



PhoCusWright White Paper

Touch and Go: Travel Planning Across Channels

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 **PhoCusWright**
MARKET RESEARCH • INDUSTRY INTELLIGENCE

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We partner with companies at all levels of digital maturity and offer solutions in measurement and optimization. We work closely with approximately 2,000 global brands including Microsoft, KLM Royal Dutch Airlines, Kimberly-Clark, HSBC, Marks & Spencer, npower, BMW, Toyota, The Telegraph, Lastminute.com, Mindjet and many more.

About PhoCusWright

PhoCusWright is the travel industry research authority on how travelers, suppliers and intermediaries connect. Independent, rigorous and unbiased, PhoCusWright fosters smart strategic planning, tactical decision-making and organizational effectiveness.

PhoCusWright delivers qualitative and quantitative research on the evolving dynamics that influence travel, tourism and hospitality distribution. Our marketplace intelligence is the industry standard for segmentation, sizing, forecasting, trends, analysis and consumer travel planning behavior. Every day around the world, senior executives, marketers, strategists and research professionals from all segments of the industry value chain use PhoCusWright research for competitive advantage.

To complement its primary research in North and Latin America, Europe and Asia, PhoCusWright produces several high-profile conferences in the United States and Europe, and partners with conferences in Canada, China and Singapore. Industry leaders and company analysts bring this intelligence to life by debating issues, sharing ideas and defining the ever-evolving reality of travel commerce.

The company is headquartered in the United States with Asia Pacific operations based in India and local analysts on five continents.

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Introduction

For online travel marketers who were once content to build a great website and drive traffic to it, the game has changed. Nowadays, travelers routinely gather information and plan their trips across multiple channels, including supplier websites, social networks, online travel agencies (OTAs) and many more. With mobile quickly taking its place as a key channel for travel shopping, a significant share of consumers now use multiple devices in the process of researching, planning and purchasing travel. But it doesn't end with the booking. Travelers continue to engage in a range of post-booking activities, both during their trips (via alerts, notifications and recommendations) and when they return home (by sharing through social media, blogs and other channels). This challenges marketers to engage travelers before, during and after their trips.

Not only have things become more complicated for travel brands, the stakes are now higher than ever. With spending on travel advertising at an all-time high and a dramatic shift to online ad channels underway, the competition to attract and retain travel customers online has grown especially fierce. Only those travel companies that understand and leverage the nuances of how travelers engage with their brands – across all channels and platforms – will succeed in distinguishing themselves from the pack.

Touch and Go

It wasn't too long ago that the average traveler relied on a single touchpoint when planning their trips: their trusted travel agent. Before the Internet came along and forever transformed the travel search/shop/buy process, many travelers placed their trust in and opened their wallets to travel agents, who handled everything from destination selection, to transportation and accommodations, activities and more. And while a certain segment of travelers continues to rely on the expertise of offline agents and the convenience of a single point of contact, a much larger group now takes a more active role in trip planning and purchasing. This new level of engagement typically involves accessing information online through a plethora of sources, brands and channels.

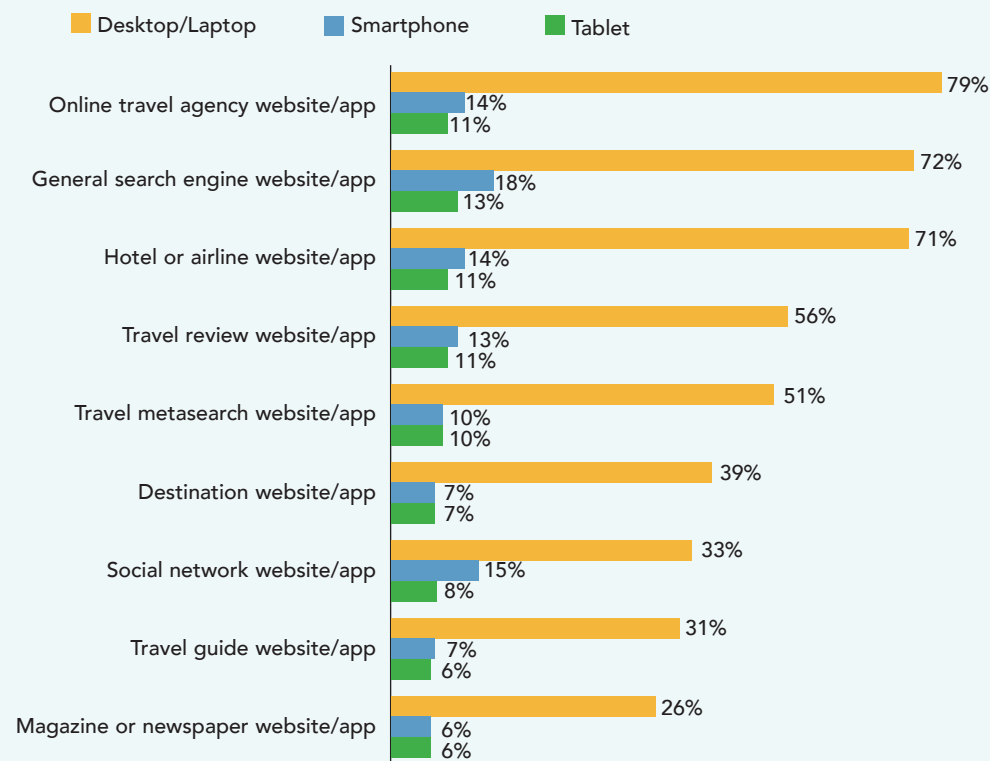
Shopping for travel online – via desktop, mobile device or both – has become the norm for leisure travel planning. And the number of touchpoints that online travel shoppers typically consult during the process is a far cry from the all-eggs-in-one-basket approach typified by working with a travel agent. On average, travelers who shop online access 6.5 touchpoints when planning their leisure trips.¹ And for certain traveler

¹ A touchpoint is defined as engagement with any of the nine travel website/app categories via any of the three devices detailed in Figure 1.

segments, the number is even higher: Younger travelers (7.9 touchpoints), frequent travelers (8.1), and early tech adopters (8.5) consume more digital content, on average, during their travel planning.² Clearly, today's travelers are tapping into more sources of information than ever while researching, planning and purchasing their trips.

But it's not just the number of touchpoints that have expanded; the types of sites that travelers connect with has multiplied as well, enabling them to consider their travel planning from all angles (price, value, experience, etc.). While travelers turn to OTAs, search engines and supplier websites most frequently, they consult a wide range of other sites, via both desktop and mobile devices (see Figure 1). From review and metasearch sites, to destination marketing sites, social networks and more, consumers utilize a wide assortment of sites to get a holistic picture of their trips. Consumers now make many stops along the way as their planning and actual travel progress, and travel companies must keep this in mind when considering how best to address their needs at each stage of the journey.

Figure 1: Touchpoints (Travel website types)



Where do you typically research airline or hotel options online when planning your leisure trips, and through which devices?

Select all that apply.

Base: U.S. Online Travel Shoppers N=1,485

Source: PhoCusWright's Consumer Travel Report Sixth Edition

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² U.S. Consumer Travel Report Sixth Edition, PhoCusWright (May 2014).

Mobile in the Mix

In addition to the wide variety of travel sites that consumers can now access, a rapidly maturing mobile travel ecosystem is expanding the available touchpoints. Driven by an explosion of mobile-optimized travel websites and apps, online travel planning has quickly become a multi-screen affair. More than four in 10 online travel shoppers have used a mobile device to research their airline or hotel options when planning their leisure trips; one in four have done so on a tablet, while about a third have used their smartphone (see Figure 2). Of course, despite the rapid ascendance of mobile, the desktop web remains a key channel for online travel planning. A critical challenge for travel marketers, therefore, is to gain a clear understanding of how their target audience utilizes these different channels, and in particular how they may move between desktop and mobile platforms as they research and shop for travel options.

Travel brands have come to recognize the necessity of having a strong presence on mobile platforms, and in some cases they have adopted a mobile-first strategy. In the early days of mobile travel, consumers turned to their smartphones and tablets largely for non-transactional activities such as viewing maps, researching destinations and reading traveler reviews. Now, however, a combination of factors – evolving consumer behavior, the emergence of location-based services and streamlined last-minute booking apps, in particular – has placed mobile travel booking front-and-center. In fact, a larger share of mobile travel shoppers booked a flight or hotel on mobile than those who researched their travel on mobile, but stopped short of booking (see Figure 3).

Of course, the mobile look-to-book ratio varies considerably from one group of travelers to the next. Among younger mobile travel shoppers (18-34 year olds), bookers easily outweigh those who look but don't book (see Figure 4). This group is likely tapping

Figure 2: Mobile Shoppers (as a % of total online shoppers)

■ Did not shop for travel via mobile ■ Shopped for travel via mobile device (smartphone or tablet)



Where do you typically research airline or hotel options online when planning your leisure trips, and through which devices? Select all that apply.

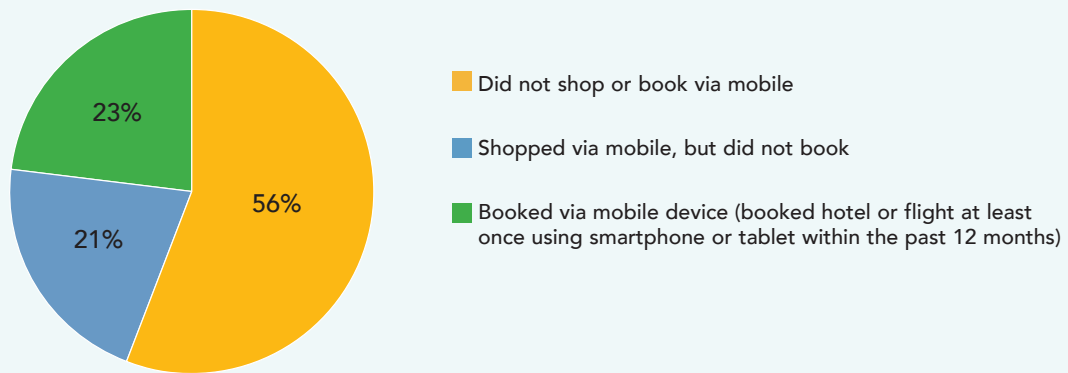
Base: U.S. Online Travel Shoppers N=1,485

Source: PhoCusWright's Consumer Travel Report Sixth Edition

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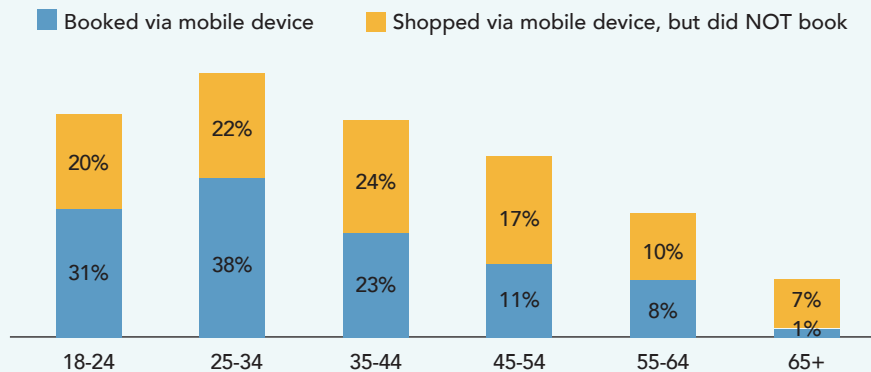
into a range of mobile content, and is highly comfortable making travel purchases via their smartphones and tablets. Older mobile shoppers, on the other hand, are more likely to use these devices to research their travel options, but tend to stop short of booking. For these consumers, the travel planning journey takes a turn, and may well continue on another channel, such as the desktop web. It is essential for travel brands to gain a more holistic understanding of the channels their customers use as they move through the shopping process, which may involve moving from mobile to desktop platforms, or vice versa.

Figure 3: Mobile Booking (as a % of total online shoppers)



Did you book/purchase a hotel room or flight online using a mobile device (i.e. smartphone or tablet) over the past 12 months?
 Base: U.S. Mobile Travel Shoppers N=1,485
 Source: PhoCusWright's Consumer Travel Report Sixth Edition
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Figure 4: Mobile Booking (as a % of all online travel shoppers) by age



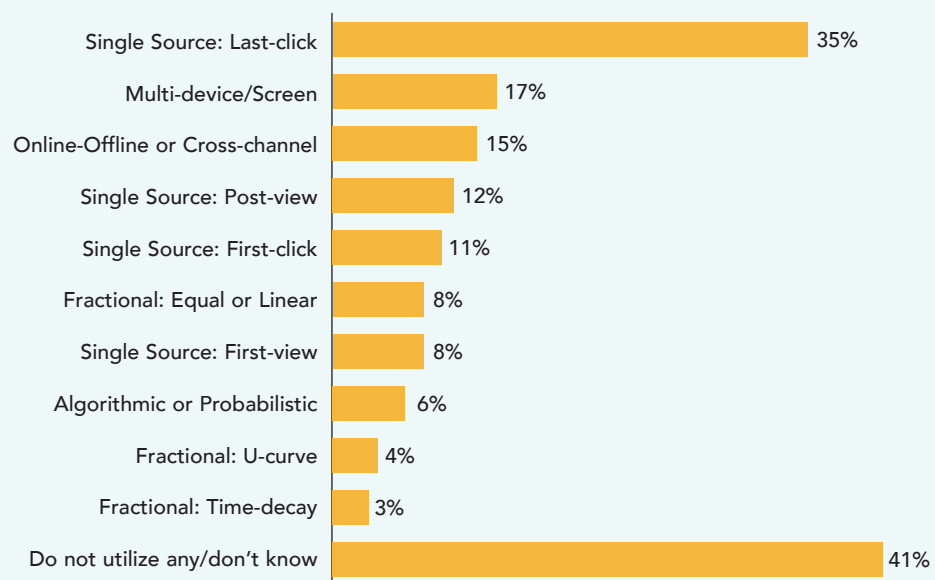
Did you book/purchase a hotel room or flight online using a mobile device (i.e. smartphone or tablet) over the past 12 months?
 Base: U.S. Mobile Travel Shoppers N=1,485
 Source: PhoCusWright's Consumer Travel Report Sixth Edition
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On the Right Track?

In the U.S., spending on travel advertising is projected to jump 21% between 2011 and 2015, from \$4.3 billion to \$5.2 billion. Over the same period, there will be a clear shift in spend from offline to online channels; while online channels accounted for just 48% of all travel ad spending in 2011, the online share will jump to 55% by 2015.³ As the amount spent on travel advertising continues to soar and more ad dollars are poured into online (and specifically mobile) channels, competition to target travelers intensifies, and maximizing ROI becomes increasingly critical.

To obtain a clearer picture of their customers' behavior across touchpoints and platforms, online marketers frequently turn to attribution modeling, which tracks the influence and relative effectiveness of each marketing channel. However, a survey conducted by PhoCusWright targeting travel advertisers suggests that a large percentage of them do not use attribution modeling at all, and among those that do, many do not use it in a way that delivers significant insight. More than four in 10 travel advertisers use no attribution model at all, and are therefore missing a key opportunity to track the effectiveness of their marketing spend (see Figure 5). Of those that do employ an attribution model, the Single Source/Last-Click model is by far the most common. This model assigns all the credit for a particular campaign to the customer's last click, ignoring any other touchpoints the traveler may have engaged with along the way, and which may have influenced the final purchase. Despite the fact that this model provides marketers with little or

Figure 5: Attribution Models Used



Question: Which of the following attribution models do you employ? Select all that apply.

Base: 217 respondents

Source: *The U.S. Travel Advertising Marketplace: Industry Sizing and Trends 2011-2015*

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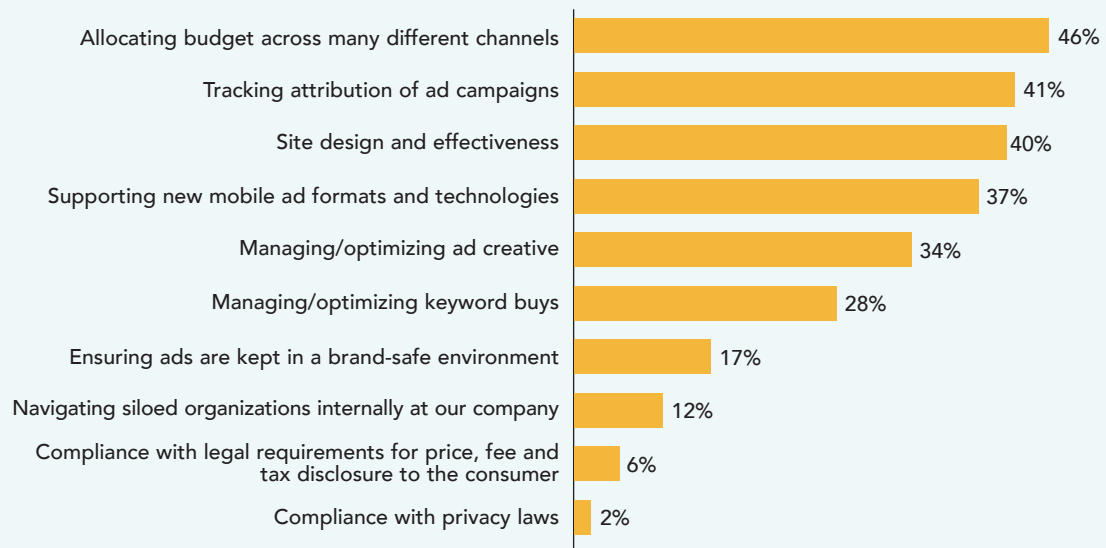
³ [The U.S. Travel Advertising Marketplace: Industry Sizing and Trends 2015](#), PhoCusWright (June 2014).

no insight into the customer's unique journey and how it resulted in a purchase, it remains the most common method used by travel advertisers.

Unfortunately, relatively few travel advertisers employ the types of attribution models that can provide greater visibility into their customers' journeys across devices and platforms. Just 17% use a Multi-Device or Multi-Screen model (which tracks touchpoints across multiple devices for a single user), and even fewer use an Online-Offline or Cross-Channel model (which measures the influence of both online and offline ad channels). While each of these more robust attribution models can help companies understand their customers' behavior and optimize their campaigns, the vast majority of travel marketers fail to take advantage of them.

Given the apparent lack of visibility that travel marketers have into the effectiveness of their ad campaigns, it is not surprising that they have difficulty deciding how to invest their online ad dollars. Forty-six percent of travel advertisers indicate that allocating their ad budget across many different channels is one of their most pressing challenges (see Figure 6). Similarly, for more than four in 10 travel marketers, tracking attribution of their ad campaigns is a top challenge. And 37% have difficulty supporting new mobile ad formats and technologies. Together, these challenges suggest that while many travel marketers are committed to engaging their customers and prospects across devices, channels and platforms, they still grapple with how all these touchpoints are performing and how to optimize them.

Figure 6: Challenges in Managing Online Travel Advertising



Question: What are your most pressing challenges when it comes to managing your online advertising? Please select up to three.

Base: 217 respondents

Source: *The U.S. Travel Advertising Marketplace: Industry Sizing and Trends 2011-2015*

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All About the Journey

Vying for the attention of online travelers in a crowded marketplace, and facing myriad challenges around understanding the effectiveness of their campaigns, some travel marketers find themselves at a clear competitive disadvantage. The good news, however, is that travel companies have an extraordinary opportunity to engage their customers as never before. By considering the entire journey – from planning and purchasing, through the trip itself and post-travel activities – travel marketers can effectively boost engagement and improve ROI. Do that with these three tips:

- **Recognize** that the customer's experience with your brand is unique, and typically involves moving between multiple channels and touchpoints. In order to effectively engage their customers, travel marketers must shrug off the notion that all customers are alike and want the same thing, and instead embrace the customer's unique journey and identity.
- **Learn** as much as you can about your customers, their key touchpoints and how they use them. Factors such as age, income, travel frequency, use of technology and a host of other attributes can all influence the specific touchpoints they encounter, and at which point in the travel planning process. A variety of tools and technologies – including powerful analytics – can help travel marketers understand, measure and connect visitors' behavior across channels and sessions. This knowledge not only enables travel companies to do more targeted marketing and deliver better value to their customers, it also improves booking rates and helps them evaluate and justify their marketing spend. To fully assess the effectiveness of their marketing programs, travel organizations can deploy a variety of solutions including digital measurement, online testing, remarketing and others.
- **Optimize** all of your digital marketing channels – website, mobile and social. Armed with a more holistic appreciation of the customer journey and a deeper understanding of their behavior and outcomes across all channels and platforms, travel businesses will be well positioned to deliver greater value and drive sales. Learning what works (and what doesn't) for which customers, is in part a function of testing the content and methods intended to persuade travelers to take action. This enables marketers to deliver the most relevant content and tailor the online experience to each unique visitor, according to the particular touchpoint they engage with at every stage of the game.