

The force of change in the travel experience

Driving growth through experience opportunities in the travel industry

$$[F = M \times A]$$

The FORCE of change in the travel experience

[Force] = the force of change in the travel industry and **how travel companies adapt to it**

[Mass] = the mass of **travelers' demands...**

[Acceleration] = the acceleration of **change in the industry...**

What changes are occurring that are affecting **travelers' experiences?**

$$[F = \underline{M} \times A]$$

People travel to:

[a.] find

[b.] achieve

[c.] fulfill

a PURPOSE = *FULL*

Travelers' demands are changing fast, which is creating immense opportunities for travel brands. These are fundamental shifts, the likes of which the travel industry has never seen. And they will influence the recovery of the industry as a whole. The last couple of years have rewired what travelers care about and how they act. In fact, half of consumers say that the pandemic caused them to rethink their personal purpose and re-evaluate what's important to them.¹ So, for travelers, purpose matters.

Our research into travelers' new demands reveals a massive white space for travel brands—an opportunity to differentiate themselves and follow new paths to accelerate and grow their business. The place to start? Understanding travelers' demands today.



Travelers' demands

The pandemic forced travelers—en masse—to shift their expectations completely and more rapidly than we've seen at any other time in history. It changed the playing field around travelers' behaviors and habits, and caused them to rethink their personal purpose and reevaluate what's important for them in their life. When it comes to travel, people care less about the way things were, and more about what they want from travel experiences now and into the future.

01

[M.] The travelers

Channel-*less*

Over-browsing
Direct choice

02

[M.] The travelers

Contact-*less*

Immersive experiences
Secure travel

03

[M.] The travelers

Time-*less*

Seasonality
Micro trips
Digital nomads

04

[M.] The travelers

Audience-*less*

Liquid
Excused movement

[F = M x A]

01

Channel-less

$$[F = \underline{M} \times A]$$

Over-browsing

Openness to new experiences and options

Travelers bounce back and forth over and again between dreaming, planning and comparing. Not only does this result in information overload, it's often exhausting and frustrating for people. And it takes away the inspirational part of thinking about travel. Instead, travelers would rather get all the information they need about destinations, accommodation and transportation from one easy-to-use site. This creates an opportunity for travel brands to get creative to inform and inspire travelers. By making discovery easier and more engaging, travel brands can stand out from competitors.

The good news is that people are open to discovering new experiences and options they wouldn't have considered otherwise. This is why connecting with them from the very beginning of their journey—and building trust early and quickly—is key to converting travelers' interests into reservations.

Direct choice

Maintaining trust builds travelers' brand preferences

When it comes to choosing a destination, travelers are demanding trustworthy information." This is why their ideal option is to bypass all of the over-browsing and go to one respected and comprehensive source of information first.

There is no doubt that metasearch engines such as Skyscanner provide a lot of destination-focused content to guide travelers toward the best direct choice for them.

There is a clear imperative to build a strong direct channel that provides travelers with all of the destination, safety and insurance information they want, to build a trusted and reliable experience. In addition to creating good relationships with today's travelers, travel companies can also help ease any lingering anxieties they have about returning to travel.

After all, trust goes a long way for people.

[F = M x A]

02

Contact-less

$$[F = \underline{M} \times A]$$

Immersive experiences

An immersive world is on the horizon

With 36% of consumers interested in virtual travel experiences,ⁱⁱⁱ virtual reality tourism is finally about to take off—and it's poised to reshape everything related to travel content and virtual tourism. Travelers are discovering an immersive world in the metaverse that will allow them to enjoy any location in first person, without moving a finger.

Any aspect of the traveler experience—inspiration, booking and in-stay—can be associated with the metaverse. Some businesses are already making their move to this new world by opening shops and hotels within it. It's too early to know the exact potential of the metaverse for Travel. One thing is certain. It will have important implications for employee experiences. The battle for 3D avatars, trainings, meetings and more is just beginning.

Secure travel

Every business is now a wellness business

Travelers today have health and safety concerns that had never even crossed their minds before. Now, it has become a pressing value for them. So much so that having strong measures to tackle this has become a fundamental aspect that influences how people make travel decisions and what they think of their experiences during trips. Travelers are demanding that travel brands interact with them in new, contactless ways, and they are willing to pay more for brands that provide them these experiences.^{iv}

As people get back to travel, pandemic fatigue has made the well-known “bleisure travel” more relevant than ever. Adding a leisure component to business trips is key for a better work-life balance. In fact, studies have shown that travelers' well-being relates to job satisfaction.^v It will be critical for travel companies to understand how to accommodate the health and safety concerns of this key traveler segment.



[F = M x A]

03

Time-less

$$[F = \underline{M} \times A]$$



Seasonality

Traveling offseason means more flexibility

Seasonality is nothing new to the travel industry. It has always been highly predictable, and travel brands have relied on historical data to prepare for peak periods. While seasonality is not going away post pandemic, patterns are likely to shift, making historical data less reliable. In pre-pandemic Europe, business trips accounted for 11% of all trips made, but this ranged from 18% in November to 5% in each of the main holiday months, July and August.^{vi} As business travel has declined, seasonality is more important than ever for revenue generation.

Travel brands will need to double down on their seasonality strategies to seize this revenue growth opportunity. At the same time, they will need to understand the new travel segments that have more flexibility in their itinerary. One example is travelers who take “work-cations,” which allow them to book flights at times of lower demand, saving them money and stress. To accommodate groups like this, travel brands will need to be more flexible across their value chain.

Micro trips

Micro trips are replacing the traditional week-long vacation

Micro trips are becoming increasingly popular,^{vii} as travelers want to experience more in shorter periods of time or take more regular breaks from work to refresh their mindsets and recharge their batteries. These micro trips are replacing the traditional week-long vacation by breaking travelers’ escapes into shorter time frames.

These shorter trips often involve traveling to local destinations that are faster and easier to get to and also secure. Because of this, micro trips are part of the sustainable travel trend. In fact, the pandemic has accelerated this trend—82% of people say they want to travel more responsibly in the future.^{viii}

Digital nomads

Work from anywhere and everywhere

The travel industry is also being impacted by the rise of “digital nomads,” with more than half of Americans taking or considering travel as a result of being remote workers.^{ix} These are people who—thanks to technology—can work from anywhere or everywhere as long as they have connectivity. Digital nomads have the freedom to explore the world while earning a living because they are not tied to just one physical location.

Not surprisingly, digital nomads have their own set of needs and expectations. For this reason, competition to capture new demand and brand preference from digital nomads will be intense. A sign of this? We’ve already seen new services and rates for people looking for a space outside of their home where they can work.

[F = M x A]

04

Audience-less

$$[F = \underline{M} \times A]$$



Liquid

Expectations and needs are now more unpredictable than ever

It used to be that there were business travelers or leisure travelers. Nowadays, travelers are becoming increasingly difficult to classify.

Their purpose and motivations blend and blur. Audiences are more liquid than ever, and therefore classic segmentation approaches and historical trade data are essentially outdated as a means of understanding who travelers are and what they want.

Travel brands now have to account for (and expect) unpredictability when they make decisions about travelers' characteristics, habits, spending power and expectations, and they should be more sustainable in the way their audience model is traced.

Excused movement

There needs to be a purpose to travel

The future of travel is not what it used to be. There are new patterns and mindsets limiting how (and if) people feel free to move. While many people can't wait to travel in the next twelve months,^x the limitations on travel over the past two years still make some travelers feel they need an "excuse" to travel. They feel they need a reason—like a trip to visit family or friends that they haven't seen in a while—to justify their trip.

This same kind of thinking is happening when it comes to business travel. Many business travelers are now rightly asking themselves whether they have an "excuse" to attend all meetings personally like they did in the past. Which trips are necessary, and which are not? With more teleworking and video conferences in the future, there will be a whole new market of business travel to book and manage.

$$[F = M \times A]$$

The Acceleration

What does this mean for travel brands?

$$[F = M \times \underline{A}]$$

It's vital that leaders know how to position their companies to capitalize on the emergence of new trends.

Travelers are quickly adopting new experiences and mindsets. Not just for now. But for going forward. In fact, travelers now have long-term needs and expectations that they never even knew they had. To help travel companies respond to them, we have identified critical accelerators to drive market differentiation.



[A.] Market acceleration

Creativity
to **inspire**



[A.] Market acceleration

O-Channel
distribution



[A.] Market acceleration

Tech-
empowered



[A.] Market acceleration

Data as
guidance



[A.] Market acceleration

Sustainability,
the North Star

$$[F = M \times \underline{A}]$$

Creativity to inspire

The opportunity to drive true differentiation

Travel brands have always struggled to capture the value of innovation and technology. Since the pandemic, they have recognized that it's time to rethink how to approach travelers and reimagine their experiences. In other words, it's not about picking up where we left off. It's about building up to where we want to be.

Travelers want to be informed yet inspired by travel brands. There is tremendous opportunity for creativity to transform those moments of huge information overload that are often not even relevant to travelers. **Creativity has never been so important in helping to justify the value of a product or service in Travel.** It's time for travel brands to invest in this incredible opportunity to reinvent themselves.

Travel brands should drive true differentiation with innovative and scalable communications and experiences that meet travelers' rising motivations and ignite business growth. The key? **Unleashing inspiration and creativity to engage travelers in exciting new ways.**



Key takeaways

Redesign your inspiration strategy

How can we help?

- Business design
- Brand experience innovation
- Integrated campaigns
- Performance marketing

$$[F = M \times \underline{A}]$$

O-Channel distribution

From channel-centric to demand-distribution-centric

Distribution is becoming more complex, especially this year with travel demand fluctuating so strongly, and a huge network of channels competing for a much smaller pool of potential travelers. But identifying the demand is only half the story. We also need to be ready to react to any event happening in our world and quickly adjust our expectations and strategies.

Travel brands have to know that **it's not only about capturing demand, but also about anticipating it and making the right decisions to capture it efficiently in the right channel.** This can be daunting. However, it creates an opportunity to transform the current distribution space by opening things up so that travel brands across segments can connect. This makes it possible to manage the demand with a multichannel vision, which can maximize returns by taking into account the demand and cost of each channel.

Adopting to new liquid demand is one of the key imperatives that travel brands need to follow in the distribution landscape. The good news? Better return on investment awaits those that do.



Key takeaways

Adopt a liquid, demand-centric distribution strategy

How can we help?

- Intelligent digital sales
- Intelligent revenue growth

$$[F = M \times \underline{A}]$$

Tech-empowered

Cloud enables innovation

Technology will play a crucial role as an enabler and accelerator of recovery in the travel industry. It will be an important and welcome tool for travelers, offering guidance and extra peace of mind for all their travel decisions. For travel brands, however, the stakes are much higher. **Creating the right technology foundation for recovery and new growth will mean accelerating a journey of incremental transformation. It's a journey with agility, innovation and resilience at the heart. All supported by the cloud.**

The reality is that travel brands need to grow cost-efficiently and with limited resources. Cloud is a means to this end. It's key for efficiency and agility, and it also enables data-driven and customer-centered innovation. Without the cloud, you're not going to be able to go into a sandbox environment quickly and get new products or offerings to market at speed, or test out new technologies. While it's true that Travel was one of the slowest industries to adopt cloud technology, that was then and this is now. In this new world, travel companies are acknowledging the degree to which their success rests in the cloud.



Key takeaways

Build a true end-to-end tech solution
for the entire ecosystem

How can we help?

- Cloud technology
- Intelligent operations

$$[F = M \times \underline{A}]$$

Data as guidance

Enrich, not intrude

Data is the key to unlocking the demand opportunity. It enables travel brands to understand specific local needs in each market, personalize the value proposition, increase efficiency and prioritize investments.

Travel brands need to use **data as guidance to deliver on travelers' trust and safety expectations**. To provide the level of personalization needed at scale, travel brands will need a mature data and analytics capability. This includes advanced customer segmentation and targeting. These capabilities will not only help brands understand travelers better, they can also be used to improve operational efficiency and prioritize marketing expenses across different markets.

In short, **the combination of the cloud and data expertise is foundational to the future of Travel. It makes it possible to experiment with new loyalty initiatives, digital marketing and booking flows**. Cloud and data power can also transform customer care and experiences, which have tripled in importance since the pandemic. When the data is on the cloud, travel brands have the agility and adaptiveness needed to capture new opportunities and fuel a data-driven reinvention of their business.



Key takeaways

Create a data as guidance layer to orchestrate the whole CX value chain

How can we help?

- Connectivity
- Intelligence
- Automation

$$[F = M \times \underline{A}]$$

Sustainability, the North Star

Built in, not bolted on

Sustainability is top-of-mind for today's travelers, and many are willing to pay extra for more sustainable options.^{xi} But this is not purely a consumer concern. As part of the recovery, travel brands have a once-in-a-generation opportunity to rebuild with sustainability at the core of their strategy and operations with a model that is green-, purpose- and value-driven. This is good for people, the planet and the business.

Travel brands must integrate sustainability as a strategic imperative, not an afterthought. This demands that they meaningfully redefine how they think about, create and measure value and sustainability impact. It's about driving new value and growth and threading sustainability through everything that they do.

To succeed, travel brands need to reinvent their business model, innovating, designing and building their own "Sustainability DNA." The majority of travelers are willing to pay more for experiences from companies with a track record of green operations. **In the end, sustainability will be the North Star to guide transformation and recovery agendas across Travel.**



Key takeaways

Design, build and communicate your sustainable platform

How can we help?

- Net zero carbon travel industry transitions
- Responsible supply chain: circular economy
- Green IT
- Sustainability measurement analytics
- Sustainability brand and customer experience

$$[F = M \times A]$$

The Force

What should you take from this?

$$[F = M \times A]$$

Travel companies have important choices ahead. It's one thing to be aware of how the acceleration of travelers' demands is pressuring the industry. It's another to see the opportunities in of all this change—and seize them.

We can help you. Let's begin with these takeaways.

01

[F.] Main takeaways

Redesign your **inspiration strategy**

02

[F.] Main takeaways

Adopt a **liquid, demand-centric** distribution strategy

03

[F.] Main takeaways

Use **data as a guidance** layer to orchestrate the whole CX value chain

04

[F.] Main takeaways

Design, build and communicate your **sustainable platform**

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