

**The Modern Traveler:
A Look at Customer Engagement
in the Travel Industry**



Executive Summary

This report is the latest in our series of SDL original research that looks at how a new empowered consumer is fundamentally changing industries and brands.

The biggest challenge for marketers is finding a way to create a natural dynamic between online, mobile, and physical locations to meet customers' expectations. This new consumer expects easy and consistent access to goods and services, based on highly personal preferences.

The goal in our original research is to uncover the behaviors and expectations of this consumer as they relate specifically to an industry, and open up insights on how brands can optimize their customer experience to increase engagement, revenues and loyalty.

In the following report, we detail this as it relates to the travel industry. We looked at the behaviors of this empowered consumer in relation to travel - specifically travel that is personal - a holiday, a vacation, and found an interesting dynamic that is markedly different from our findings in the retail industry.

To better understand the habits of these modern travelers, SDL Campaign Management and Analytics surveyed 4,000 consumers in the United Kingdom, United States and Australia.

Highlights from the results indicate that:

- Vacation is truly the last vestige of relaxation
- Online reigns supreme...when it comes to booking
- The online experience isn't matching up with people's in-person experience
- Vacationers aren't as active on mobile as they are during their non-vacation lives
- Friends and family recommendations win out over social media for travelers
- Surveys are the key way for people to share feedback
- Price beats loyalty for many consumers

We hope you'll find this report helpful and we welcome your feedback on how we can continue to uncover marketing trends in the future.

Customer Engagement in the Travel Industry

The emergence of fast Internet speeds and smartphones connected to WiFi has had a dramatic impact on the travel industry. Throw in the role of social media combined with user generated content and consumer behavior becomes even more challenging to predict. Online reviews, recommendations from friends and family, awards on social media – give both consumers and marketers an opportunity. For consumers, they have an advantage to learn more about a specific resort or travel destination and for travel marketers the data can present an opportunity to better engage with current and future customers.

A total of 298 million international tourists travelled worldwide between January and April 2013, 12 million more than in the same period last year according to the latest UNWTO World Tourism Barometer. Prospects for the current tourism peak

season remain positive with some 435 million tourists expected to travel abroad in the May-August period.

With travel and tourism being identified as one of the fastest growing sectors and contributing to the economy of a growing number of countries, it is imperative that brands build and scale their customer experience management practices to meet the needs of customers around the world.

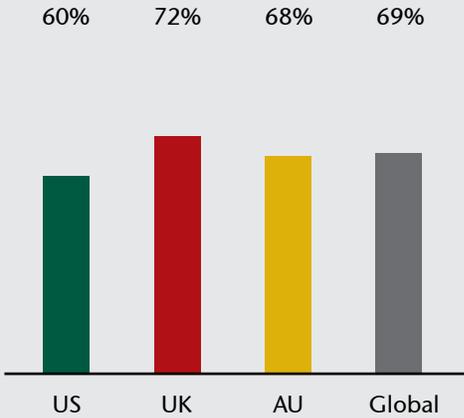
Marketers today need to deliver personalized and relevant content and services to travelers at the right time and across their preferred channel (email, text, phone call). It's critical that travel providers understand each customer not as a marketing segment, but as an individual so that they can deliver personalized offers via the most appealing channel -- whether it's a website, mobile device, email or social media.

The Last Vestige Of True Relaxation: Vacation

Nearly 70 percent of our global survey respondents say they unplug completely or as much as possible.

And, those in the United Kingdom are the best at unplugging on holiday (74 percent). Americans, the worst (60 percent).

Consumers today are working hard on vacation – working hard to relax. According to the American Resort Development Association, 87 percent of vacationers aren't doing work on their time off. We found that people are truly unplugging while on holiday and not interacting with apps or social during their vacation.



Travelers unplugging on vacation

The breakdown of global respondents who say that they always unplug or unplug as much as possible

As much as smartphones have become a new appendage for users, those who unplug are stepping away from technology while on vacation:

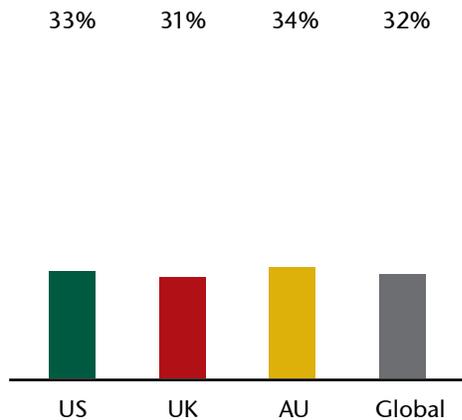
- More than 40 percent of global respondents admit they don't use mobile apps while on vacation.
- Travelers are waiting to share stories and pictures about their vacations via social media until AFTER they return. Nearly one-third of survey respondents do share their vacation experience but again, not until they return.
- The digital unplug also means not tweeting every meal or checking-in at every location.

As travel brands try to take advantage of mobile technology to interact with customers, they need to recognize that while on personal travel – vacations, holidays, etc., consumers may not want to interact with them.

By understanding traveler behavior, marketers can determine who wants interaction and who wants to be left alone.

Sharing travel experiences on social media

The breakdown of global respondents who say that they share travel experiences on social media when they return from the trip



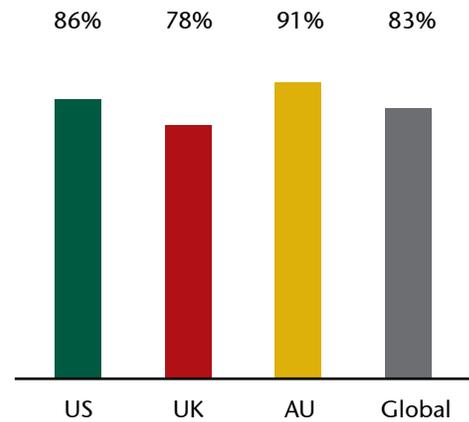
Travel reminders: Helpful or Annoying?

- 83 percent of global survey respondents prefer to receive travel reminders by email
- But, 9 percent don't want any reminders at all
- 18 percent prefer to receive SMS texts
- And, Australians **really** like travel reminders (96 percent)

Overall we found that travelers want to receive email reminders about airline reservations, hotel check-in times and tickets for events. Others prefer to receive text messages in the event that an upcoming flight is delayed or at-the-gate changes or a simply a reminder to get the airport on time.

Reminder Preferences

The breakdown of global respondents who say that they prefer to receive reminders by email



The takeaway?

It's no longer an option for marketers to use a one-size-fits-all approach to communicating with customers. It's critical that the timing is right and that it's in a medium or channel that the customer prefers. Only marketers with deep insight into their customers are able to take advantage of the opportunity.

With travelers spending their vacations relaxing, it is more important for marketers to recognize the importance of timing communications to reach customers when they are paying attention – when travelers are in the planning stages and when they have just returned from a trip.

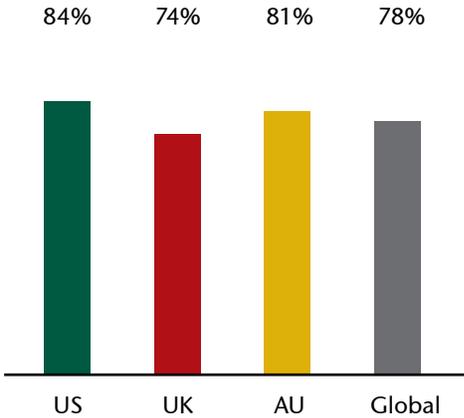
It's during these points in the process where marketers can make the most impact on the consumer and have the best chance to match expectation and behavior.



Online Reigns Supreme...

Booking travel online

The breakdown of global respondents who book their travel online



The online world continues to change the face of industries. The travel industry is a prime example of where the human element is becoming redundant. Today's consumer has access to so much information that it has altered the way they plan and book travel.

Nearly 80 percent of respondents book their travel online. And, 84 percent of survey respondents confirmed that a positive online or web experience is important or very important when booking travel. Of all the regions, the U.S. does far less travel booking in-person (5 percent).

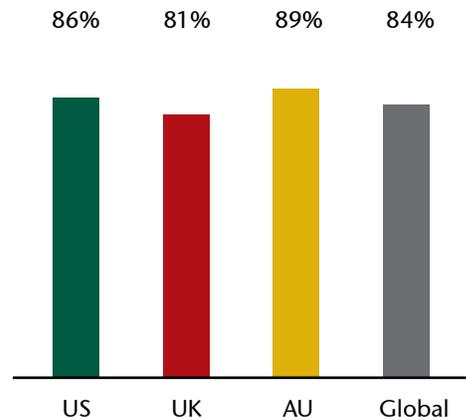
Mobile technology has gone a step further and unleashed the travel planning and reservation process from the desktop to something that can happen anywhere at any time.

...Yet Only 20 Percent Feel Their Online Experience Matches Their In-Person Experience

The tie between the online experience and the in-person experience becomes critical as the power of word-of-mouth recommendations is one of the most credible forms of information available today. As travel brands compete for travelers, a recommendation from a family member can easily influence a traveler to choose one brand over another.

Importance of a positive online/web experience

The breakdown of global respondents who say a positive online experience is important or very important



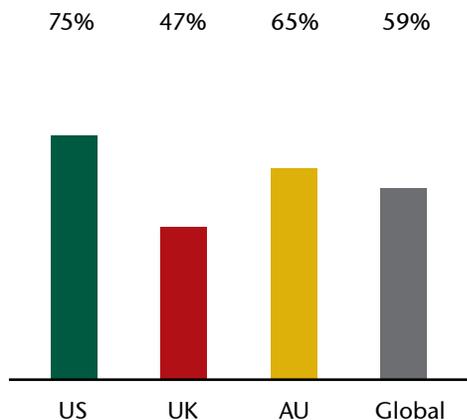
The Mobile Vacation: App Usage Varies by Region

While 53 percent of travelers prefer to use websites to resolve problems, more than 60 percent of travelers use mobile apps when traveling.

With the expansion of smartphones, broadband and Wi-Fi, customers can communicate with travel providers through mobile technology. Travel companies can push notifications to customers with news and updates about their vacation travels directly to mobile phones. But with the trend to unplug or step away from technology during vacations, it can be a challenge for companies to ensure that timely benefit of using mobile technology is realized. This behavior reinforces

Travelers who use apps on vacation

The breakdown of global respondents who say that they use mobile apps when they travel



the need to understand your audience's preferred communications tools.

Let's look at this from a geographic standpoint. We've identified that a majority of travelers use mobile apps while traveling. However, there are certain geographic markets leading the way in mobile app usage.

At the top of the usage charts are the United States and Australia with 75 percent of U.S. travelers and 65 percent of Australian travelers using mobile apps while on vacation or holiday.

This is in comparison with the United Kingdom, where less than 50 percent of the travelers use mobile apps while traveling.

Using some Nielsen research, it makes sense as to why the United States is leading the way in mobile app usage during travel. Nielsen found that nearly two-thirds (or about 66 percent) of mobile subscribers use a smartphone in the United States, compared to more than 45 percent of mobile subscribers in the United Kingdom.

As the smartphone penetration rates continue to increase, particularly in the United Kingdom, we anticipate seeing mobile app usage increasing along a similar rate. With the smartphone adoption rate on the rise, it would make sense then that the app adoption rate will rise in a similar fashion. Looking at current trends, travel providers in the United Kingdom are starting to develop and release apps for consumer use.

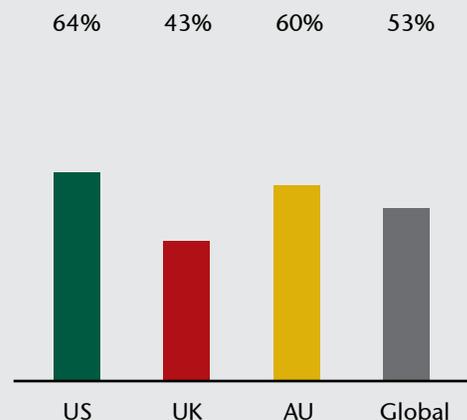
Again with more than 60 percent of travelers using mobile apps when traveling, the following are the top three types of apps used most:

1. **Navigation: 42 percent**
2. **Transportation: 27 percent**
3. **Communications: 27 percent**

As much as consumers use mobile apps, behavior changes when there is a travel emergency. If a hotel loses a reservation, a passenger is bumped from a flight or luggage is lost, consumers want to know that a brand is available to help them and resolve the issue immediately. And they are relying on websites to reach brands when they need help. More than 53 percent of travelers said they preferred to use a website over social media, phone call or travel agency.

Resources to resolve travel-related issues

The breakdown of global respondents who say that they prefer to use a website to resolve travel issues over email, phone and travel agency

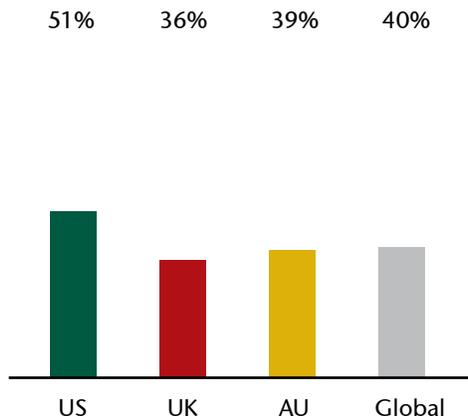


Friends and Family over Social Media Recommendations

According to the survey, 40 percent of travelers trust family and friends the most when making decisions about traveling. And, the United States is the most dependent on friends and family for information at 51 percent.

Family and friends are trusted sources

The breakdown of global respondents who say that family and friends are the most trusted resource when traveling



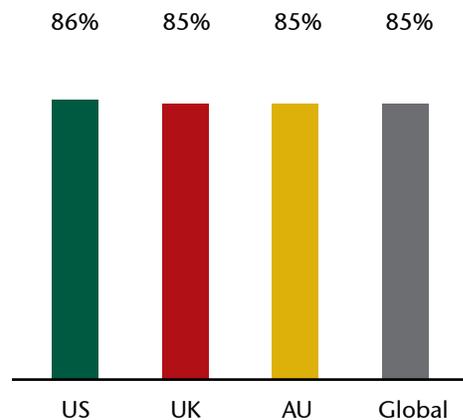
In addition to recommendations from family and friends, online reviews influence a traveler's choices. According to survey results:

- **Online reviews are another trusted source for travel recommendations with 35 percent of travelers**
- **85 percent of survey respondents read reviews at least some of the time before booking travel arrangements**
- **Of that 85 percent, 39 percent say they always read reviews**

Marketers can implement an online review program to ensure that travelers have a way to share experiences. This helps travelers have confidence in their decisions about what to do, where to stay and transportation choices while on vacation.

Read online reviews before travel

The breakdown of global respondents who say that they sometimes or always read reviews before travel



...When Sharing Feedback Surveys Say it All

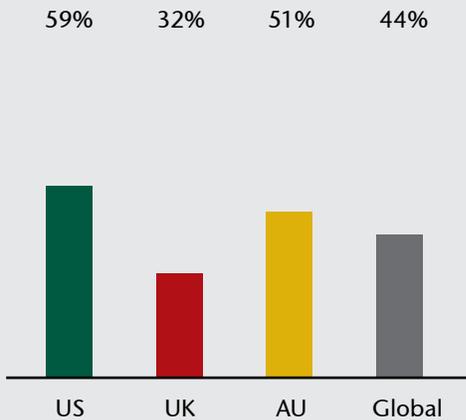
While writing online reviews is helpful for consumers when determining travel, it also is something that travelers do as a way to share feedback (38 percent). Nearly half (44 percent) of U.S. travelers write reviews, compared to 36 percent of U.K. travelers and 35 percent of Australian travelers.

But, overall, the greater preference is to complete a survey as a way of sharing feedback with travel providers.

44 percent of respondents confirm that they use surveys to share feedback.

As a brand, are you leveraging mobile technology and sending SMS surveys to customers? SMS is an easy choice as nearly every cellphone on the market can accept these messages and most consumers know how to use this technology.

It's interesting to note that among the regions surveyed, British travelers are least likely to provide feedback to travel providers. More than one-third of U.K. travelers say they don't provide feedback.



Providing feedback to travel brands

The breakdown of global respondents who say that they complete surveys to provide feedback

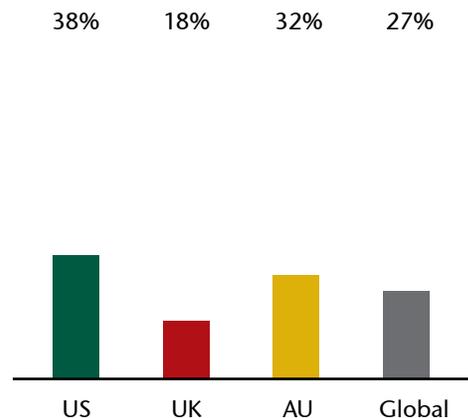
Some travelers have taken to sharing praise and touting good service on social media:

- **27 percent are praising good service on social media**
- **But, more than half (54 percent) don't post comments on social media about travel companies**

This is another example of word of mouth marketing that can influence what products and services a traveler uses on vacation.

Comments about travel brands on social media

The breakdown of global respondents who say that they post comments about travel brands on social media to praise good service



Price Beats Loyalty

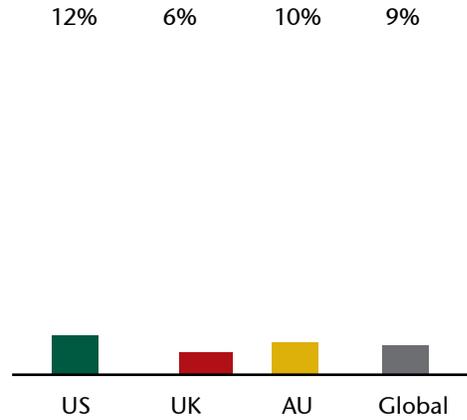
Loyalty programs are not as effective as they should be. More than 25 percent of global survey respondents don't participate in travel loyalty programs. Of those who do participate only 9 percent always consider loyalty programs when making travel plans. It seems that travelers feel that they can find better deals and more perks without enrolling in a loyalty program.

Once marketers understand when they should make offers or reach out to customers, it gives them the opportunity to create loyal customers. This is about more than having a rewards program or offering frequent flier miles. Customers expect travel providers to know them and to understand that each traveler is unique. And their needs are unique.

It's interesting to note that among the regions surveyed, 37 percent of U.K. travelers don't belong to travel loyalty programs. This is a much higher rate than in the United States (19 percent) and Australia (13 percent).

Always consider loyalty programs when traveling

The breakdown of global respondents whose participation in travel loyalty programs always influences decisions

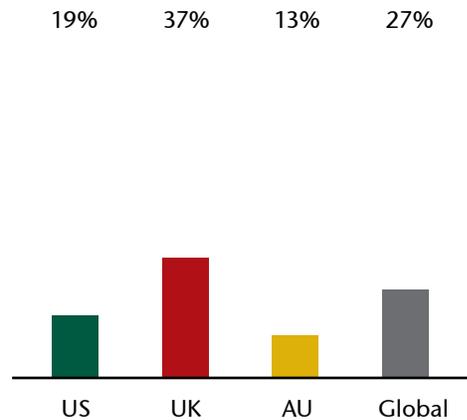


However, loyalty programs are worth the investment and can be used to:

- Understand customers' behavior and desires
- Identify who their most important customers are
- Deliver the best experience to each customer segment

Travelers who don't participate in loyalty programs

The breakdown of global respondents who are not members of travel loyalty programs



Conclusion

Marketers in the travel industry are confronted with a wide range of challenges as they attempt to engage in a meaningful way with their customers. It can be difficult to know when is the best time to reach a customer and through what channel – email, social media, and mobile. Travel marketers can arm themselves with insights about individual consumers to understand their preferences and communicate with them in the best way. If travel providers can have the personalized data to capture how a customer plans a vacation, their behavior on vacation as well as after vacation, they can deliver a superior experience for their customer.

Key learnings to put into practice include:

- Steer clear of trying to interact with customers while they are on holiday
- Think critically about how to better match consumers online experience with the in-person experience
- Vacationers want to unplug from mobile technology; marketers need to use this channel in the planning and post-vacation phases of the journey
- Mobile apps are still an opportunity for travel providers, particularly in the United Kingdom
- Word-of-mouth marketing is still important, it just looks different today
- Use all channels to request feedback from surveys
- Marketers can use loyalty programs to improve experiences for their most important customer segments

The Modern Traveler's Habits



Working Hard to Relax



69% of travelers try to digitally unplug on vacation – putting down the smartphone, not tweeting every meal or checking in at every new location

1 / 3

1 in 3 Americans admits to always being plugged in



Only 16% of UK travelers admit to always being plugged in

Most Important Items



USA: Mobile Phone



AUS: Camera



UK: Sunscreen

Online Reigns Supreme



3/4 of travelers prefer to book trips online



84% of Americans claim they are most likely to book online



52% of travelers use website resources to resolve travel issues



Only 3% of Australians book travel by phone

Mobile Apps on Vacation



60% of travelers use mobile apps on vacation



75% of U.S. travelers, 65% of Australian travelers and 47% of UK travelers use mobile apps while on vacation or holiday

Types of Apps



Navigation

Transportation

Communication

Travel Reminders: Helpful or Annoying?



83% of global survey respondents prefer to receive travel reminders by email



But, 9% don't want any reminders at all

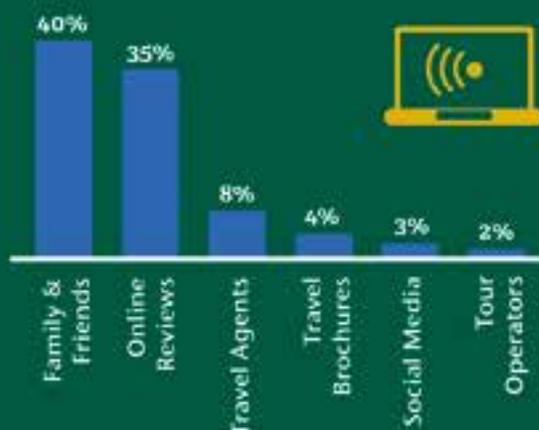


18% prefer to receive SMS texts



And, Australians really like travel reminders (96%)

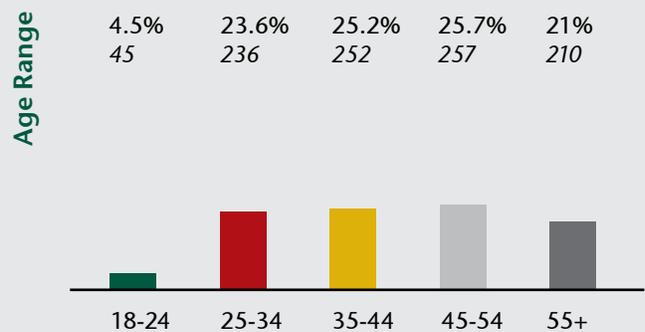
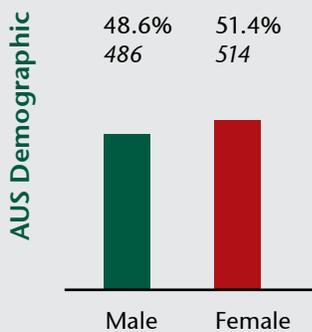
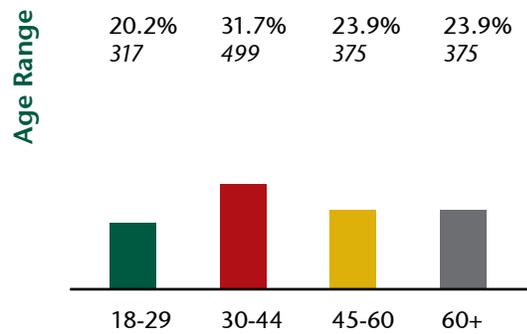
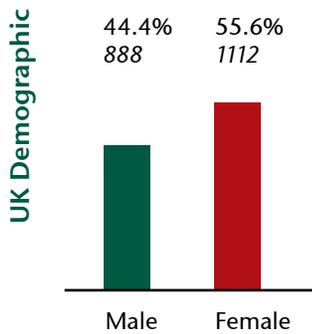
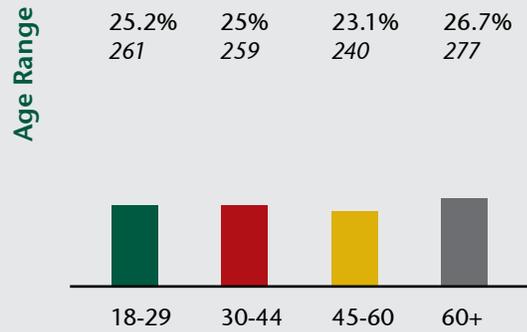
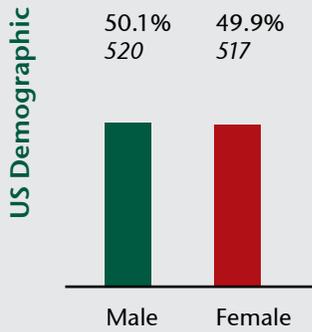
Friends and Family over Social Media Recommendations



Methodology

SDL Campaign Management and Analytics conducted an online survey that looked at the travel habits of consumers in the United States, United Kingdom and Australia. Third party survey companies conducted the survey on behalf of SDL. The survey respondents were not aware the survey was conducted by SDL.

Demographic



SDL enables global businesses to enrich their customers' experience through the entire customer journey. SDL's technology and services help brands to predict what their customers want and engage with them across multiple languages, cultures, channels and devices.

SDL has over 1,500 enterprise customers, 400 partners and a global infrastructure of 70 offices in 38 countries. 42 out of the top 50 brands work with SDL. For more information, visit www.sdl.com.