTO World Tourism Barometer
WHAT DOES THIS MEAN FOR TRAVEL AGENTS?

These are huge markets where enterprising travel agents who can create desirable, niche online products can attract and win new customers. They will need to recognise regional and sometimes very localised cultural nuances, however. For instance, in the Middle East, there is still a strong desire for face-to-face interaction when booking, and some anxiety about providing credit card or personal details online. While recognizing these regional mind-sets, agencies should keep in mind that successive generations develop different behavior patterns. In other words, online behaviors can quickly change.

Unique online challenges.
The ability of consumers to access information and services wherever they wish is leading to some unique challenges.

- **Seamless customer experience.** Consumers now move from device to device for entertainment and research. Companies like Amazon and eBay have set a high bar for a seamless customer experience. However, this cross-device behavior can be hard to track and needs a cleverer approach to attribution for the customer journey and final conversion.

- **Instant research.** The take up of smartphones and the trend for bigger screens means these devices are becoming the number one tool for on-the-go research. Consumers now use smartphones for quick bursts of research over a number of short time periods.

- **Consistent customer experience.** Consumers expect consistency across all touchpoints from call center to counter and from website to social media platform. Prices, product specs, visual aids and other information should be identical wherever consumers interact with a business.

- **24/7 service.** Consumers are shopping in the moment and require round-the-clock service and assistance. Seamless transactions and swift responses to queries are now vital for customer retention.

- **Video is vital.** Consumers are looking for content that entertains, inspires and informs, whether the topic is home decoration, recipes or travel destinations. Increasingly, consumers expect to be served video content and are watching via smartphone.*

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*Ooyala’s Global Video Index Q4 2015 shows that mobile video plays were up 170 percent from 17 percent of total video plays in 2013. Consumers in Asia-Pacific are driving much of the growth in mobile video, and five out of 15 APAC countries outperformed the global average for video consumption (Singapore, Australia, Japan, Indonesia and South Korea).
The path to purchase for travel products has become more complicated thanks to the growth of devices and channels. Some estimates suggest travelers look at an average of 38 websites before making a booking decision⁶. Consumers may start on a desktop, drop out of sight and then restart searches on a different device. They also now look for more inspiration and validation of their choices on review sites, on social media and among their own peers.

Connectivity is breeding confidence, and some travelers, knowing that they can research and verify facts quickly and easily and make instant bookings, are happy to organise their own holiday or business trip. They want to use technology to solve their problems while in transit and in-destination; for instance, when arriving in a new city they may want to eat out immediately and look for recommendations and local dining offers via mobile.

Travel agents can assume the role of trusted expert in these scenarios. Armed with the right content and promotions, they should be present in ‘moments that matter’ when people are looking for help and inspiration. Agents should determine how they can add value in this connected world and how to position themselves as more of a concierge and travel advisor who caters to traveler’s needs.

The concierge role is particularly relevant for Travel Management Companies dealing with corporate clients. If an agent can remove hurdles for a smooth-running trip, anticipate needs like finding a taxi at a busy airport, and make recommendations on suitable evening entertainment or dining for business people, then they will be a valuable partner.

⁶ Traveler Attribution Study conducted by Expedia Media Solutions
Some segments of the travel industry are more advanced than others in adopting a digital mind set. Airlines are constantly improving and putting innovation at the heart of their booking systems and the digital tools they provide. The challenges presented by the modern traveler are also opportunities for forward-thinking travel agents who invest in the right technology and choose the right partner. There are key advantages to an online presence that can unlock many ways to improve business and reach new customers.

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Sabre Executive Director of New Business Ventures

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The online travel agent has the ability to collect more data than ever about customers, thanks to a myriad of online touch points like social media and apps. Data is key in understanding more customers’ needs and preferences. It also means businesses can make better recommendations to aid customers in their decisions.

General demographic information (age, income and gender) is relatively easy to access. But the true “secret sauce” is the personalized, contextual information, such as a customer’s holiday preferences or what kind of accommodation they like, combined with their shopping behaviors.

With this advanced information, travel agents can send more relevant offers, recommendations and promotions, and optimise the chance of conversion. Products, offers and marketing can be personalized; for example, holiday recommendations to empty-nesters who still have the spirit of adventure and can travel more freely; students who want a long, exploratory trip or first-time parents desperate for some pampering.

Rich customer data pinpoints the key moments to offer suitable services to the potential traveler as they progress through life. For instance, the first-time student traveller grows up and becomes the newly married person who needs a honeymoon destination. Lifetime value is created for both the agency and the customer.

Digital technology allows travel agents to use customer data to model similar audiences. If you know what type of customers enjoy frequent city breaks, you can find similar audiences and market that offer to them. If these new prospects indicate an interest, they can be moved along the path to purchase with relevant advice, tips and inspirational content.
Connected consumers expect the latest deals and offers in real time. They want problems solved and solutions offered almost instantaneously. Travel agents who can help their customers at key moments will deepen their relationship, strengthen loyalty and enjoy repeat business.

For example, frequently asked questions could be available via an app, social media or a website. This might include practical advice on how to get from the airport or train station to the hotel. Travelers might also want more inspirational content, such as “the five ‘must see’ cultural highlights” in destination cities. It is possible to automate and proactively send that type of information via emails, apps and social media. But it is imperative that the content is relevant for the audience.

Thanks to access to historical data, agents can provide advice and guidance in those important micro-moments when customers need help. For instance, if the regular route to the airport is congested at certain times then why not lessen frustration with an alternative suggestion before a traveler sets off? Or imagine if a student has come to the end of an adventure holiday. They might feel they deserve an upgrade to a more luxurious room or hotel than originally booked. If you can anticipate this need and make the suggestion before they even begin looking online, then you are in a strong position to convert.

Creating moments that matter for conversion.

Find the right moments when customers are receptive to upsell. Then you have the opportunity to use a combination of offline and online services, and a human touch to create a winning formula for conversions. Customers looking for more detailed advice may prefer direct contact via telephone, live chat or face-to-face. But the well-trained staff will be able to think on their feet and present options previously not considered.

Digital tools like a branded app are valuable in these scenarios. Many customers want to manage their travel experience through apps, and travel agents can provide personalized, real-time updates on delays, weather and other information. For example, regular tips on the hottest restaurants and nightclubs could be very helpful to the traveller, make them feel that they are valued and help build loyalty.

Having the right technology partner is important, as they should be able to supply metadata on global travel trends. These trends should be based on years of collected information, and accessible via an easy-to-use plug-in process. Then, armed with this information, the travel agent can couple their own knowledge with the latest trends and recommend (in advance) the next top destinations for a beach holiday or a winter break.
The modern traveler wants a single source to find recommendations and make comparisons between products. They do not want to visit a host of different websites to find the right flight, hotel or resort. Instead, they want to see their travel options on a single screen. Metasearch engines like Kayak, Skyscanner and Hipmunk are rising in popularity, especially among millennials. In fact, 39 percent of this group now source their travel this way according to researcher L2.

Once a travel agent has established an online presence, a technology partner can create strong connections to the metasearch eco-system. Then, the agent’s own products are available to a potentially huge new customer base.

An online presence extends the reach of an agency through automated tools. These tools provide marketing, customer recommendations, and surface inventory.

Instead of spending 20 minutes selling a low-cost flight, these kind of transactions can be conducted online with minimal human involvement. This frees up staff to explain and sell more complicated products with a much higher yield such as ancillaries and retail extras. And they can work on creating a richer, deeper relationship with customers.
MINI-CASE STUDY:
FLYING HIGH WITH TURNOVER UP 40 PERCENT

CLIENT
Dutch online travel agent
Otravo (parent company of Vliegtickets.nl and World Ticket Center).

THE CHALLENGE
To build the best customer service experience in the Netherlands and Belgium by offering speed, superior choice and ease. If achieved, Otravo would be able to improve its website response times, its conversion ratios and metasearch hit rates, and open up new growth opportunities.

THE METHODOLOGY
Otravo wanted the right partner to help with upgrades and new features for Otravo’s branded sites. They needed someone who would provide “a clear plan for innovation and growth.” With Sabre support and technology resources, the company was able to develop new capabilities for dynamic packaging of travel products, identify new customer segments and deliver “highly customised travel arrangements with a personal touch.” It is now connected to metasearch travel sites like Kayak and Trivago, and its products and packages are served in the search results within these sites.

THE RESULTS
Bookings are up 30 percent year over year, turnover is up 40 percent and customer satisfaction score among online visitors is up 20 percent.

MANAGING DIRECTOR OF OTRAVO RUS SAID:
"Since we’ve converted to Sabre, we’re booking more complex and expensive dynamic packages and tours, we’re able to show more flight details and seating options, and we’re connected to the metasite channel now. These upgrades have helped us grow our turnover 40 percent year over year."
4. HOW TO BUILD THE SUCCESSFUL ONLINE FOUNDATIONS

“To be successful you must understand the niche segment you want to target. The Sabre travel marketplace intelligence can help you serve up relevant travel products to your chosen audience.”

MADHAVAN KASTURI
Sabre Director
Online Technologies

Agencies that decide to expand online can reach new markets and leverage the brand value of their brick and mortar stores. Providing both a physical and online presence can be a powerful advantage in providing a seamless customer experience and building trust.

THEN THE QUESTION IS: HOW?

The fundamentals of ecommerce are similar to business in the offline world. A successful offline business needs entrepreneurial ideas, strong leadership, marketing strategy and creative campaigns, all of which drive consumer traffic and customer acquisition. A well-managed business progressively optimises cost of sales and operations and produces profit.

These same principles apply to ecommerce businesses, too. But what makes ecommerce more fun is the pace and speed of business change, together with access to real-time consumer and marketplace information. It is a lot to handle, and successfully navigating all the pieces requires the right set of tools and techniques.

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Online Technologies
7 STEPS TO BUILDING YOUR ONLINE PRESENCE

STEP 1: MARKETING STRATEGY

Making strategic choices is the first step in building online capabilities. Management will need to assess targeted audiences, what skillsets they will need to bring in-house, and which tech partner will position them for growth.

STEP 2: THE RIGHT TECHNOLOGY MIX

Agencies need to define and create a ‘tech stack’, the various digital tools needed to operate as an online travel agent. Thinking forward is critical, too. Investment is not a one-time commitment, and the flexibility of the systems and software will be paramount.

STEP 3: DEFINING THE EMPLOYEE SKILLSET

The modern agency will need to recruit beyond traditional sales and back-office functions; it will need to find the right balance between agents and employees with other skillsets necessary for online growth. You will need to consider:

• **In-house development talent.** It is desirable to have this team work on optimizing consumer-facing channels and ensure the back-end interface with suppliers runs smoothly. An in-house team will also be able to customise products and services, and build the specialized capabilities that deliver a competitive edge. However, it may take time to find and recruit developers; outsourcing may be required for a period.

• **Data and analytics teams.** It will be necessary to recruit people who have data and analytics skills. This team will need to understand how your website or other channels are being used.

• **Social media experts.** You will need to have someone who can converse with customers wherever they gather. They will work closely with content strategists who can optimise offers, tips and advice across channels, and ecommerce specialists who are familiar with mobile commerce and payment systems.

• **Senior team.** These skilled teams should be led by a senior team with deep knowledge of the travel industry so efforts are focused on what is important and relevant to the customer.
“Social media provides an unprecedented opportunity for travel agents to stay close to their consumers, throughout the travel experience. Never before have travel agents had such an opportunity to provide customer advocacy and thereby build loyalty.”

MADHAVAN KASTURI
Sabre Director
Online Technologies

STEP 4:
The Tech Requirements

Not so long ago businesses had to buy the software packages and servers in order to create an online operation. This is no longer the case, and all these elements can now be sourced on demand from a supplier who can also provide data analytics packages, customer relationship management tools, audience modelling, digital ad serving capabilities and much more. These services can now be stored via cloud computing so development is faster, more agile, cheaper and less complicated.

STEP 5:
A Checklist for Choosing a Tech Supplier

The perfect travel technology partner will be able to put you on the path to digitally transform your business right now. They will also be a reliable collaborator for the future. Agencies should be clear about what roles and responsibilities that will live in-house and the elements that will be outsourced. As you evaluate a potential travel technology partner, consider these points:

• Does the potential partner offer round-the-clock access to knowledgeable staff for product support when you need a one-to-one conversation?

• Can it offer insights on global customer travel patterns that you can use to identify and make the best recommendations to your customers?

• Does it have deep knowledge of other parts of the travel business beyond agencies, how they join up and how they are evolving; for instance, knowledge of the airline sector that could have wider applications?

• Is there a track record of innovation in the company in developing tools that improve efficiency and meet changing customer expectations?

• Is it flexible in the way it structures a partnership deal so that it works for your particular business?
In reality, there are factors that can blunt the ability to be competitive. These include an overly long supplier evaluation, particularly in regard to a developer. It is natural to be cautious but due diligence needs to be carried out quickly so work can start on a website or other properties.

It is better to have a project up and running within two months than take six months waiting for the perfect solution. The technology solutions are there to test, test and test some more without unnecessary risk-taking. Speed to market is vital in a world where customers expect access to what they want, when they want it, where they want it and how they want it.

Avoid the trap of thinking that just because you built a website, the job is done. You must also have a digital marketing strategy, an allocated budget and an understanding of your customers’ digital preferences.

The online world is always evolving. But as long as marketing and sales channels are accurately monitored via attribution analytics, then digital content and architecture can be repeatedly optimized.

It is also too easy to be distracted by the numerous online tools and services that are promoted. Focus your investment on the technology that will truly drive traffic and boost sales.

“Ask yourself if you are best-positioned to meet the needs of the segments you are targeting. Do you understand which channels they prefer, how they purchase, how they interact with your app or website?”

SEAN ARENA
Sabre Executive Director of New Business Ventures
STEP 7: CREATE A GREAT USER EXPERIENCE

Creating a website or an app is just the first step toward delivering a great user experience. The ultimate aim is to make things as convenient as possible for customers, and to increase their confidence in your brand so that they progress smoothly along the path to conversion.

Fundamentals include ensuring your website is optimized to work on all devices, such as tablet and mobile. Potential customers need a seamless journey with your brand, and a responsive site helps with the experience. Another issue is the ability to authenticate their identity and login easily without having to input fields of data each time they change devices.

A typical scenario is: a consumer start researching on their mobile on their morning commute, then switch to their work desktop for more searches at lunchtime, then pull out a tablet in the evening. At each step, they want to save their search results and their preferences.

Additionally, a user-friendly and secure payment function is paramount. Potential customers often drop out at the check-out stage of the journey if the process is unclear or time consuming. Asking customers to fill out a mass of fields with personal data will place an extra barrier in the way of purchase. So keep it simple to keep customers engaged.

Finally, make sure your branding and brand promise are apparent, especially on your homepage. This will help differentiate your business and help better connect the off- and online customer experience.

For inspiring user experiences look at other business sectors. For example, banking apps from brands like Moven or BNP Paribas are becoming more sophisticated so that a customer’s ID can be saved on the mobile app, balances checked before login and payments made to a mobile number. Look at Amazon and its streamlined check-out process, its customer personalization and Amazon Prime delivery service. Combined, these elements offer an powerful customer experience.

The right technology partner should be able to help you implement your own ideas for innovations and proactively make suggestions.
5. WHAT ABOUT TOMORROW?

New tools, trends and technology are always arriving. Here are just some of the technology developments that will have a more immediate impact on the travel industry:

- **Wearables** are connected devices that are worn on the body. They include fitness trackers and smart watches, and the travel industry is already seeing applications. For example, Disney’s MagicBand allows guests to open their hotel room doors and make payments in-resort. Fashion bracelets can measure a wearer’s exposure to the sun and send alerts via an app when it is time to cover up.

- **Virtual Reality.** Fully immersive experiences via technology such as Oculus Rift or Samsung Gear are already being used by parts of the travel industry. For example, tourist boards and larger tour operators offer potential customers a more exciting glimpse of the potential holiday experience. As this technology drops in price, it will be more accessible to travel agents who will be able to deliver Virtual Reality both in their stores and online.

- **Machine Learning.** The more systems and processes can be automated, the more a business can benefit from operational efficiencies and focus on customer satisfaction. Basic automation is now extending into sales and marketing, and the consumer world. Witness the use of personal assistants such as Siri (Apple), Cortana (Microsoft) and M (Facebook). Real value will be added when machines can learn from behaviors and anticipate the user’s needs. For example, a traveler might ask an automated assistant what the weather will be like before going on a trip. But a learning-enabled assistant will provide the right information before the question is asked. As machines become more intelligent, they will be able to make better suggestions to customer requests based on previous interactions.

- **The Internet of Things.** The data harvested from devices equipped with sensors that can measure, quantify and talk to each other will help companies understand how their products and services are really used, which will drive innovation. The travel industry will enjoy the benefits in relation to transport planning, hyper-personalized insurance packages and more.

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* http://www.wearable.com/wearable-tech/netatmo-june-review-1176
6. THE TOP 5 THINGS YOU NEED TO DO TODAY:

This paper highlighted some of the key trends, online advantages and thought processes needed to create a successful online presence. While some of the recommendations may take time to implement, there are five things that you should do today:

• Create your strategy to become an online business as soon as possible.
• Decide what capabilities you want to buy in and what you would like to outsource.
• Develop a framework for supplier evaluation that will help you make decisions quickly.
• Define the niche travel specialism you can make your own.
• Craft a stellar user experience to drive sales.

The future for travel agents lies selling beyond travel. There are so many services beyond airline tickets and hotel rooms that remain to be commercially exploited. Technology is a key driver to develop and offer personalized, convenient solutions for your customers. And this same technology will allow you to truly know your customer, even if they are half-a-world away.

Continue your journey to an online world, visit www.sabre.com/online.
Sabre is an innovative technology company that leads the travel industry by helping our customers succeed.