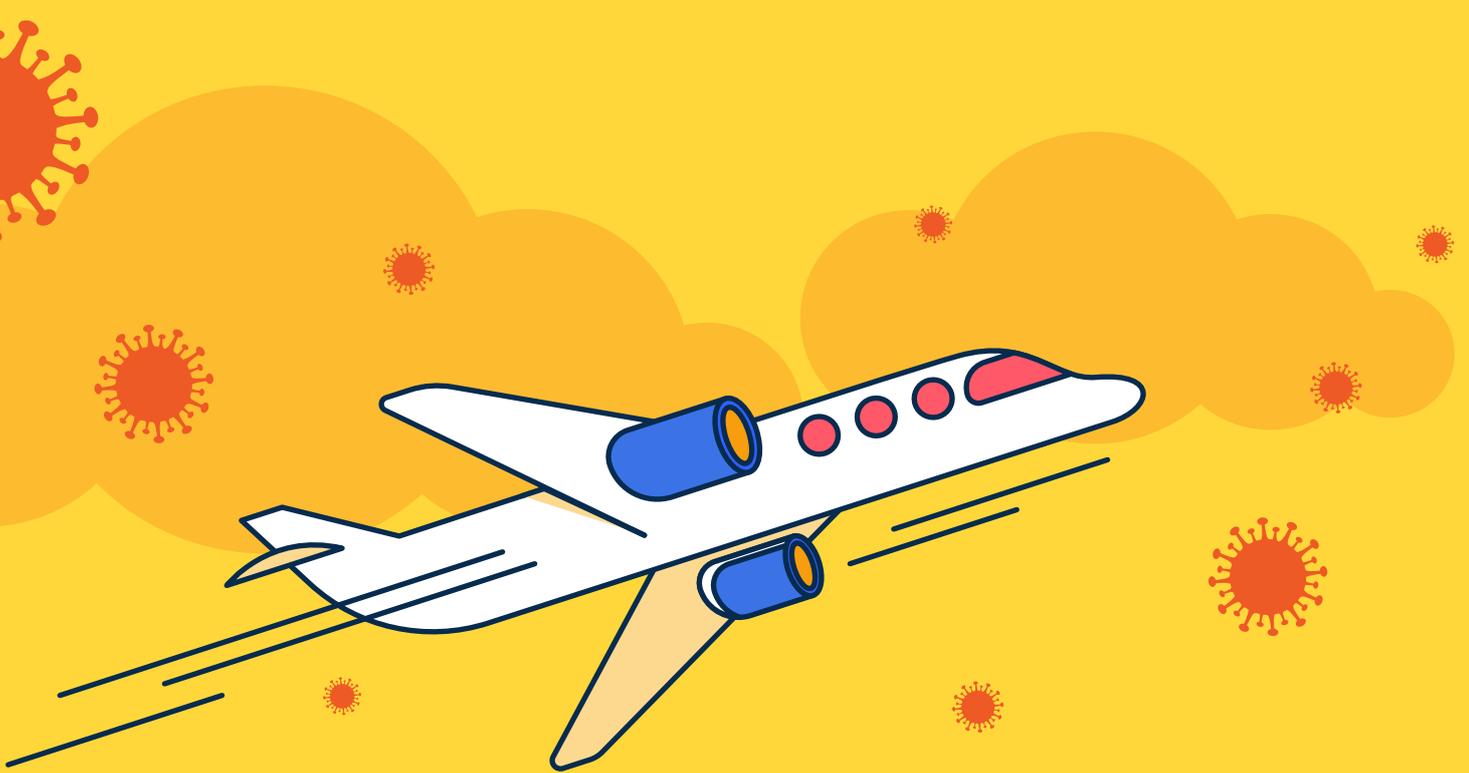




The Future of **Customer Experience** in Travel, Tourism, and Hospitality

By Tech Research Asia and Sponsored by Freshworks and AWS



The travel, tourism and hospitality industry is no stranger to turbulence and 2020 turned out to be one of the rougher trips organisations have taken. Indeed, it was the year of survival for most as the Covid 19 pandemic affected all corners of business. But as we emerge into another new era, thriving will very much depend on how well businesses can adapt to the new normal, meet customer expectations, and adopt technology that can help provide great customer experiences (CX). In this Tech Research Asia (TRA) report we outline:

- The current state of CX in the travel, tourism and hospitality industry based on the latest publicly available global data.
- A list of the top CX tech developments that will impact success and differentiation in the industry.
- Steps to take to thrive.



Current State of Customer Experience and Engagement



Saying the travel, tourism and hospitality industry is in flux would be an understatement. Significant shifts have already happened because of digital disruptors and online models have disintermediated sectors of the industry and fundamentally changed customer expectations and habits. Now, in the new post-pandemic era huge shifts are happening again. The following data points help paint the context for the industry in 2021:

The United Nations World Tourism Organisation research tells us:

- There was a loss of at least US\$910 billion in export revenues in 2020.
- Approximately 100 million jobs were lost in the industry.
- Up to a billion international tourists stayed at home last year.
- Hotel searches and bookings were down by 47% year on year.



The World Travel & Tourism Council’s (WTTC) research indicates that:

- The industry contributes 10.3% of global GDP and employs 1 in 10 jobs around the world. It has created 1 in 4 of all new jobs in the last five years.

In which countries was the total contribution (absolute terms) of Travel & Tourism to GDP greatest in 2019?		2019
CONSTANT US\$BN		
1	United States	1839.0
2	China	1584.9
3	Japan	359.4
4	Germany	346.6
5	Italy	259.7
6	United Kingdom	254.0
7	France	229.3
8	Spain	197.8
9	Mexico	195.7
10	India	194.3

In which countries was the total contribution (absolute terms) of Travel & Tourism to employment the greatest in 2019?		2019
CONSTANT US\$BN		
1	China	79,870
2	India	39,822
3	United States	16,827
4	Indonesia	12,569
5	Philippines	10,238
6	Thailand	8,055
7	Brazil	7,407
8	Mexico	7,233
9	Germany	5,669
10	Japan	5,360

- 58% of travellers globally indicate they will take a domestic trip but not go overseas. This is 63% in the US, 68% in Spain, 69% in France and 84% in China.
- 92% of consumers trust word-of-mouth recommendations about places to stay and eat or drink from family and friends.
- 69% of travellers cite cleanliness and health measures as a critical component of a travel brand’s crisis response.
- 66% of consumers are using less cash and moving to contactless payment solutions.
- 45% of air travel passengers would shed their paper passport for a digital version.
- 44% of travellers increased their time spent browsing social media in 2020.

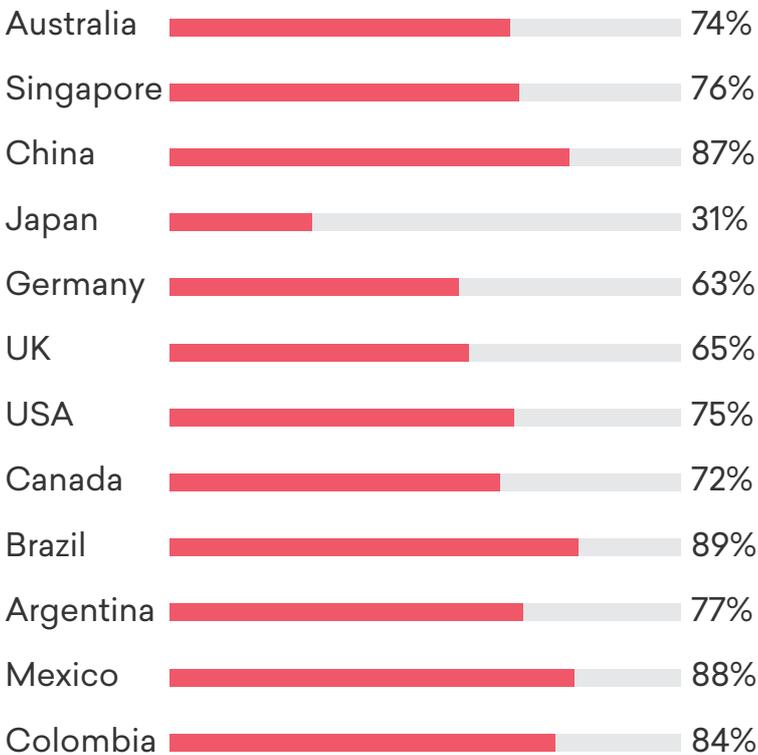


(Source: UNWTO World Tourism Barometer)

Bain & Company research suggests 77% of organisations have adopted customer relationship management and customer feedback management tools. These are the two most commonly used software solutions.

McKinsey & Company says that in economic downturns, organisations that focus on customer experience typically achieve 3X shareholder returns versus those that do not. It also notes that those countries and organisations which have pursued clear and transparent communications to customers during 2020 had fared better financially.

PWC research suggests that consumers will pay a price premium of up to 16% for things like coffee, a hotel stay, sports tickets, airline tickets, and dinner if the customer experience is “Great”. 17% of consumers will walk away from a brand after one bad experience. 73% indicate customer experience is the most important factor in purchasing decisions. This is how their research breaks down by region for this last data point:



58%

of travellers told the World Travel & Tourism Council that they would prefer to take a domestic trip and not travel overseas.

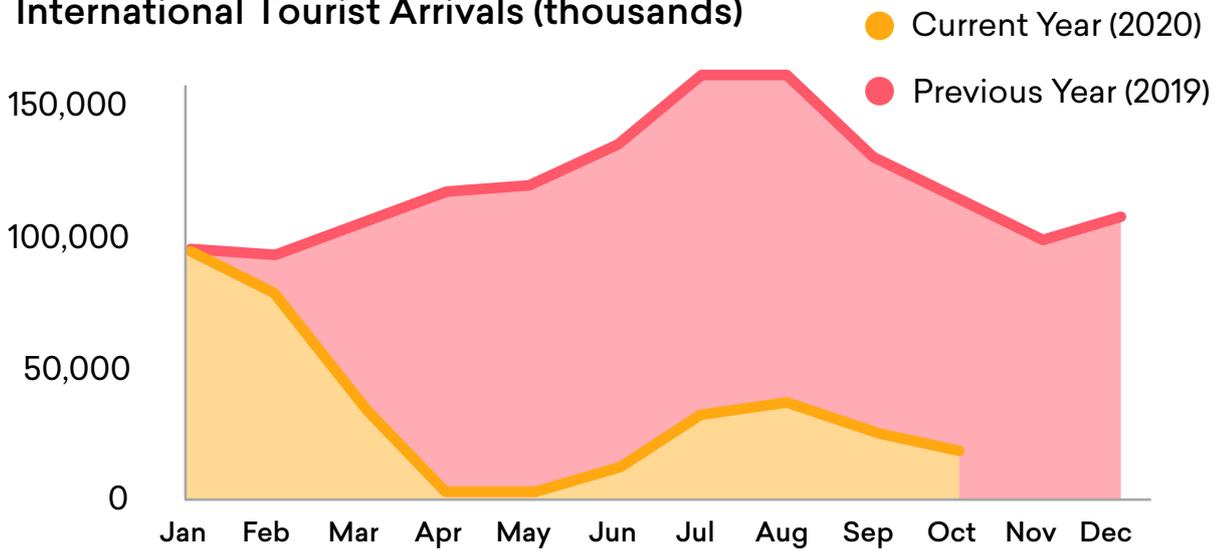
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The UNWTO says the Covid-19 pandemic has set the industry back 30 years

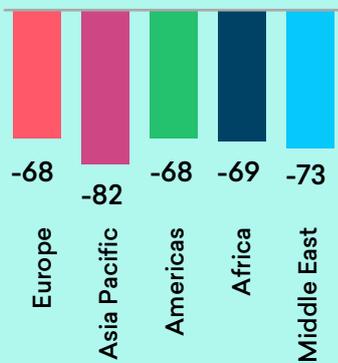
International Tourist Arrivals



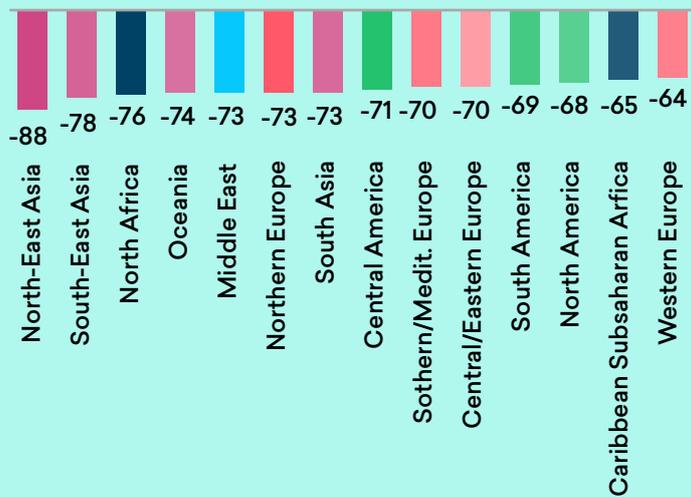
International Tourist Arrivals (thousands)



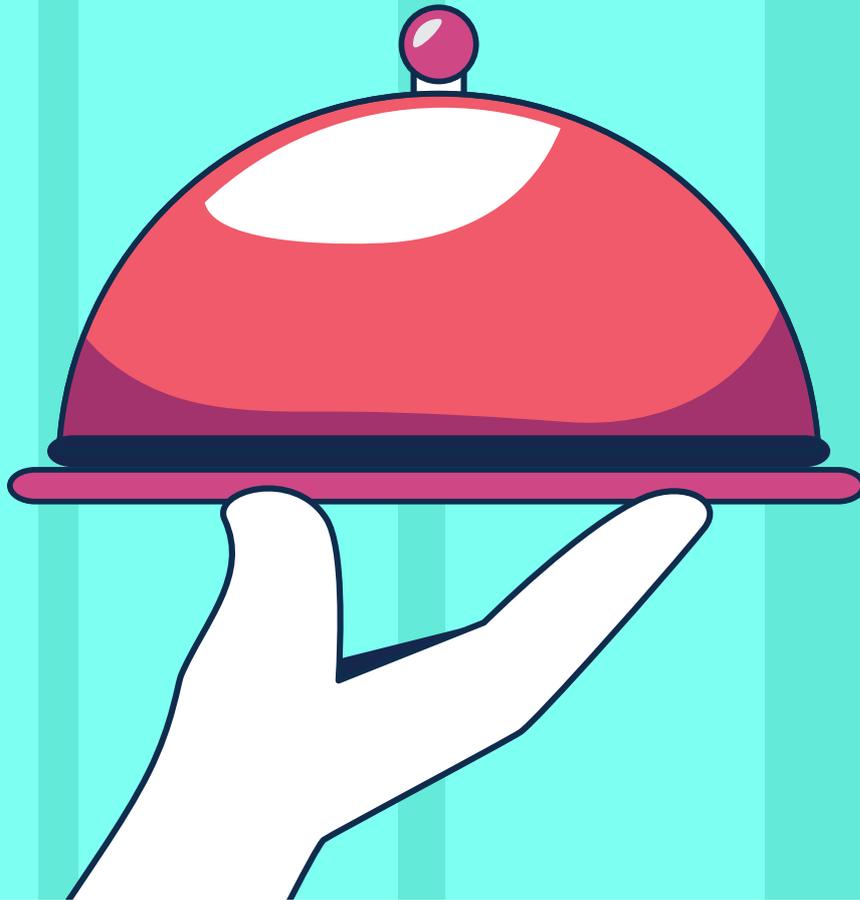
YTD change by region (%)



YTD change by subregion (%)



(Source: UNWTO World Tourism Barometer)



The Top 10 Travel, Tourism and Hospitality CX Tech Trends

Customer experience technology and services are facets that all industry leaders need to consider. The following list is TRA's view on the key CX tech trends today and in future.



The safe traveller – Post-pandemic measures and tech to keep people safe. For example, airport technology that provides passengers with details about when high touch surfaces have been cleaned via a cloud-based mobile app. Various states and countries have enabled mobile phone-based application tracking, information alerts and general information for travellers, to provide updates related to Covid-19. Others are using biometrics to help ensure the safety of identities and smooth processing of information.

Recommendation Engine with Privacy – Mapping out customer journeys and tracking their activities digitally across websites and apps; but doing so with their permission and complying with all relevant privacy legislation. This data is then used to recommend products and services automatically and effectively.

Driving loyalty with CX – Comprehensive loyalty programs that are integrated with every touch point that customers use, are more effective when they are embedded across your systems, processes, and people. For example, using social channels to engage and reward customers on chat, and then following up in the next channel (e.g., via email or an app). Efforts to drive loyalty require strong technology capabilities, particularly with regards to the customer relationship management (CRM) platform and how you capture, analyse and use customer data.



Freshworks Perspective:

“The key to driving loyalty is leveraging customer data effectively - the data that customers voluntarily share with you - and create experiences that stand out. From offers that are personalized based on their past history and preferences, to offering unified, contextual service across channels when they get in touch with you, great CX will help you keep customers for life more than any rewards/ discount program.”

The agile experience provider – cloud platforms to help industry players move quickly and innovate. For example, through combining artificial intelligence, analytics and powerful cloud platforms, businesses can create and access deep insights into customer behaviour, buying patterns, triggers, pricing sensitivity, etc. They can also develop and deploy campaigns and experiences for customers quickly. Using a public cloud service, companies have immediate access to platforms and functionality that can power their campaigns and scale as required (e.g., with new promotions or product launches).

Security – keeping systems and data safe. Quite understandably due to the sheer volume of data held, the travel, tourism, and hospitality industries are very attractive targets for cyber security attacks. And there have been a number of high-profile breaches resulting in vast amounts of customer data being stolen and made available via the dark web. There has been an increased focus on tightening regulatory requirements and strengthening security awareness and capabilities across all sectors. Investment in biometrics (for example, fingerprint recognition, facial recognition and retina scanning) and related ‘recognition’ technologies are being used to both prevent misuse of identity as well as guest services such as automated check-in/check-out.

Embrace modern support channels - voice and chat bot services. Voice controls and other touchless technologies such as gesture-driven, will be key areas of focus for customers in 2021. Combined with smart speakers/assistants that are AI driven, this channel allows for much deeper personalisation, quicker customer service (for example using a bot to schedule a wake-up call in your room) and easier travel management which allows users to manage trip information. Moreover, these features can be made available on messaging services like WhatsApp, and Apple Business Chat. Many tourism providers have rolled out chatbot services to provide information to customers, especially during out of office hours.



Freshworks Perspective:

“Smart bot solutions like the ones from Freshworks can contribute to your top line as well. From booking assistance to speeding up purchase and improving conversions, to suggesting relevant add-ons (e.g., sight-seeing packages, spa visits, etc.), well-deployed chatbots can help drive revenue. And that’s not all. As customer service teams continue to be burdened by high contact volumes, bots can be deployed to deflect commonly asked queries such as “Can I avail early check-in?” and “Can I change my booking preferences?”.”

Sustainable and ethical travel – using app experiences to understand the world, and importantly the impact that our choices in the travel, tourism, and hospitality industry have on it. Consumers can track their carbon footprint for example and providers can help them make these calculations or suggest alternatives to be more sustainable or ethical.

Virtual travel and experiences. Virtual (VR) and augmented reality (AR) technologies, especially where combined with 4G and 5G mobile network services, are being used to create innovative new approaches to traditional travel processes and experiences. VR is being used across a range of scenarios from virtual hotel tours and room information for bookings through to fully fledged ‘tours’ of the Maldives in 4K resolution. AR is providing more informative experiences such as enhanced insights during live, physical tours, real time restaurant bookings and through coupling with beacon technology, enabling businesses to provide location specific information or functions (such as using your mobile phone to unlock your hotel room door).

The always-connected traveller – Domestic or international, in a hotel, at a venue, or having a meal, customers are always connected. Managing customer experiences means doing it 24/7 on the platform of your customers’ choice and enabling self-service. Messages from multiple channels when routed

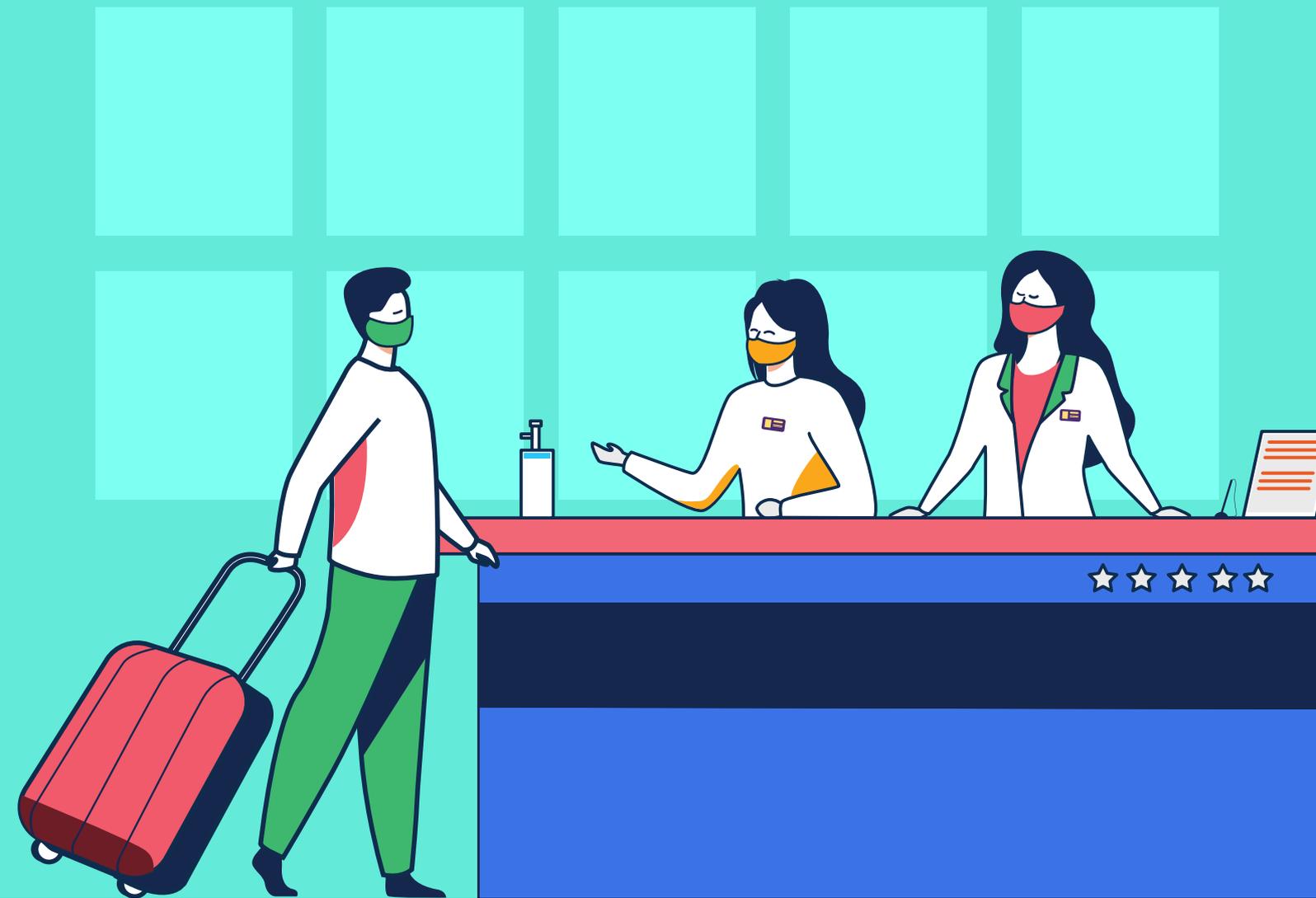
to a single agent-inbox, make it a lot easier for agents to stay on top of customer requests and updates.

The smart space experience – IoT enabled hotels and accommodation. The internet of things (IoT) simply means that devices can communicate, analyse, take action and interact with other internet-connected devices. For customers, this brings benefits in multiple ways. From a personal perspective, the customer can use IoT capability in their hotel room to control functions (such as climate control) and devices such as TVs all from a single control unit such as their phone. They may also be able to use a smart speaker or a smartwatch to do things like control lighting, or for access control (such as the room door, gym, or pool). It also brings additional ‘hidden’ operational benefits for the company as well through the use of IoT services for predictive maintenance alerts (such as a TV or fridge) or businesses using IoT sensors to track the ‘volume’ of customers at breakfast and adjust service levels accordingly.



“The travel and tourism industry essentially enables travellers to ‘connect’ not only to their destinations but also the experiences that come along. Technology has taken this ‘connection’ to a whole new level giving rise to the ‘connected traveller’. The connected traveller connects and interacts with peers and brands, anytime and from anywhere, and equips himself/herself with the information needed to decide their next journey. Over 85% of travellers are already doing this. Travel companies must leverage this opportunity to empower travellers to realize that brand experience, even before they actually travel. This will only happen when brands ‘listen’ to and understand their customers and use that data to invigorate and align their offerings to their preferences.”

Meldon Morais, Vice President, KonnectInsights



Steps to Take Now to Thrive

We offer the following guidelines for industry leaders to follow as they pursue improved CX in 2021 and beyond. This isn't an exhaustive list, but we trust it provides a starting point with which to evaluate your own approach:

Be Customer-first, always. Your customers' journeys are changing – literally and digitally. Aim to offer seamless new or improved experiences based on their needs that cater to the post-pandemic era. Ensure you have the right programs and processes in place for understanding the customer base and their expectations.

Be fast and mobile. Nobody likes to wait for information or content. Delivering it quickly on the platform of choice (likely to be mobile) is important.

Reward loyalty. The customer experience should reward loyalty and repeat business. We already know that it is often easier and more profitable to get additional business out of existing customers than it is to win new ones. This will not change but may be harder as more digital disintermediation happens. Loyalty should thus be central to strategy.

Be Personal. Personalised service is something we all appreciate regardless of where you are in the world. But it can only be done if you have your data and information management optimised. Can you capture data on the customer and use it for insights for the business and/or to deliver a personal touch by giving the customer accurate and timely information? Personalized experiences communicate to customers that you value them and their business – it can go a long way in winning customers for life. For example, providing unique and custom offers to customers based on personal details like their birthdays or anniversaries.

Treat privacy as paramount with security by design. Security will continue to be a challenge for all organisations and trust is key. Ensure that in all experiences your customer has with your brand, security and privacy are treated with utmost seriousness, but without limiting the journey. Your customers may freely give up personal information. But that doesn't mean they don't appreciate efforts to protect privacy. Ensure that customers are aware of the data they are sharing when they avail your services.



“People want to get excellent customer service even on the run, so make sure that your mobile app provides the same experience as your website or a personal assistant. Find out what are the most requested features to be used on apps, develop them first. Predict questions your customers may have and make sure they find answers fast. Your customers don't want to wait, so to streamline your support, monitor all the possible channels they may use to reach you — chat, email, app reviews, social media– and have an agent ready to help.”

Olga Padulosi, Head of Partner Marketing, Appfollow

Embrace all channels of engagement – even the analogue ones. Omni-channel delivery of customer experience is central to success. The customer will decide when and how they engage, or they will choose someone else. While we adopt new things quickly in this digital era, it doesn't mean we don't still appreciate traditional forms of customer service. Striking a balance between migrating customers to lower per transaction cost channels and traditional ones loved by customers will be important.

Allow for self-service. Enable your customers to choose how they engage and what type of information they receive, including contactless channels. It is, after all, the era of the customers' choice. Indeed, "contactless" functionality is critical as customers look for safe ways to engage in the post-pandemic era. Self-service contactless interactions will become the norm.

We all like robots and automation, but don't be robotic. All organisations should be looking at faster and more accurate engagement while removing human

intervention or manual speed humps. However, being too robotic and insensitive to cultural or social norms removes the character of your brand.

Integrate + optimise systems and processes. Make sure all of your systems of engagement and systems of record are connected. Fractured and fragmented systems must be modernized. Ensuring that there is a single source of up-to-date data is crucial to ensuring a seamless customer experience.

Adapt and customise. A salient question for all organisations is how well can customer experience systems adapt when new features emerge, new channels of communication become popular, or new trends emerge that capture customer attention? Adapting at the speed of digital evolution and offering customised experiences should be the aim.

Localise to be engaging and social. Ensure content and experiences are localised in language, context and purpose and on the platforms of your customers' choice.



“The travel and tourism ecosystem can leverage digital innovation via cloud communication to redefine experiences of their travellers to the next level. Embracing all the channels of engagement will ensure proactive interactions 24 x 7 with a quick resolution of queries. The impact of which will be an AI-enabled smart communication platform to manage, track and monitor functionalities of daily business operations. Knowlarity offers a host of solutions like Speech Analytics, Virtual Number solution, Call Centre & Dialler, Click-to-Call, IVR & more. These are in-built with deep analytics to measure campaign performance, voice quality and people intelligence to deliver explicit customer experience while empowering them.”

Sumit Puncchi, CMO, Knowlarity



“The competition for attracting travellers post COVID is going to be fierce, the online marketing landscape is going to be full of special offers, discounts, packages and what not. Your customers will have so many options to choose from that it will be hard for you to stand out. The best way to beat your customers’ choice paralysis and help them make a decision in such an oversaturated market will be by using interactive content to meet them halfway. This includes interactive experiences like Tour/Trek Recommenders, Travel Plan Chatbots, interactive Travel Budget Planning Calculators (which you can embed on your website), interactive Safety Check Assessments, and time-sensitive Contests and Giveaways. All of these can be built using no-code tools like Outgrow.”

Saksham Sharda, Chief Information Officer (CIO) at Outgrow.co



“The best customer experiences are created by communicating with customers and other stakeholders more effectively by scaling multilingual capabilities. This is more than just localization or translation alone. It’s engaging in native languages – while keeping important considerations like quality and cultural nuances in mind. Unfortunately, most organizations in these industries chose to rely on a siloed approach to language, including basic translation services and hiring native speakers, to talk to customers. A single language strategy is needed to span an entire organization and to diminish inefficiencies that technology can solve. Unbabel powers always-on, global expansion through this strategy called language operations, regardless of the location from which companies are operating.”

Edmund Ovington, VP of Partnerships & Alliances at Unbabel





Final Thoughts

COVID-19 has changed the way that people travel, permanently, making it nearly impossible for businesses to function as they did before. While the new normal prioritises processes and procedures that guarantee safe travel – customer experience is still a key differentiator for travellers when it comes to travel and hospitality experiences. Businesses need to actively invest in new technology and channels of communication to ensure that they are able to meet and provide seamless experiences for their customers.

Who is TRA?

TRA is a fast-growing IT analyst, research, and consulting firm with an experienced and diverse team in Australia, Singapore, Malaysia, and Japan. We advise executive technology buyers and suppliers across Asia Pacific. We are rigorous, fact-based, open, and transparent and we offer research, consulting, engagement, and advisory services. We also conduct our own independent research on the issues, trends, and strategies that are important to executives and other leaders that want to leverage the power of modern technology. Our team are highly experienced in each of their respective areas and we work with many of the world's leading technology suppliers.

www.techresearch.asia

About Freshworks

Freshworks provides innovative customer engagement software for businesses of all sizes, making it easy for teams to acquire, close, and keep their customers for life. Freshworks SaaS products provide a 360-degree view of the customer, are ready to go, easy to use and offer quick return on investment. Headquartered in San Mateo, California, Freshworks has 3,100+ dedicated team members serving our customers throughout the world.

For more information visit www.freshworks.com.