



# The Future of Travel

## Executive Summary

In the 1990s, Expedia turned the travel industry on its head by unlocking travel agent information and bringing it to the mass market. The question, as Expedia approaches its eighteenth birthday and Expedia Inc.'s business travel company, Egencia, turns eleven, how do we meet the needs of these future travellers?

How will the generations who grew up in this new travel world plan and book leisure and business travel, and more importantly—how will the two converge?

In a world of rapid technological innovation, businesses such as ours must anticipate and innovate with great velocity: staying one step ahead of our customers to cater not just for their needs today, but for tomorrow and the trips they will book in the future. Collaboration is critical, as our businesses connect travellers with our partners.

Communication across the industry and with our partners is key to understanding the future of travel, both the challenges and opportunities. We know it's important to take a holistic view of the behavioral patterns of our current customers, and those who may turn to us in the future. That's why we have commissioned Harris Interactive to examine the needs and preferences of our global travel audience to understand how Millennial generations differ from the previous ones.

We see the traveller of tomorrow operating in an ever-more fluid space, a world of blurred boundaries. They expect to move seamlessly from device-to-device; from online to offline and back again; from business to leisure and vice versa. Mobile is their personal assistant helping them to plan and book travel; change plans, especially in business travel; connect with friends and colleagues. Their office may be on the plane, at the airport or in a hotel room, and Wi-Fi is more important than extra legroom or upgrades.

We realize that keeping pace with Millennial generations demands significant focus on mobile in order to sustainably engage them with the right information. Their priority is to cut through the clutter, preferring brands and services, which save them time, and make life, and “life on the road”, easier.

Millennial generations have high expectations, but contribute heavily, creating content and sharing their experiences. The responsibility for business is to facilitate feedback in a structured format, and combine and interpret in conjunction with other data – making Big Data, smart data. Our commercial imperative is to work with customers to make sense of this data and to return their trust in sharing feedback and personal information with real value.

We see new a wave of travellers emerging from the markets like the BRIC countries—many of whom are seeing the iconic tourist sites for the first time. We must work together with our tourism partners to ensure that in our efforts to support the authenticity and experience seekers, we don't undervalue the allure that seeing the places in the flesh still holds. This is equally true for business, where travel is a core accelerator in driving emerging economic growth. How can we work with our partners to ensure that business travellers are effectively supported in becoming part of the new economy?

In the 1990s, we empowered our partners and our leisure audience to create their own travel packages, and over the last ten plus-years we have given business travellers better choice and access to familiar and user-centric travel solutions.

We remain committed to providing added value for our partners in the future by helping them to flex and adapt the way they market their services so they are just as relevant to a travellers from Mumbai as they are to those from Manchester to Miami.

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## From Service to Self-service

Millennials prefer autonomy and speed over process Flexibility is also important: a typical Egencia traveller modifies their itinerary 20 percent of the time. For Millennials, this figure rises with 24 percent admitting to doing so compared to only 13 percent of those 46-65. Facilitating travel through self-service applications, like surfacing last minute hotel deals or early hotel checking via mobile, are the way forward.

The ease of self-booking has meant that Millennials are often more inclined to book this way than to cede control by delegating it to someone else. “Millennials who have embraced self-booking for leisure expect the same easy, intuitive process for business travel”, says Kyle Davis of Egencia. They have high expectations of the service that technology should provide both for business and leisure and what we are increasingly seeing is that they are looking to mobile to provide that service on the move.

For travel businesses, facilitating the smooth transition from tablet, to desktop, to app or mobile web will be crucial to servicing this audience. They need to adapt their infrastructure to handle multi-platform and responsive design

As Expedia, Inc. CEO Dara Khosrowshahi comments, “Every piece of code that we develop has to work on the PC, it’s got to work on the tablet, it’s got to work on a smartphone... So it requires a different kind of design called responsive... It requires a significant amount of investment and a significant amount of design work.”

For independent or smaller travel businesses this can represent a significant technological and financial challenge. Intermediaries, like OTAs, can increasingly help them in this area.

## Millennials plan and book travel via smartphones more than any other group

### Planning and Booking Travel by Smartphone

Millennials

49%

Age 31-45

39%

Age 46-65

26%



Only **18%** of those under 30 have **not** used a smartphone for travel



45-65 year-olds: 45%

## Booking Business Travel

30 and Under

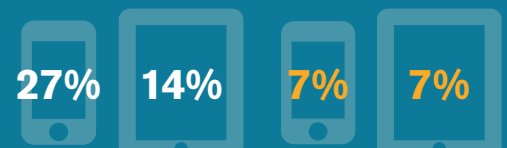
Over 45



## Booking Leisure Travel

30 and Under

Over 45



## Travel Becomes 'Personal' Again

The Millennial traveller who has grown up with sophisticated CRM, retargeting and social ads expects a more personalised service and is prepared to share their information to improve their travel experience. At the same time, their expectation is for information to be filtered for relevance and delivered in a timely manner, considering their context.

As Tim Pritchard of TNS notes we have reached a point already where people may have up to 100 apps on their phones but they will use no more than 10 of them on a regular basis, "and probably three are their lifeblood. The word I would start to use is 'app-athy'."

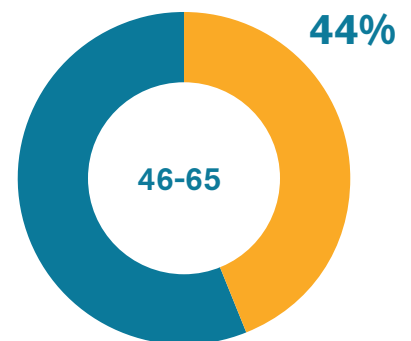
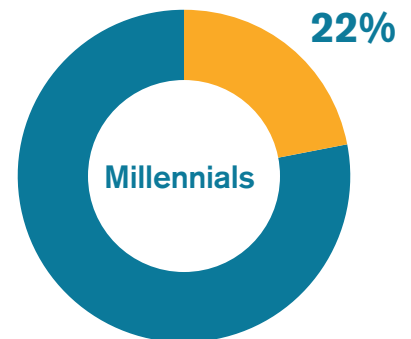
Millennial customers are beginning to see this and are collaborating to improve the service they receive.

Real time, quality service has always been a priority for business travellers. Increasingly, agent services will be able to instantly identify a traveller's current itinerary and provide proactive solutions based on their habits.

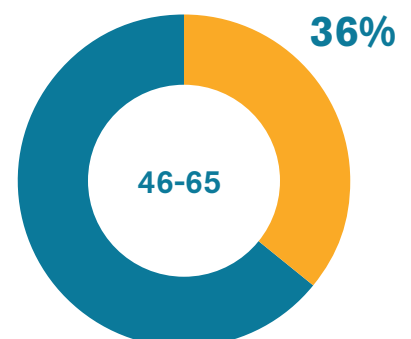
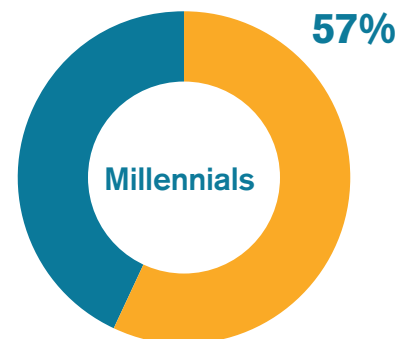
In terms of sharing travel history, preferences and other data, individuals must feel they are receiving value as a result. If not, says Chris Kroeger of Sabre, then they are going to be very protective, "But to the degree by which they feel there would be some value added on top of it, then I think increasingly travellers would be willing to share elements of their information."

- While only 22 percent of Millennials have not saved any travel information online, this figure doubles for those 46-65 years old.
- 57 percent of those 30 and under are happy to give more information if motivated with perks like discounts, extra loyalty points, and free upgrades versus 36 percent of workers 46-65 indicating that would sway them.
- Millennials are three times more likely to be share data in exchange for simple but immediate benefits like free Wi-Fi.

### Have Not Shared Travel Information Online



### Will Share Information for Perks and Incentives



## Transforming Big Data to Smart Data

Technology is getting personal, but can travel search offer the personal recommendations of a travel agent? The challenge for businesses is how to leverage this data to deliver more personally relevant information and recommendations. Travel is a complex business. There are over 65 billion possible trips between Los Angeles and New York City. Expedia offers over 220,000 hotels and 400 airlines. Making sense of customer interactions with all these options is no easy task, but with the right people and the global scale and historic insight Expedia holds, we believe we are well-placed to convert Big Data to smart data.

Knowing your customer is mid-trip and needs immediate assistance when they call your customer service agents is not just a matter of geolocation but also demands sophisticated integration of platforms, and CRM systems behind the scenes.

As Ryan Garner, digital technology director at GfK, comments, the challenge in the travel market is overcoming fragmentation to deliver valuable insight: “Under one roof Big Data isn’t actually big enough as it is often confined within the walls of one travel seller.” Tim Pritchard of TNS notes that, “technically you need big powerful servers to actually process big data – you need the right information scientists/marketers, brand experts... I think the technology is there, I don’t think there are enough big data experts out there.”

Garner looks to predictive analytics to provide a solution: “I think Big Data and predictive analytics will really help in separating out [a customer’s different profiles] and hopefully in the future you will see that the recommendations aren’t irrelevant when looking to book something based on their previous history.”

Garner suggests that OTAs could allow the user to have a certain level of curation of the data they hold between the two, “improving the two-way relationship between the company and the traveller, then it’s going to benefit both parties and I think in the short-term that would be the smartest move.”

Equally, Chris Kroeger of Sabre can envision a world where that information is made available across the whole chain, on a conditional basis where if there’s a triggering event (such as a flight delay or a geopolitical event), it can “be used explicitly for these purposes that the travellers define they can be used for.”

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**Ryan Garner**  
Digital Technology  
Director, GfK



## Collaboration and content creation

Millennials are communicators. They expect to be able to source, connect and update their social networks before, during and after their business or leisure trip. They particularly value the experiences of others and this is a trend that is particularly taking off in Asia and Latin America.

India is the market where reviews are held in highest regard where over 90 percent of both business and leisure travellers consider them important. In the Latin American markets, we see a similar trend. According to Eric Funtowicz, Director of Distribution & Business Performance at Accor based in Brazil “this was not the case a few years ago, but it’s been picking up very strongly over these last few years.”

Millennials are happy to give back:

- Only 41 percent of Millennials had **not** posted a positive review (compared to 53 percent for those aged 31-45, and 68 percent for those aged 46-65).
- Only 55 percent of Millennials had **not** posted a negative review (compared to 68 percent for those aged 31-45, and 81 percent for those aged 46-65).
- Forty percent of Millennials share a trip on social networks while travelling, compared to 34 percent of those aged 31-45 and 23 percent of 46-65 year-olds.
- And 34 percent of them share details of the trip upon their return, compared to 26 percent and 19 percent of the respective older segments.

The challenge for travel businesses is to work with travellers to structure this content in a way which can be usefully combined with other information to enhance the travel experience for future bookers or on the corporate travel side, to feed back to business partners to inform preferred supplier selection.



Sharing a trip on social networks while travelling

Millennials

40%

Age 31-45

34%

Age 46-65

23%

## New Markets, New Travellers

Growth of new travel markets requires tourism organisations to take a fresh look at how they accommodate travellers from infrastructure through to the small things like providing kettles in hotel rooms to cater for the Chinese penchant for hot drinks or more complex processes like accepting payments in installments for Brazilian travellers.

- In the US, Brand USA works “very closely with government partners. The State Department and their incredible focus on supporting our marketing efforts have been hugely valuable. The visa wait times for China have been absolutely slashed,” says Carroll Rheem, VP, Research & Analytics at Brand USA.
- The British are looking at how to spread tourism beyond London and outside of the main summer season. The trend for combining business travel and leisure serve them well here.

Flexing their service to cater for these differing needs presents a challenge for many travel businesses and highlights the important role of global intermediaries.

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**Carroll Rheem**  
VP, Research &  
Analytics, Brand USA



## A final note...

A supplier who understands and anticipates customer expectations, and produces inspiring travel ideas, builds loyalty and intimacy with their buyers. As Albert Pozo of Amadeus says, “When it comes to really creating native demand by loyalty, online travel is in its infancy and there’s a high payback if you do it right because the savings on traffic acquisition could be quite massive.”

If done effectively, OTAs can become the true personal travel assistant to all travellers.

And, while leisure travel can learn a lot from business travel management companies in terms of retained loyalty, the corporate travel arena is increasingly adopting consumer technology and insights. Why? A new generation of business travellers all over the world increasingly demand the same levels of control and flexibility over their bookings that they now enjoy as leisure travellers. They also see no reason why a business trip should not segue into one of pleasure: Millennials are more likely to extend their work trips into personal ones and twice more likely to do so when traveling alone than their counterparts.

At Expedia and Egencia, we believe our role is to delight all customers as they plan their next vacation or business trip. To engage them with the “best ever” travel experience—which is personal and collaborative, fluid and flexible, and of course, mobile!

## About Expedia



*Expedia.com is the world's leading online travel site, helping millions of travelers per month easily plan and book travel. Expedia.com (<http://www.expedia.com>) aims to provide the latest technology and the widest selection of vacation packages, flights, hotels, rental cars, cruises and in-destination activities, attractions, services and travel apps. With the Expedia Best Price Guarantee, Expedia.com customers can get the best rates available online for all types of travel.*

## About Egencia



*Egencia is a leading full-service travel management company delivering innovative corporate travel solutions and expert local service to more than 10,000 clients in nearly 60 countries around the world. As part of the Expedia, Inc. group, the world's largest travel company, Egencia provides forward-looking companies with the ability to drive compliance and cost savings in their travel programs, while meeting the needs and requirements of the modern business traveler. For more information, please visit [www.egencia.com](http://www.egencia.com) or follow us on Twitter @Egencia.*