

Destination Experience: Driven by Data, Inspired by Travelers

Featuring insights from IHG Hotels & Resorts, Visit California,
Canada's AIR MILES Reward Program and Appnovation

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ANTON MORRISON, Vice President of User
Experience and Design, Appnovation

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SOURCE: APPNOVATION SURVEY

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ravel is making a comeback, but it is coming back differently.

For IHG Hotels & Resorts this means "being constantly data driven and constantly learning and experimenting", according to David Oppenheim, the group's Senior Vice President of Global Insights, Analytics and Data. Speaking at a recent Reuters Events Travel webinar, he explained that although data insights had been part of IHG's DNA before the pandemic, "many things that were taken for granted previously stopped being true".

In 2020, as the hardest hit of all industries faced up to grounded flights and shuttered hotels, 62 million jobs were lost and investment plummeted by 29.7%, there was a lot to learn. "We couldn't rely on our existing data, or on our existing findings from that data," said Oppenheim, who joined IHG from Alaska Airlines in 2020.

Amid an ongoing labor shortage and growing calls for safety and sustainability, the need for reliable information has never been more important. Visit California quickly recognized this fact, as fellow panelist Lynn Carpenter, Vice President of Marketing at Visit California, explained: "When the pandemic hit and budgets were squeezed, our budget for customer insight and data overall could not be touched because it was so key to recovery."

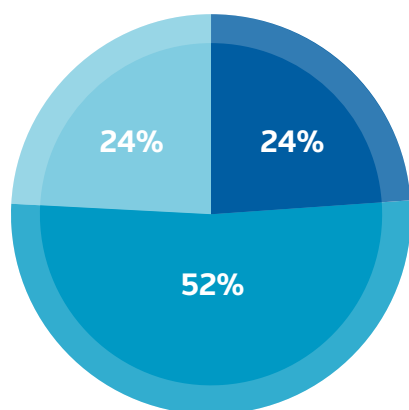
In closely monitoring consumer sentiment, a core lesson for the destination marketing organization (DMO) of the U.S.'s most-visited state, was that the definition of personalization was being "stretched" and "amplified". It was no longer enough to think about right time or right place, but rather how a customer might feel about getting on a plane or walking into a hotel lobby. This, Carpenter stressed, requires "a really different message", indeed a completely different level of personalization.

During the pandemic, global digital consultancy Appnovation uncovered important insights. For one, destination marketers had to shift focus from attracting international travelers to helping residents travel locally. New touchpoints and new travelers also required new understanding of consumers' thoughts and feelings. "With data, brands are much better equipped to understand these shifts, and use their marketing tools more effectively. In short, you can't innovate properly until you innovate on your internal processes," said Anton Morrison, Vice President of User Experience and Design, Appnovation. →



VISIT CALIFORNIA/CAROL HIGHSMITH

WHAT ARE THE BIGGEST OPPORTUNITIES FOR THE TRAVEL AND TOURISM INDUSTRY IN THE FUTURE?



Embracing new technologies

Leveraging data to create personalized digital experiences

Human-centered design methodologies

LEADING WITH A HUMAN-DESIGN APPROACH

Whether they are planning, booking or experiencing a vacation, today’s travelers are more cautious than ever. According to recent consumer research on traveler sentiment and expectations conducted by Appnovation, people are showing a desire to get back to travel, but within certain limits. For example, 41% cited a readiness to travel out of state or province, while only 19% were ready for international trips. At the same time, almost half of Americans (49%) are more likely to travel out of state or internationally (24%) than Canadians (32% and 14% respectively).

As a result, travel consumers are taking more time to research their plans and are using digital tools to do so. But the survey also found that just 19% of travelers viewed their experience of booking platforms as “excellent”, proving that there is room for improvement. The results of a snap webinar poll indicated that the industry is taking this onboard, with more than half stating that personalized digital experiences were the biggest opportunity for travel.

When asked what are the biggest opportunities for the travel and tourism industry in the future, more than half the audience was looking to improve on personalization.


- A. Embracing new technologies – 24%
- B. Leveraging data to create personalized digital experiences – 52%
- C. Human-centered design methodologies – 24%

As an advocate of human-centered methodologies, Appnovation’s Morrison was not surprised by the result. “Often personalization fails for companies when they have led with technology. In other words, they will try to implement a personalization platform without first defining the strategy – and where the data and content will come from to drive it. At Appnovation, we see technology as the hidden enabler of experience. We lead with the experience and the user in mind,” he said. That’s where human-centred design methodologies become essential.

The webinar’s fourth panelist, Rachel MacQueen, Senior Vice President, Marketing and Collector Experience at Canada’s AIR MILES Reward Program, agreed: “To me A and C are the ways you deliver personalized experiences, and that is the outcome we’re trying to achieve.”

WORKING AS ONE

In a crisis, says the World Trade Organization, “the most effective partnerships take a holistic approach and include relevant and influential voices from the public sector, the private sector, and the local community”. →



Maximizing the media stack in a landscape that was incredibly difficult to navigate was, and remains, near and dear to everybody's heart

LYNN CARPENTER, Vice President of Marketing at Visit California

Visit California is no stranger to crisis. Launched in the wake of the 1989 Loma Prieta earthquake, the DMO has always been at the forefront of helping the tourism industry to recover – from the 9/11 attacks to the 2007-2009 Great Recession and devastating wildfires.

However, as stakeholders from across Visit California's 20,000-strong ecosystem saw resources and access to research cut during the pandemic, recovery became a central theme and a "brilliant catalyst" for partnerships. Explaining further, Carpenter said: "Maximizing the media stack in a landscape that was incredibly difficult to navigate was, and remains, near and dear to everybody's heart."

Working with DMOs in major Californian cities such as Los Angeles, San Diego and San Francisco, as well as hotels, rental cars, retail, restaurants and more, Visit California transformed into an "almost single giant organism" that ensured businesses had information to make independent decisions. "We've always had a tight fabric, but we really tightened the weave of that fabric to make sure that we are working as a single entity," Carpenter said.

To the point that crisis creates opportunity and closer collaboration, MacQueen of AIR MILES argued that partnerships built on an exchange of value, and those that pull together a range of different data and insights, will be best placed to deliver results.

It is difficult, however, to work as one when your partners are also competing directly for your customer. In the hotel arena, well-capitalized travel intermediaries such as Google Travel, Airbnb, Expedia and Booking.com have all been working hard to be top of mind for consumers for return business. Booking.com's Genius program, for example, is offering a lifetime 10% discount to any user who books just two hotel stays through the platform within two years (admittedly, for select properties).

While acknowledging that intermediary platforms serve consumers well, and play a role in putting heads on beds, IHG's Oppenheim stressed that from both an economical and data perspective, the customer that books direct is always preferable. Unsurprisingly, IHG's top priority is to better understand customer intent and build direct relationships through memorable guest experiences and personalized rewards for loyalty. With 6,000 destinations globally, the group's reward program guarantees the lowest rates, the ability to redeem points for reward nights and other elite benefits. →

CASE STUDY:

HOW VISIT CALIFORNIA MOVED CLOSER TO CUSTOMERS

At Visit California, 92% of budget is directed towards marketing, with a strong focus on monitoring consumer intent. This was put to good use during the pandemic with the launch of personalization feature called Near Me, which had been on the DMO's to-do list for some time. Carpenter explained: "All of a sudden there was a sense of urgency around it because there was a very real mandate from consumers for reliable information."

Working in partnership with Appnovation, the DMO of the U.S.'s most-visited state took its website

from being an inspiration portal to one that quickly became a useful resource for travelers. "It may come as a surprise," Carpenter said, but in the past 12 to 18 months, the number one landing page on Visit California's website has been the aggregation of travel and safety policies of partners.

The lesson from this, according to Appnovation's Morrison, is that the role of the DMO is not just beyond its borders, but can also play a significant role closer to home. This became clear as local travel restrictions eased during the

pandemic, when people were looking for inspiration closer to home as well as relevant, up-to-the-minute information. By moving away from a linear organizational model to one that enables and establishes an interconnected ecosystem of online communities, Visit California was able to deliver value where it mattered most. Looking to the future, DMOs that adopt a vibrant, outward-looking, platform-based models will be those that build strong ties locally, regionally, nationally and even internationally.



VISIT CALIFORNIA/BONGO



Creating community and building connections really drives engagement

RACHEL MACQUEEN, Senior Vice President, Marketing and Collector Experience, AIR MILES Reward Program

LEVERAGING LOYALTY, UNDERSTANDING INTENT

As travel forms a large part of Canada AIR MILES' value proposition, it quickly had to pivot its messaging and ensure that thousands of its collectors who were traveling around the world could return safely to Canada. "It really was about information and empathy," MacQueen said. Before long, consumers were looking for different experiences to fill the travel gap and, as Canada locked down, the team came up with the Happy Everyday campaign. Featuring well-known athletes, artists and chefs, the campaign aimed to create "a moment of delight every single day" for its collectors.

With 11 million collector accounts, and more than 20,000 individual attributes, Canada's AIR MILES Reward Program has data and analytics at its core, said MacQueen .

Leveraging its permission-based dataset, a true asset in this age of data protection and privacy, a recent Canada AIR MILES campaign with a hotel partner used access to collectors' past activity, including media and shopping behavior, demographics and other attributes, with measurable results:

- 37% increase in daily searches
- 42% rise in revenues

From a behavioral and psychological standpoint, Appnovation's Morrison argues loyalty can be broken down into two parts:

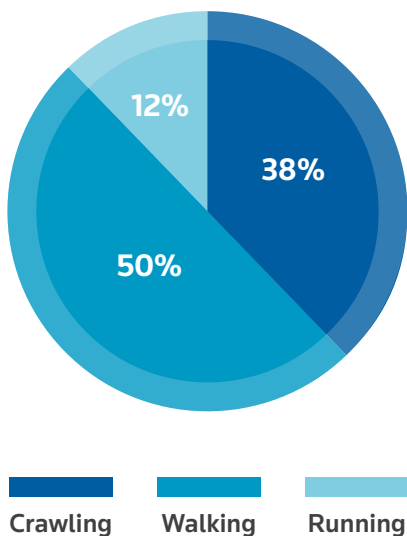
- 1** Rational loyalty: Can be achieved, for example, by companies that are able to deliver a cheaper product or a more convenient service – think Deliveroo, Uber Eats in the restaurant space, or tele-health and tele-education. Services like this have proved particularly successful during the pandemic, as people have spent more time online.
- 2** Emotional loyalty: This is the other side of the loyalty coin and is where travel sits. It is also harder to deliver, as it requires emotion and a brand's ability to evoke belonging, connection and the sense of being part of a community.

This is something that Canada AIR MILES, which is effectively a travel agency, can vouch for. While Happy Everyday is no longer running, new ideas like Music Mondays and Trivia Tuesdays emerged from it. The lesson, said MacQueen, was that "creating community and building connections really drives engagement". →

SEVEN STEPS TO A HUMAN-DESIGN LED APPROACH

- 1 Assess your customer base. Drill down and understand who has been buying your products and services in the last month or two. Research is vital to reimagining travel.
- 2 Know your geography and your generations. Appnovation’s recent survey, for example, shows that Americans are more comfortable crossing borders than Canadians. In markets where day trips and domestic travel are still top priorities, a destination website should deliver, especially to younger demographics.
- 3 Drill into data, track incremental progress. In an environment where data protection and privacy is top of mind, if users are willing to give you their data, the least you can do is deliver value. To understand what works, marketers should be asking: What data should we have? How do we measure this? What is actually the right metric?
- 4 Be empathetic. It is vital for marketers to strike a balance between the varying levels of readiness by understanding their traveler and personalizing the digital planning and booking experience accordingly.
- 5 Think deeply. What are the best ways to drive greater loyalty with each customer – through more discounts or easier conversions? Or could it be connecting them with other like-minded customers?
- 6 Experiment with an agile approach. Test the plan with a small group of people to understand what is working. A smaller iterative approach with a select group of customers is the way to go, and helps to build resilience.
- 7 Involve users in the process. Human-centered design has never been more important in a digital experience. Canvas your users on what they like and what seems confusing. Understand how they behave with certain features. Your employees are also users, so measure the mindset of your associates.

WHICH PHASE OF THE CRAWL, WALK, RUN JOURNEY ARE YOU AT, IN TERMS OF LEVERAGING DATA TO CREATE PERSONALIZED CUSTOMER EXPERIENCES?



LOOKING BACK, MOVING FORWARD – BUT AT WHAT PACE?

The second poll of the webinar asked the audience, “which phase of the crawl, walk, run journey are you at, in terms of leveraging data to create personalized customer experiences?”

Half of respondents said they were walking, 38% were crawling, and just 12% were confident enough to be running.

- A. Crawling 38%
- B. Walking 50%
- C. Running 12%

IHG is making solid incremental progress, and “getting really good at constantly going back and testing underlying assumptions”. However, Oppenheim stressed that the hotel chain is still in the crawling category when it comes to tying data insights to business value.

How travel comes back is anything but certain, but it will require a thoughtful and measured approach to personalization. According to Appnovation’s Morrison, drawing lessons from the past decade is a useful exercise and, in his view, very often the failure of personalization is down to a technology-first approach. Instead, brands should be using technology to enable the user experience by strategically plotting the data points and feeding in with relevant content, and, crucially, leading with the user.

Get that right and companies can move forward with greater resilience, pivot faster to reach new customers or work better with existing ones, “and be ready for the next thing that’s coming,” Morrison said. ●