The death of vanilla travel:
Why personalised flavours is the future of all journeys.

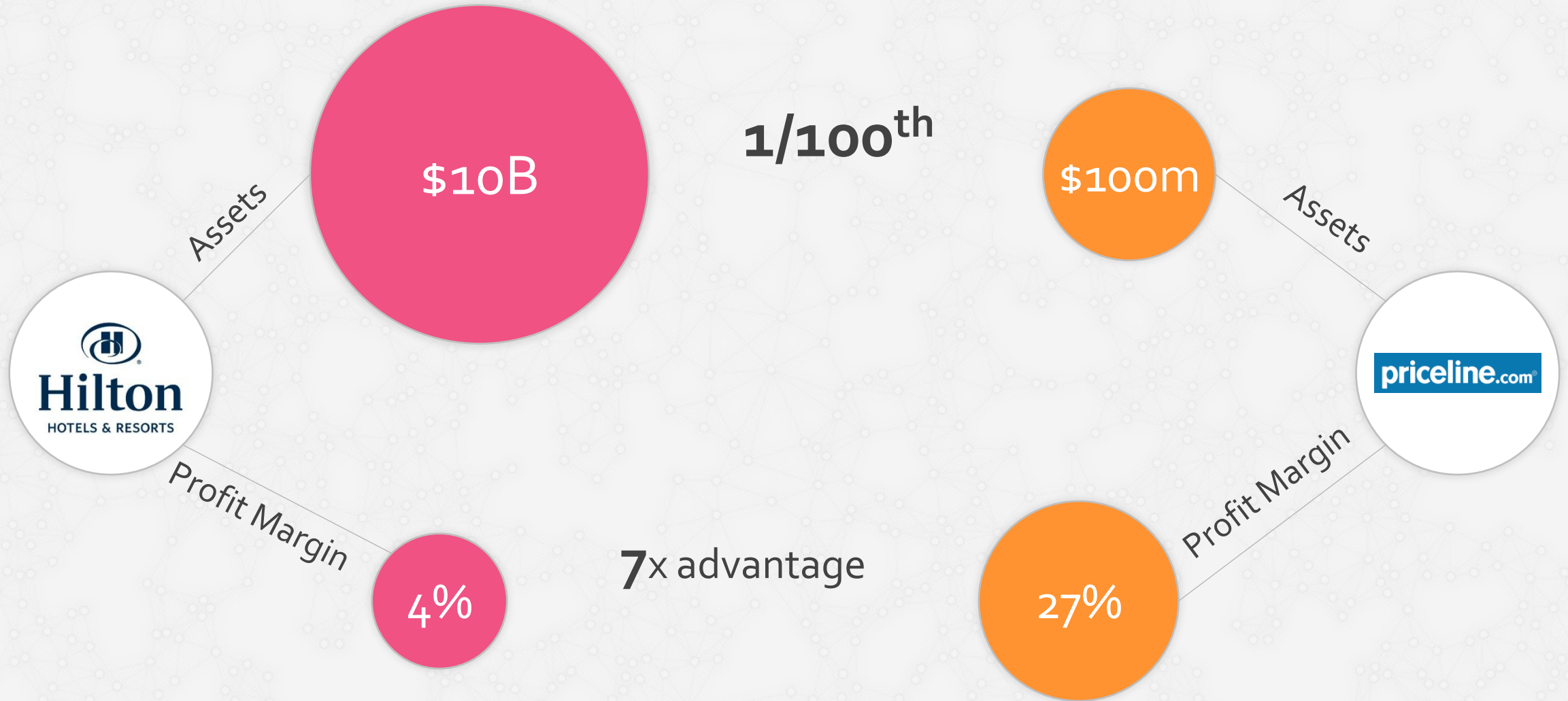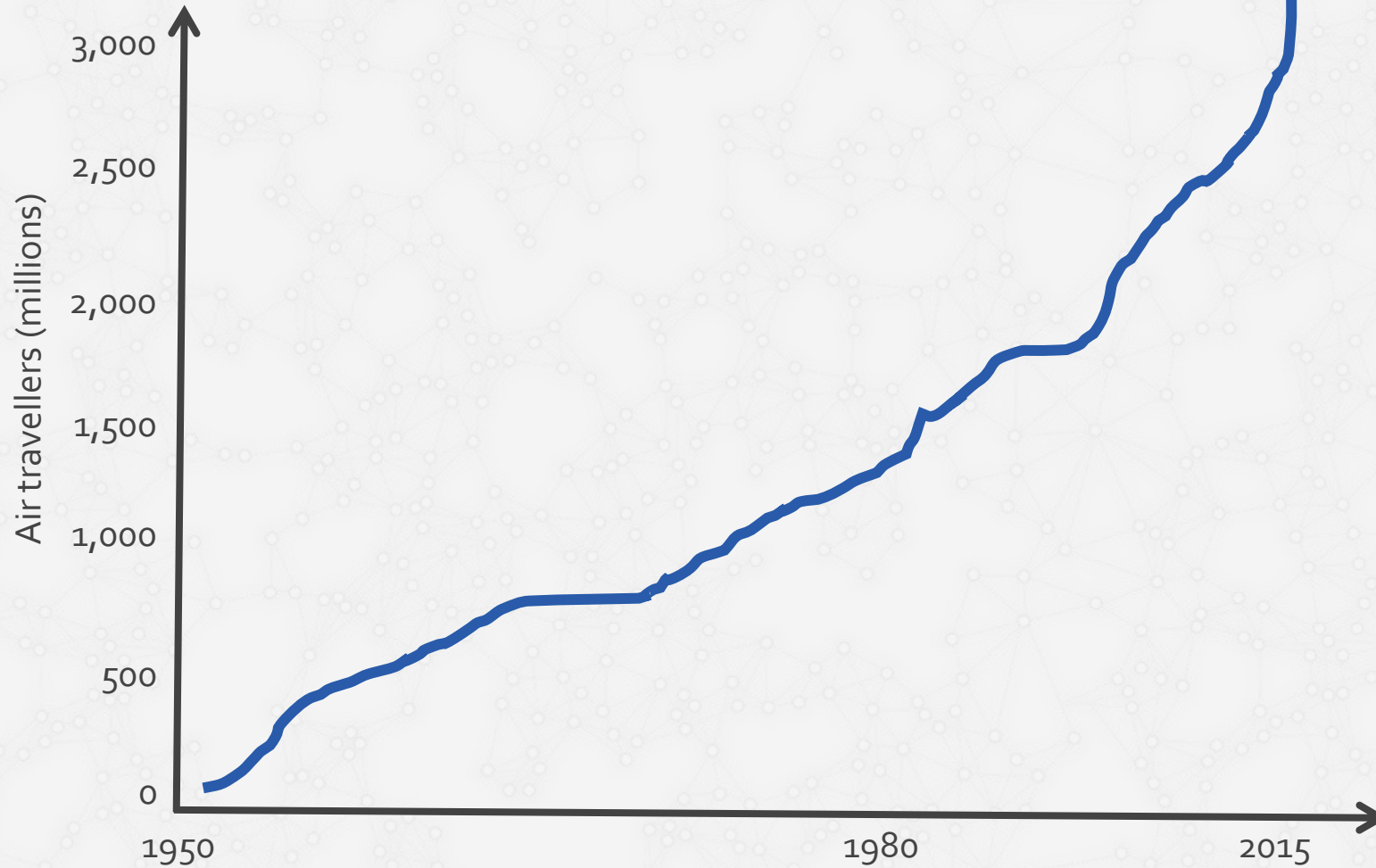Srikant Sastri

ITB Berlin 2015

3 Themes Today

1. The seeming 'death' of traditional travel & hospitality industry

2. Information & data as new currency

3. How can the empire strike back?

Announcing the death of the vanilla experience….

First, the shocking fact

$10B

1/100th

$100m

Assets

Hilton
HOTELS & RESORTS

priceline.com

Assets

Profit Margin

4%

7x advantage

Profit Margin

27%

Travel is exploding worldwide

1b The number of people who travelled out of their country last year
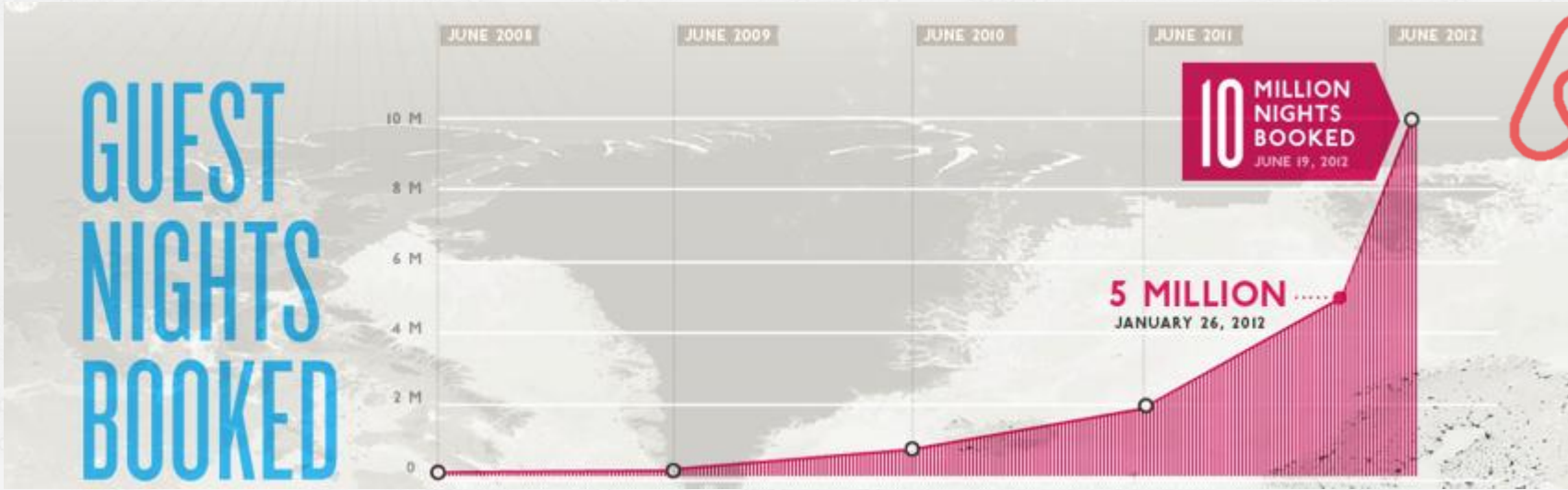
Source: IATA

As prices of air travel fall…

Cost per Mile 1980:

$0.33

⅓

Cost per Mile 2014:

$0.12

...and alternative supply of places to stay boom.

Rise of the boutique and eco-boutique segment growing 2X between 2011-2013

New segments of people are travelling, seeking new and varied experiences from their travels.

'Shopping Tourism'

'Food Tourists'

25% of BRIC tourists travel exclusively for shopping, with Chinese travellers devoting nearly **50%** of their budget to shopping

62% of Leisure travellers go to new places to try new food and take pictures of them

Source: China Business Insider, Skift.

New segments of people are travelling, seeking new and varied experiences from their travels.

'Adventure Tourists'

65% YoY growth of the adventure travel market from 2010 as 42% of travelers from western markets report adventure as their main activity.

'Techno Travellers'

67% of travellers value WiFi over a good night's rest, while considering booking.

Source: Adventure Trade Travel Assosociation, Skift, Dailymai

Traditional industry is still focused on physical assets…

Traditional industry is still focused on physical assets…

Most efficient layout for premium economy

Traditional industries are still focused on physical assets…

Marriott

Hilton

Starwood

Rooms have become a commodity across brands

...and are losing out to newer disruptive models, which appropriate value.

priceline.com $61.6B **>** **HILTON WORLDWIDE** $25B **starwood** Hotels and Resorts $14B **Marriott HOTELS & RESORTS** $22B

airbnb $13B **>** **WYNDHAM HOTELS AND RESORTS** $10.2B

Expedia Where you book matters. $11.1B **>** **IHG** InterContinental Hotels Group $9.5B

tripadvisor $10B **>** **ACCOR** $8.6B

crayon

Information and data is the new currency that drives the travel economy.

This is today's traveller (and consumer).

~3.6 mn Books

What book do I read next?

384,000 Movies

What do I watch tonight?

39,500 Retailers

Where do I shop in London?

11,893 Restaurants

I am a first-timer in NYC, and want a great meal

Planning to visit Japan, where should I stay?

18,143 Hotels

With information overload, each decision takes time, and causes misery…

Average consumer effort to make a hotel reservation

Minimum time spent

45 minutes

10.2 per day

Number of searches

6-12 sources

Number of reviews read

New-age companies have found the answer....guided choice.
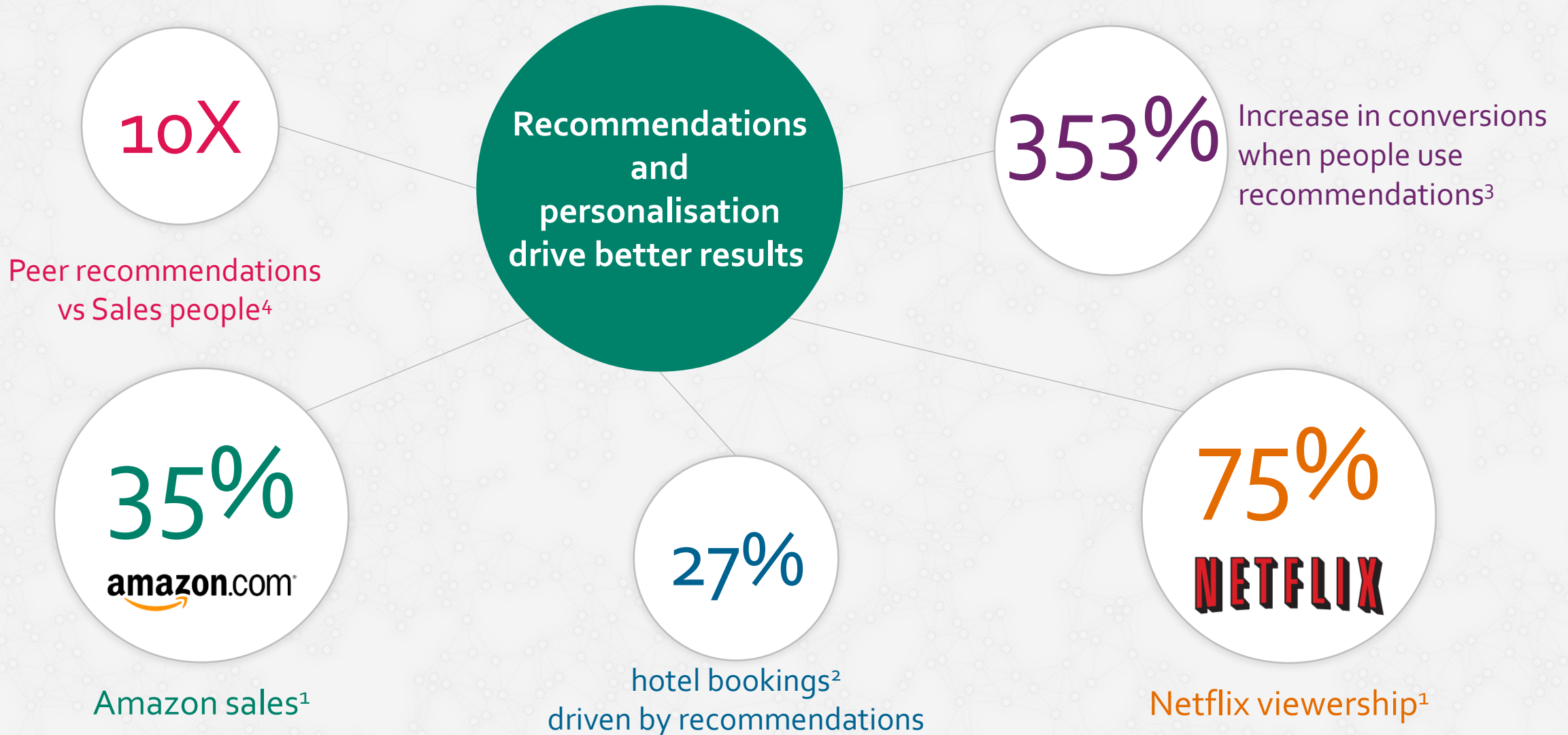
Recommendations and personalisation drive better results

10X

Peer recommendations vs Sales people[4]

353% Increase in conversions when people use recommendations[3]

35%

amazon.com

Amazon sales[1]

27%

hotel bookings[2] driven by recommendations

75%

NETFLIX

Netflix viewership[1]

But hotels, airlines & holiday destinations no longer know their travelers well enough.

Consumer

Destinations

Enterprises

Airlines

Restaurant

Hotel

12hrs

1 hr

11 hrs sleep, work, etc.

...half of time and ...digital footprint outside the enterprise
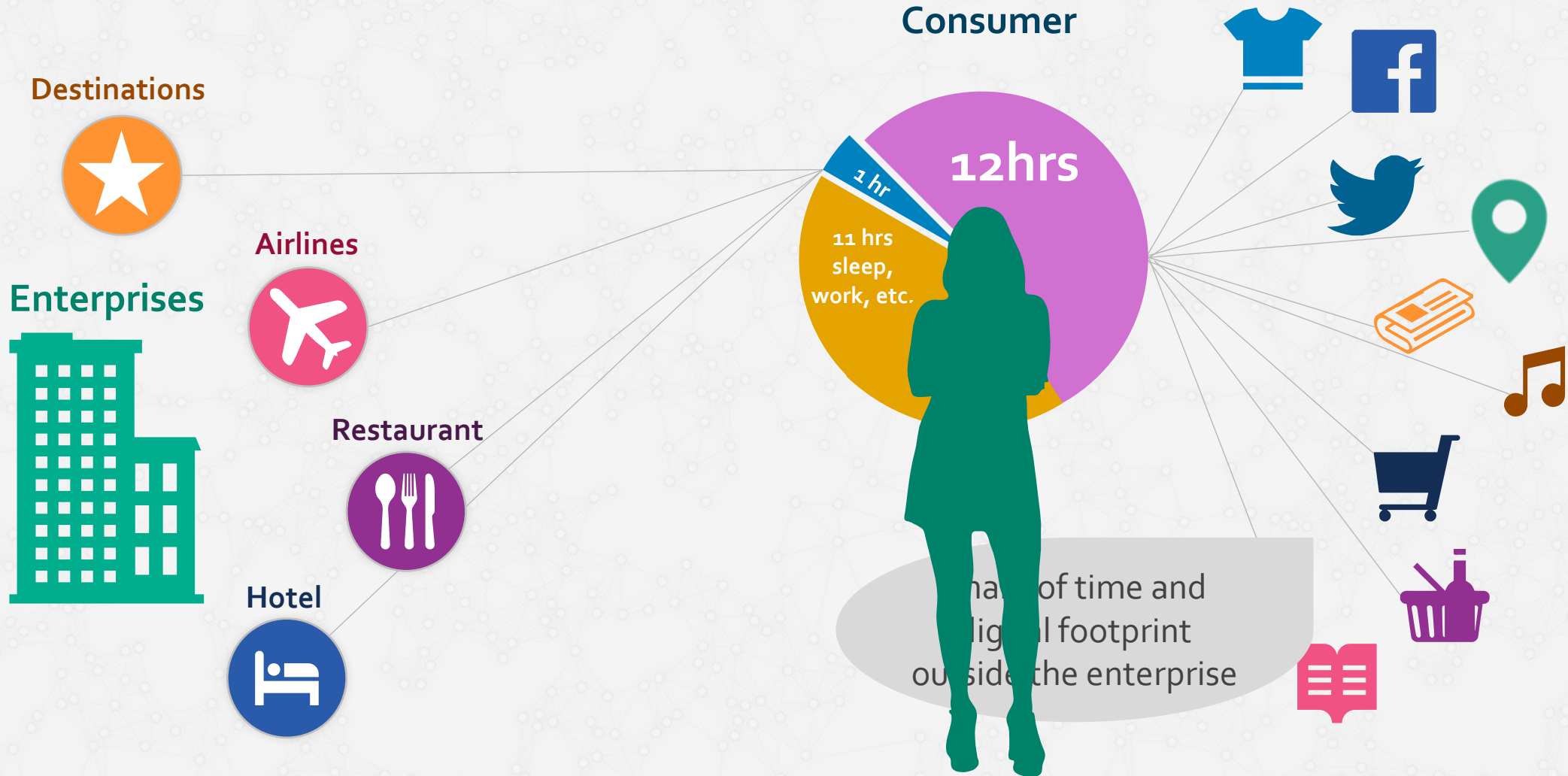
More data, less share of knowledge, reducing level of insights

In fact…….

82%

CMOs admit they are under-prepared for this data explosion, and the world of digital & social driven marketing[1]

ERP Systems

CRM Systems

0.8

0.2

15 years ago

5 years ago

Location and Presence data

Supply Chain Systems

Published Reports

Usage & Customer Transaction Data

2

Transport and Travel Information

Social Networking Data (e.g. Facebook, LinkedIn)

Weather Forecasts

Twitter Feeds

News

Billing Data

90

Maps

10

Historical Bookings

Usage & Behavioural data

Narrow focus of today's enterprise analytics

Today

● Enterprise data   ● 3rd Party, Public data

But… only you have the one missing ingredient that online companies do NOT have - *The actual past purchase behavior history.*

Airlines
Booking Data
Loyalty Program Data

Destinations
Retail & Attractions Sales
Accommodation Details
Events and Conference Data

Media and Entertainment
Content catalog- On Air and Online Inventory Data
Usage & Customer Transaction data
Customer Profile data

Hotels
Historical Bookings
Customer Data
Loyalty details

Social Networking Data (e.g. Facebook, LinkedIn)
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90

Billing Data
10
Historical Bookings
Usage & Behavioural data

Offline Behaviour

And, the empire strikes back....
... with ultra-personalized experiences, using 'Big Data' technologies

Transform traveller engagement by integrating four silos of customer data

Taste
From Crayon's Taste graph

Behaviour
From historical transaction & profile data

Influence
From Social Networks

Context
From public data, location-based data

crayon

Using algorithm design that are cognitive, to mirror the way humans make choices...

I love Japanese food

TASTE

CONTEXT

It's a 4-day weekend; need a short vacation

NYT review gave this place 4.5* rating, must give it a try

INFLUENCE

BEHAVIOUR

I've been to beaches thrice recently

f (Taste, Influence, Context, Behavior)
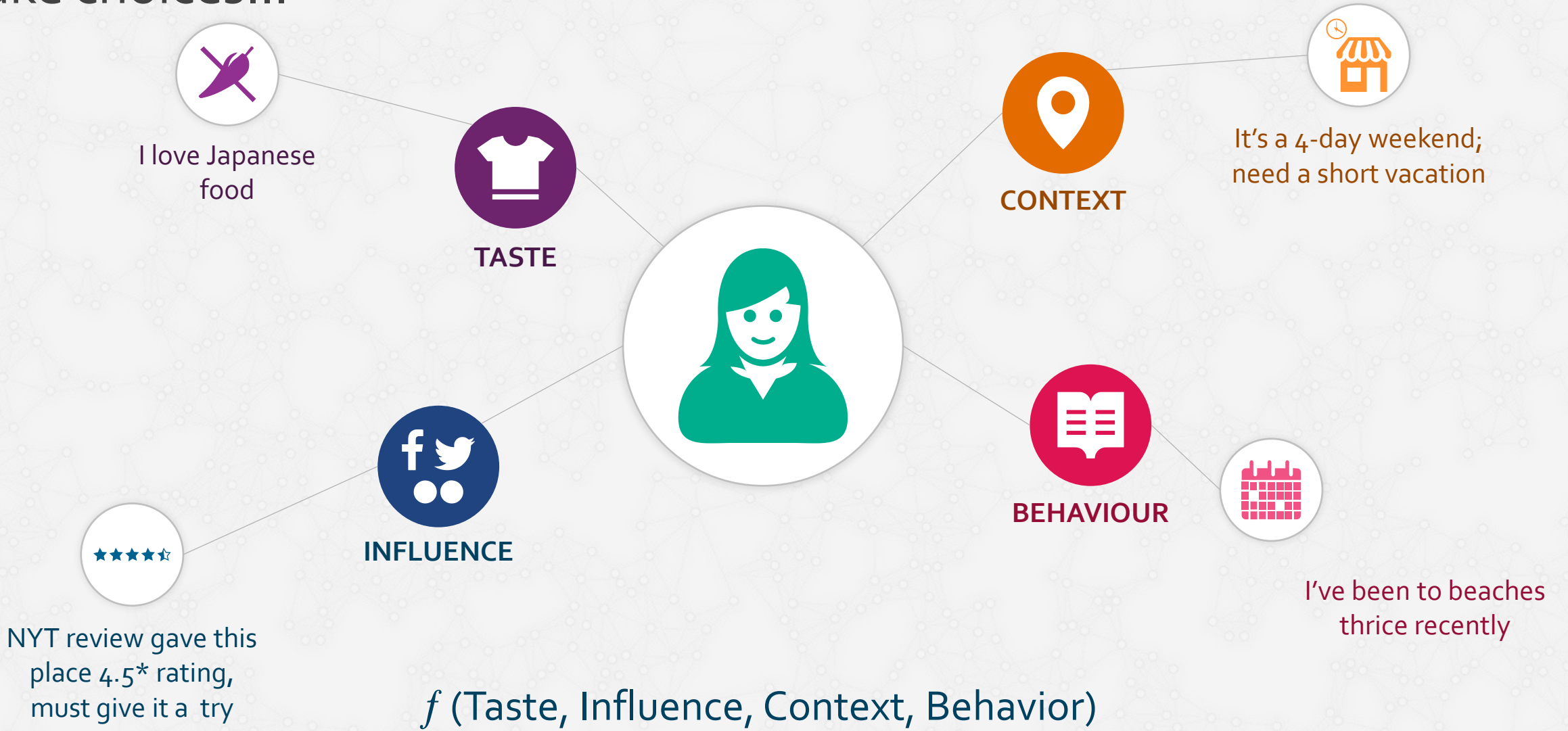
...and enable people to go beyond the mundane.

Guided choice will enable highly personalised travel journeys in the future.

Big Data techniques, allow you to analyze millions of data points to generate consumer affinities.

Cross Category Taste Graph

15 — **Lifestyle Categories**

3 — **Slices of consumer lifestyle**

1 Bn — **Tastes**

25 Bn — **Taste Connections**
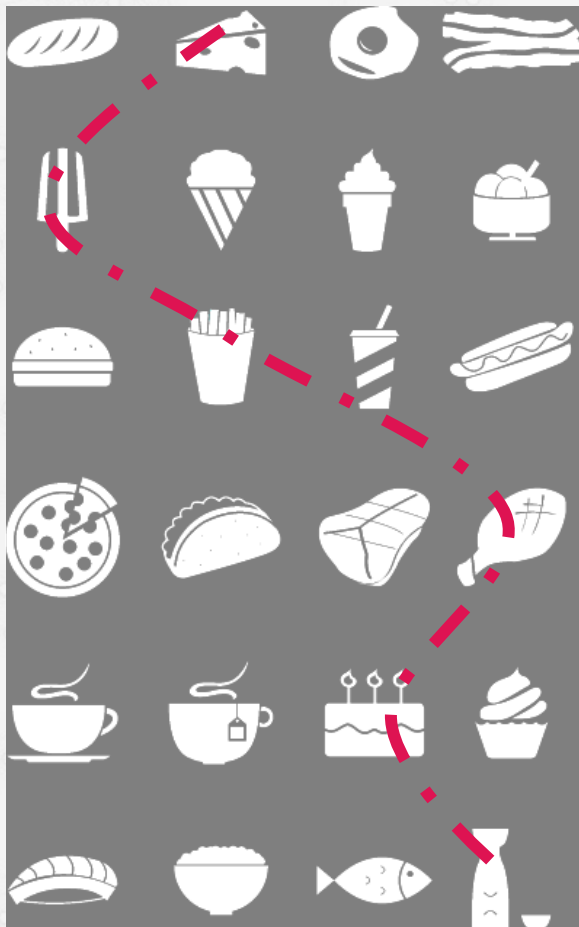
25 Mn — **Products**

To create the ability to use a few data points from one city, to project into likely tastes anywhere else in the world…
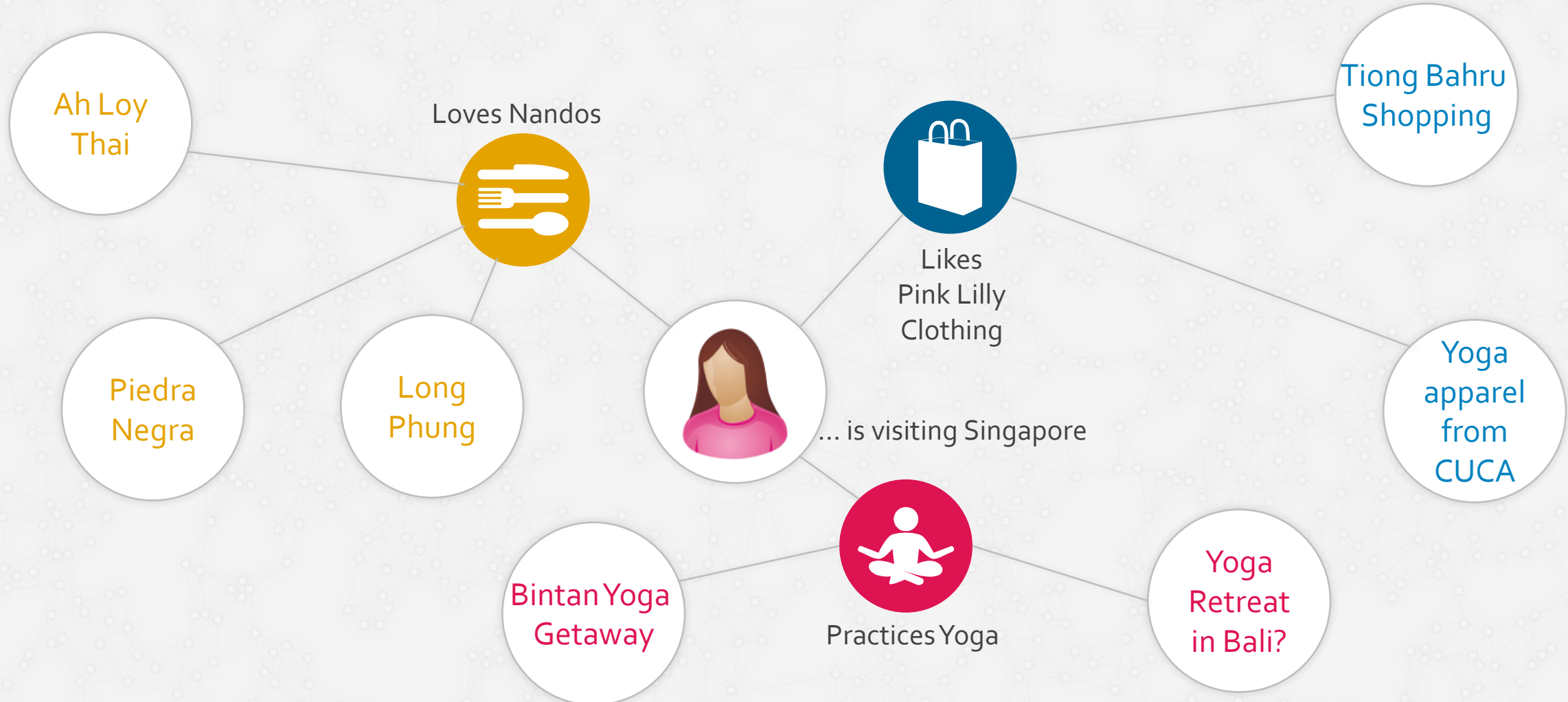
...for personalised food trails, exclusive shopping guides, and custom itineraries.
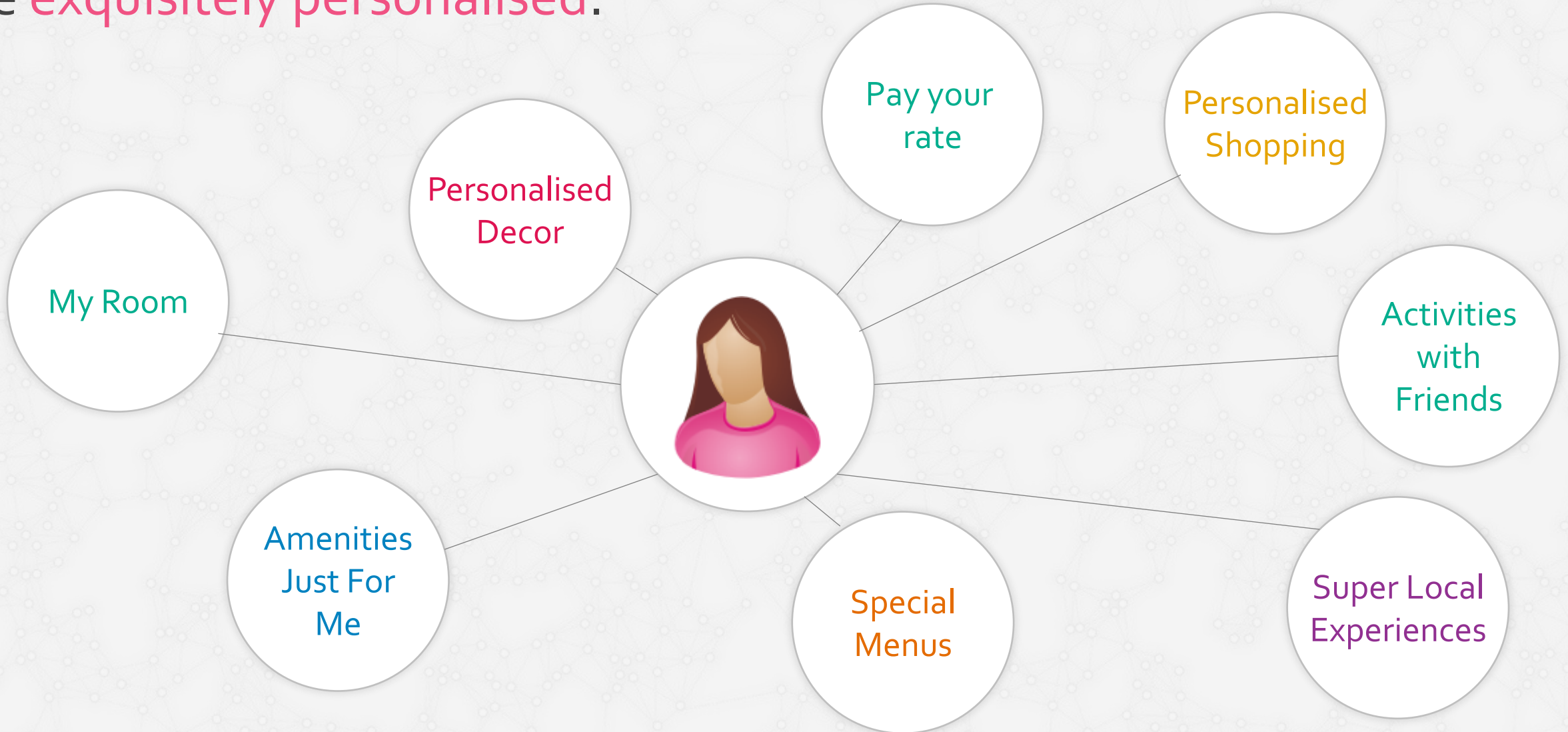
Personalised Food Trails	Exclusive Shopping Guide	Custom Itineraries

We see the world of travel as one where every journey by 2020 will be exquisitely personalised.

Case study: Mid-size hospitality firm in Europe

1.5X
increase in repeat visits

15%
shift from OTA to direct bookings

18%
higher frequency

A large tourism board is using similar techniques to drive better experience & share-of-wallet.

Thank You!

Shukran!

Danke!

Grazie!

Merci!

Xie Xie!

Gracias!