

Boxever + Skift Present:

# The Future of Personalized Marketing In Travel



The travel and hospitality industry is being flooded with data. The key to harnessing it? Smart strategies to deliver a more efficient and tailored travel experience, and cultivate and keep high-value customers.



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# About us

**Boxever** helps airlines and online travel agents (OTAs) deliver personalized, 1:1 marketing experiences to their customers across all channels and at all stages of the customer lifecycle, through the innovative application of technology and big data. Companies like TigerAir, Wideroe, Atlantic Airways, and more achieve higher conversion rates, increased revenue, and improved loyalty using Boxever's SaaS-based platform. Learn more at [boxever.com](http://boxever.com) or follow us on Twitter [@Boxever](https://twitter.com/Boxever).



# Executive summary



← Source: Anna Dziubinska

Today's travelers are a savvy bunch. Whether hitting the road for business or vacationing with family, they're both knowledgeable and comfortable with travel planning. They use multiple forms of media to research, book and rate their trips, creating mounds of data with every transaction.

What does that mean for the travel marketer? Harnessing this data to create a personalized experience for these folks is imperative. Data can provide crucial consumer insights to travel retailers, allowing them to provide a much more individually relevant planning experience. This can lead to more sales at every point in the look to book process and beyond.

# Table of contents

**About Boxever 3**

**Executive Summary 4**

**Table of Contents 5**

**Introduction 6**

**Personalized Marketing Is Now A “Must-Have” 8**

On-Site Recommendations

Predicting the Customer Experience

Using Data For Competitive Differentiation

Case Study: Best Western

**What To Expect Down The Road 13**

Geo-Fencing and Wearables

The Intersection of Social and Personalized Marketing

In Cabin/In Flight/In Person

**Jumping Onboard? Know This 16**

Clarify Your KPIs

Add Capabilities To What You Already Use

Understand Your Customer’s Needs

Invest In Data Science Skills

**Skift Asks: Survey Results 19**

**Insights and Strategies 21**

**The Power of Personalized Marketing 22**

**About Skift 26**

**Endnotes and Further Reading 27**

## About Skift

Skift is a travel intelligence company that offers news, data, and services to professionals in travel and professional travelers, to help them make smart decisions about travel.

Skift is the business of travel.

# Introduction



◀ Source: John Loo / photo on flickr

Everyday, everywhere, we are producing massive amounts of data, through our Internet searches, mobile phone use, reliance on GPS systems, daily electronic payments and near-constant use of social media.

But it's only recently that technologists and businesses in the travel and hospitality space have started to delve into the benefits of using what's commonly called "Big Data." Just 34% of travel industry executives questioned in a 2013 BTN Group survey,<sup>1</sup> said their companies are discussing ways to use big data. Only 14% said they have embraced the concept.

They'd be smart to. It used to be that a traveler contacted her trusted travel agent to suggest and plan all aspects of her itinerary, including booking hotels, rental cars, flights, restaurants and daily excursions.

But the Internet revolutionized this process, freeing up travelers to devise and book leisure and business trips themselves using a host of transactional tools -- from mass market online travel agents (OTAs) like Expedia and metasearch solutions like Kayak, review sites like TripAdvisor, and Mr. and Mrs. Smith, which provides luxury hotel reviews, to entirely new markets like Airbnb, Homeaway and VRBO. Today, sites like Adioso, which allows a user to post a natural-language inquiry ("What's the cheapest flight to Paris on May 23, 2015?") and get an instant response are taking this a step

further. Likewise, Trekkel mashes up crowd-sourced ratings, curated content and friends' comments into one space, allowing travelers to plan trips according to the criteria ("food and drink," "iconic landmarks," "killer views") they seek.

Still, as individual trip planning becomes more utilitarian and sophisticated, growth in worldwide digital travel sales is slowing. Of 19 global markets eMarketer surveyed in January, only three – India, China and Italy – will see double-digit growth by 2017. Spain is the only other country expected to grow faster than 7%.<sup>2</sup>

DIGITAL TRAVEL SALES GROWTH WORLDWIDE, % CHANGE BY COUNTRY

	2012	2013	2014	2015	2016	2017
Brazil	25.0%	20.0%	34.2%	8.2%	6.0%	5.1%
China*	43.0%	38.0%	30.0%	25.0%	23.0%	20.0%
India	29.9%	27.8%	24.8%	23.0%	16.1%	11.1%
Mexico	56.7%	38.5%	20.0%	13.4%	8.0%	4.3%
Italy	19.4%	19.5%	18.3%	15.8%	14.0%	11.5%
Spain	10.0%	10.0%	13.8%	11.9%	10.0%	8.0%
UK	14.5%	12.5%	12.3%	10.3%	7.3%	6.3%
Sweden	16.7%	14.4%	11.5%	8.5%	7.2%	6.7%
Russia	13.1%	13.1%	10.6%	10.8%	6.9%	5.2%
Norway	11.4%	9.3%	8.7%	8.4%	5.7%	4.8%
Canada	7.3%	7.7%	7.1%	6.2%	6.7%	5.4%
South Korea	22.1%	12.8%	6.5%	4.4%	3.9%	3.2%
US	10.8%	8.0%	6.5%	5.5%	5.0%	4.5%
Finland	7.1%	7.1%	6.3%	5.8%	5.2%	4.9%
Denmark	7.6%	7.1%	5.1%	5.1%	2.7%	2.0%
Australia	6.0%	5.9%	4.4%	3.7%	3.6%	3.3%
Japan	10.8%	-12.8%	4.0%	3.4%	2.3%	1.6%
France	21.7%	0.7%	2.2%	4.1%	1.7%	1.6%
Netherlands	3.7%	1.7%	1.6%	2.8%	0.5%	-0.1%
Germany	15.5%	-0.4%	-0.3%	1.4%	0.7%	0.6%

Note: includes leisure and unmanaged business travel sales booked using the internet via any device, regardless of the method of payment or fulfillment. \*excludes Hong Kong.

Source: [www.eMarketer.com](http://www.eMarketer.com)

This means that with all the booking options available to a traveler, OTAs must have a truly great product that attracts and retains the plateauing number of customers using online travel tools. What's more, those in the larger travel and hospitality sector -- car rental companies, hotels, airlines and restaurants -- must

also find ways to set themselves apart from their competitors as the pie of potential customers shrinks.

We believe it's most important to adopt an analytics-based model that harnesses the masses of digital data to better understand their customer and supply him with relevant information and services in every step of his travel experience – from search to booking, to in-cabin, in-room and beyond. In today's digital marketing environment, companies need to know their customer and be able to, in real-time, tailor their strategies to effectively reach him. Personalized marketing through the use of Big Data can get you there.

# Personalized marketing is now a “must-have”

The use of Big Data is imperative if travel businesses want to improve conversion, grow purchases, and retain customers.

“As consumers become accustomed to customization in other parts of their lives -- banking, retail, dining -- they are going to expect travel companies to be at that standard and be at that standard very soon,” says Henry Harteveltdt, travel industry analyst at San Francisco-based Atmosphere Research Group.

If used correctly, digital behavioral data can be used to deliver back a personalized experience each time a user visits a website; it can help drive relevant ads to a customer at a time they are more apt to book; and it can affect the voice and content of email and newsletter marketing campaigns to get the right messaging to the right audiences at the right time.

## On-Site Recommendations

Ask yourself this: Is it worth it to tack on two hours to your flight from JFK to SFO if it means saving \$2?

If you look at any number of OTA flight-search systems, the answer would be yes. That’s because “historically, everything has been driven to try to show people the lowest cost and most variety,” says Eric Bailey, senior travel manager of strategy and technology at Microsoft. “But there is push-back because that is not productive. Saving someone \$2 because that adds two hours to their trip doesn’t do anyone any good.”

Instead, OTAs would be wiser to serve different options to different users by relying on any number of data sets available. Armed

with this data, these sites could customize and serve more relevant content to each user based on an understanding of each user’s travel preferences and behaviors.

Data points might include previous destinations, flight times and rates as well as demographic data such as postal code, the type of credit card or other forms of payment typically used. What’s the user’s estimated income? Has the user clicked on certain ads? Does the customer plan trips for himself or others, how long are these trips typically, and are they generally weekend or for longer stays?

“There are all of these different things that they can use,” says Harteveltdt, “so that they can start to build a profile of you and then if they overlay that with data from a third party company then they can figure out more of who you are as a consumer.”

Amazon’s analytics algorithm is a good example of this kind of approach. It serves up, upon each visit, recommendations based on past purchases. This is one of the biggest benefits OTAs and those in the travel and hospitality space can glean from Big Data. With less choice, but more relevant choice, shoppers have an improved booking experience.

This is not “about restricting access,” says Kelly McGuire, Executive Director of the Hospitality and Travel Global Practice at SAS. “It’s just showing you something you are likely to be interested in so you don’t see something you are not. The benefit to the consumer is time, and the benefit to the hotel or airline is conversion.”

This thinking carries over to the Ad Targeting space. Most online travel ads contain

messaging based on an aborted search, and these ads are served to the user both on- and off-site. So, for example, if a user clicks several steps into the search process for a trip to Boston, but leaves the site before booking, she will see likely generic ads for Boston travel on many sites she subsequently visits.

OTAs would be smarter to cull data based on many more data sets to use online advertising more effectively by further tailoring it to the user, with offers or content based on individual characteristics such as income, time of year most traveled, travel companions typically in tow. That means that if the woman searching for flights to Boston



typically travels with her children and spouse in the Spring, and opts for more budget-friendly hotels, she may see ads for family travel to Boston, or even ads for family travel at similar U.S. cities with wallet-friendly deals on offer.

“There is a mechanism for identifying the person when they arrive at the web site whether I ID myself or they match me to a previous anonymous session or assign some sort of profile for people like me,” says McGuire. “Then, based on what you know of my past history added to my current activity, predict what kind of content would be attractive to me, predict an offer that would be attractive to me, guide me to what I am looking for.”

Dave O’Flanagan, CEO of Boxever, supplier of a platform that integrates Big Data into a travel company’s marketing efforts, says customer acquisition costs on paid media can be reduced by 21% by understanding more about the customer and serving them more relevant marketing materials. An added benefit? A 17% jump in conversion on cross-sells, such as added hotel or car reservations.<sup>3</sup>

### Predicting the Customer Experience

But data is not reserved solely to increase the likelihood of a booking at the time of the transaction. Travel companies are able to fine-tune their marketing materials through the use of predictive analytics, tailoring their email and newsletter messaging, and even their front-facing display materials, to the audience they are trying to reach.

Based off factors such as age, location, customer service interactions, loyalty status and general travel patterns, you can change the tone or creative to tailor the message to the person on the receiving end.

If a customer lives in the Bay Area, for example, and a hotel is selling a weekend-long stay in Manhattan, that hotel may say, ‘look, we know it is a long way to travel from San Francisco to New York City, but there is so much to do when you get here.’

Likewise, “if the hotel is only 90-minute drive away,” says Harteveltdt, “they can adjust that messaging as well.”

Most travel companies are already employing A/B testing based on such variables as status, but they tend to show the same message to all recipients.

“What they need to understand is if they are going to sell a discount fare to a 22-year-old,” says Hartveltdt, “you may want to sell that offer in a different way to someone who is 42 and traveling with a spouse or family.”



◀ Source: Delta Air Lines Inc.

Case in point: United Airlines regularly sends an email to its customers, encouraging them to take advantage of a promotional arrangement it has with FedEx to ship their luggage ahead. This is a great idea for someone who may be traveling several nights, but not for the same-day flier. Both currently get this offer.

This type of reasoning translates to on-site display marketing. By identifying the user and her travel patterns, technologists can serve her more relevant house ads or display creative. The user who regularly travels to warm-weather destinations should be served creative promoting beach vacations in February, not the latest offer from Vail Resorts in Colorado.

"The creative sits behind a lot of e-commerce," says O'Flanagan. "Take the large creative that's used as the landing page. That imagery is suggesting that we are experts in getting people to the sun, in getting people to ski. That really sets the promotional piece. That sets the scene and as they go in and they execute the search they give a lot more content to what they are looking for. If this guy is traveling with a family, he is going to go skiing, he looks at these dates, you obviously offer him a flight, but you can also offer family ski packs, family-friendly hotels, and family trip insurance."

Other opportunities for segmentation come into play here.

"When people talk about their experience within a review comment, it gives you an opportunity to segment them," says McGuire. "'My son got a flight pin from the pilot,' so that's a person traveling with a family. Micro-segmentation allows you to better serve and market to those folks."

Likewise, "you may have a resort and half the reviews say, 'My kids love the pool.' Now I would never stay at that hotel because I have no desire to stay a hotel full of kids. So they could back off their Valentine's Day marketing because folks will not want to stay at a hotel full of kids."

### Using Data For Competitive Differentiation

Delta Airlines is relying on new forms of data to make their flights more personalized, and distinguishing themselves from other carriers in the process.

When you take your seat on any of a number of Delta flights this fall, you may see one of 20,000 flight attendants with handheld Nokia Lumia 1520 phablets, which will serve as their on-board manual and in-flight sales device as well as a platform for future, more personalized in-flight customer service.

Loaded with passenger information, the program will allow flight attendants to personalize an individual's flight beyond special meal requests. Flight attendants may know passenger's first language before speaking to him, or any issues that occurred at the gate that the flight attendant may be empowered to fix.

"Maybe they are one of the higher medallions that didn't get upgraded and they are sitting in economy comfort," says Paul Skrbec, spokesperson. "We now have a tool potentially to be able communicate with your customer. Look at Mr. Smith. He's in 8A, Economy Comfort, maybe there is something extra you want to do for him."

This kind of customization is happening at select hotels. At the Four Seasons, guests choose from one of three mattress toppers, and their choice of firmness is noted and acted upon each subsequent stay. Hilton and Marriott track the room features guests regularly choose, from connecting rooms to floor location, and automatically book guests in a room as closely aligned with their past stays as possible.

Kimpton Hotels's Karma Rewards Program repays guests based on data the hotel has collected on each one. It tracks what guests are eating in its restaurants, drinking in its bars and saying about Kimpton properties on social media. The result? A guest's favorite fixings, or sports team-related swag during football season may be waiting in her room upon check-in.

### Case Study: Best Western

In April of this year, Movable Ink, an email marketing firm, and Best Western, the world's largest hotel chain with more than 4,000 properties, began a three-part campaign to better optimize the 20 million monthly emails sent to customers. Their goals? Enhancing targeting capabilities by device and location, increasing rewards member engagement and growing revenue through hyper-targeted and relevant content.

They started by altering the email creative on messaging promoting the Best Western app by using technology to identify the device on which the email was being seen. Folks on an iPhone or iPad got messaging linking them directly to the Apple app store where they could download the app; those on an Android were sent to the Google Play store. The benefit? A 143% lift in downloads for non-rewards-members (and 100% for rewards members) compared to similar campaigns.

Next was using geo-targeting to pinpoint a user's location (21 were specified) and using that information to send him more relevant offers.

"You would see the appropriate creative based off where you opened the email," says Ronnie Brant, Director of Product Marketing at Movable Ink. "For example, if you were in New York City or on the East Coast and opened it, you would see a message promoting Florida vacations, but if you opened the same email on the West Coast, you would have seen a Los Angeles-based email. Their email literally adapted itself based on your current location."

The result? A 12% click-through rate jump from rewards members and a 10% improvement from non-rewards members.

Best Western also focused on providing different offers for rewards members and non-members by testing two offers and seeing which would drive greater engagement: an offer for rewards points, or a discount code to buy Mother's Day flowers. Once Best Western saw that the discount was driving higher engagement, they served the majority of recipients – both rewards and non-rewards-members, the discount code.

The key is that all were monitored and performed in real time using Movable Ink's Agile email platform, a A/B test that knows when, where and how a customer opens his email and tailors the messaging and creative to each individual.

# THE POWER OF PERSONALIZATION

Global spend on air transport is expected to reach **\$746 billion** in 2014, which equals **1%** of world GDP.

The number of passengers is expected to reach **3.3 billion**.



**TRAVELERS USE MULTIPLE ONLINE SITES TO PLAN AND BOOK TRAVEL:**



Airlines and OTAs have multiple databases in house that track web site visitors, mobile traffic, email performance, loyalty, reservations, and more. These databases are typically **NOT INTEGRATED**, creating silos of information, and rendering most travellers anonymous to the airline or OTA.

**33% have 1 - 3 CUSTOMER DATABASES**  
**28% have 4 - 6 CUSTOMER DATABASES**



## BOXEVER

brings these databases together to create a **SINGLE CUSTOMER VIEW**, so you can better understand - and market to - your customer.



**Mary, 35**, pharmaceutical sales rep, home airport Boston, travels 3-4x per month for business, prefers a window seat, and never checks bags, prefers text as primary communication method



**Phillip 46**, consultant, home airport Dublin, father of two under 12, typically books 2-3 city breaks for the family in Europe per year, usually rents a car, has over 1,000 followers on Twitter



**Jacques, 60**, retired, home airport Paris, averages 4 trips per year to international destinations, prefers 4-star hotels with golf courses, is a Platinum member of loyalty club.



In one study, more than **8 IN 10** consumers say that **PERSONALIZED MARKETING** has some impact on their decision to purchase.

## PERSONALIZED MARKETING CAN HELP YOU



Improve conversion rates by **10-20%**

+



Increase revenue to **5% per week** or more

+



Drive loyalty and increase **3-7x** revenue per visit



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# What to expect down the road

While the potential for Big Data to impact the way travel and hospitality companies reach and engage their audience at the time of purchase is great, the personalized experience needs to follow the user as she arrives at the airport, enters the plane, checks into her hotel and explores her surroundings.

An example: Hilton's "OnQ" system uses multiple data points to provide guest information to team members on demand, allowing them to react to ever-changing business conditions, such as prioritizing which customers deserve special attention when perks become less available. If two diamond members are supposed to check in within the same window of time, for example, but there is only one upgrade available, OnQ can assess each customer's profitability and value to Hilton, says Hartevelde, so that they can upgrade guest B rather than guest A. For Hilton, it's no longer based on what time they checked in.

## Geo-Fencing and Wearables

On a trip to Chicago recently, Microsoft's Bailey grabbed his mobile and searched for a restaurant near his hotel. Hundreds of results surfaced in no particular order. Stumped, he returned to the hotel and showed the phone to the concierge, asked for his help in finding a good spot for solo diners, and was given an option a few minutes away.

"Try standing in the middle of Times Square and you get 1,000 restaurants on Yelp or TripAdvisor. That's not helpful," he says. "If you look at the questions I was asking, it was simple logic. The search tools I don't think have that yet."

If they did, Bailey's hotel, using available data sets and software, might have known he was traveling solo and sent a suggestion to his phone moments after he checked in. This is an example of geo-fencing, or the sending

location-based messages to smartphone users like Bailey who enter a defined geographic area. Most businesses are not onboard yet.

"Ninety percent of the data that we have has been created in the last two years and 85% of it is unstructured data," says Terry Jones, founder of Travelocity and founding chairman of Kayak. "It's just out there. There is a lot of knowledge to be unlocked there. We are pretty good at teasing out some of these things, but they are not in traditional rows and columns. This stuff just doesn't fit in there."

In addition to correctly parsing data sets, the sharing of data from one company to another is inherent in making geo-fencing work.

"For example, if my hotel knows what flight I am coming in on they can service me in a much different way," says Bailey. "They can have my room ready if I am on a red eye, they can maximize their revenue, they can manage their staff better. It's where that sharing is that's still unknown."

Jones says this type of data should be used to market to travelers at every point of their journey.

"Take a thing like GateGuru," he says.

"In every airport it lists every restaurant, every club, every everything. If I am going between these two gates and they know I am not getting anything on the plane, why are they not giving me a coupon when I am walking by? It needs to be very targeted, very time-sensitive. Another example: you landed. Don't take Uber, here is fifty percent off another company."

This type of location-based data usage is not only relevant to the marketing of products, services or experiences to travelers, but to enriching the overall traveling experience.

US Air and Delta see the value in this and are using location-based data to allow passengers to keep tabs on their bags after check-in. Tracing numbers are supplied on a passenger's baggage tag to be used during any leg of the journey to pinpoint their luggage online.

"Customers don't want to have to ask 'Did my bag get on the plane?'," says Delta's Skrbec. "We've given them a really good, real time way to see that their bag is with them. It's taking that information and data across a number of different systems and showing the right data to a customer at the right time to give a real improvement in their travel."

### The Intersection of Social and Personalized Marketing

Delta is also making use of the mounds of data available on social networks like Facebook, Twitter and Instagram to make their passengers' trips richer.

Knowing that their customers are active on mobile – in the last two years Skrbec says online check-ins have jumped 20% -- Delta created an app that pulls in data and information from a passenger's social networks. It then uses this information to market products, services and experiences to passengers at their chosen destinations. What makes these recommendations worthwhile to the Delta customer is the fact that they are based off their friends' activity.

"Say they get to their destination and they don't have a clue of where to eat," says Skrbec. "They can see all of their friends and they can see where their friends ate and where they stayed. What a mobile device does more uniquely than the other traditional ways of thinking about data is it allows the user to really benefit from this confluence of device, activity and information."

Travelocity's Jones has viewed prototypes of apps that allow a business traveler to see which restaurants his colleagues have fre-

quented while on the road. This aids in choice reduction, but also enables the user to infer that these restaurants are likely to be approved as part of the corporate travel policy.

"They say, 'Here's where everybody at the company eats when they are in Manhattan,'" he says. "You think it's in the expense account guidelines if they've managed to get this approved."

This type of "network analysis" is key to providing a useful marketing campaign.

"Using social data to say people that you know on Facebook like this hotel, that is a very simple but powerful example," says Jones. "It's about trying to understand what's popular and what people are talking about. What I have learned in Internet retailing is that, what's the most popular product, that's what you want to buy. We do that with reviews today in travel. People, particularly young people, you want to go to the club that's hot. It could be reviewed well, but it would be more interesting to know is it reviewed well by people like me."



Source: Marriot Hotels & Resorts Facebook Page

### In Cabin/In Flight/In Person

Personalized marketing can also be used to influence person-to-person customer service if data sets can be opened up to and sorted for multiple departments.

This means that ticket agents at the airport, for example, might be able to access information on a given passenger upon check in. With appropriate data analyzing, they can see that this passenger lost his bag three times over the course of his travels in the last year, so comp him a meal or a drink in the cabin.

"It's the same game in the contact center," says O'Flanagan. "This is Customer A, she already bought this, she didn't buy that. It's about service, cross-sell, upsell. You are scripting the agent to help them improve their performance on the call." Once the passenger has landed, there are enormous opportunities to market to him on a time-sensitive, personalized level.

Mark Rabe, CEO of Sojern, a travel data company, cites a shorter booking window among those seeking hotel rooms and car rentals, as incentive to adopt time-sensitive marketing strategies aimed at reaching these folks just before the look to book period.

"The Internet has democratized the travel industry and allowed people to get selective in their decision making," he says. "The other trend is mobile. We are seeing more and more of that search and book behavior moving off a computer to tablet and mobile devices. As you can imagine your ability to now search and book just becomes more and more realtime."

One of Sojern's car rental clients studied user behavior and discovered that 30% of the vehicles were being reserved by travelers upon reaching their destination city. Rabe says he is seeing the same trend in hotel bookings, with reservations being made just weeks before a traveler is set to begin his trip.

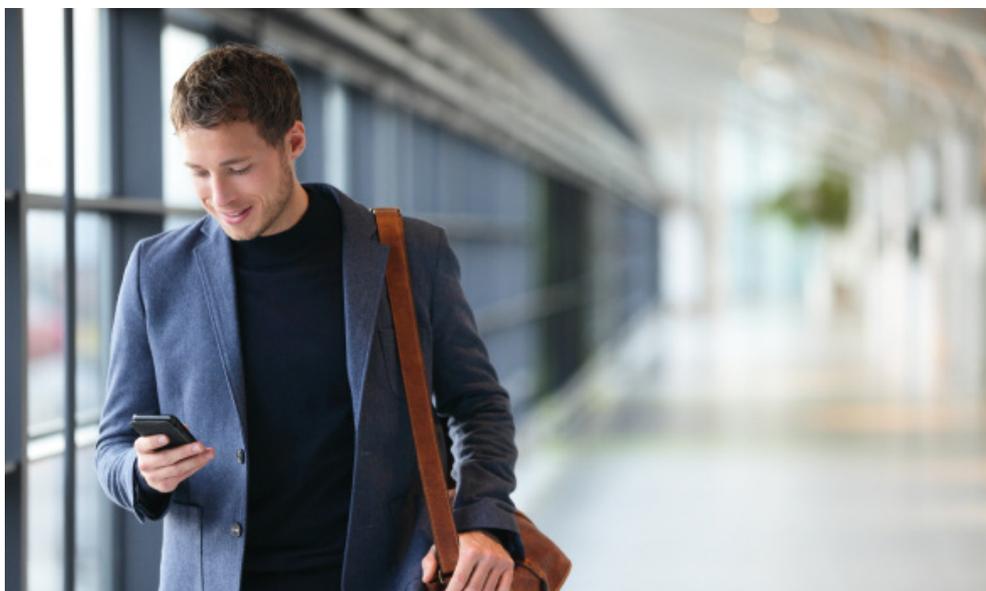
A data-driven marketing strategy for both might include targeted ads on sites the traveler visits in the time periods he is likely to book. In addition to beefing up ads along the passenger's path to baggage claim, a car rental company may target potential customers with relevant creative on sites they visit before even leaving the cabin.

Likewise, for those seeking lodging, "If I know you are traveling to Telluride in a week's time and I am a hotelier in Telluride and my inventory is low then I might program in a price point in that creative that is higher than normal," says Rabe.

This type of marketing is especially powerful for brands with multiple products.

"A big brand like Hilton has multiple tiers and multiple products they offer," says Rabe, "so this becomes really powerful because you can toggle through different brands and packages. They are all finely tuned to that traveler that you are serving the offer to. If I know that you are not going to stay at a two-star hotel based on your prior behavior then I am not going to bother sending you two-star hotel advertising."

# Jumping On Board? Know This



◀ Source: Boxever

While the use of Big Data in personalized marketing efforts is a goal for a number of businesses in the travel industry, making it a reality is a tougher sell.

Just over two-thirds of respondents in a survey conducted in April-June of 2014 by Airline Information and Boxever placed in the top ten of overall corporate strategic marketing priorities for 2014/15. Almost a quarter said it was among the top five and another quarter said it was in the top three.

But 60% of respondents said that there are neither processes implemented across functions, organizational structures in place nor the deep analytical skills needed. The same percentage said that these internal issues are not supported either by budgets or timelines to deliver.

## Clarify Your KPIs

Ruadhan Barry, Senior Product Manager at Boxever, says most in the travel industry will want to focus on acquisition, retention and conversion.

But drill down further, and the key performance indicators become more granular.

“Some may be looking at the number of customers converting over time,” he says. “You might look at sales per customer, sales per visit and improving that conversation. You can also be looking at the amount of time spent per transaction and how fast that transaction happens throughout the website.”

KPIs will also differ by travel industry segment, he says. “An airline might be looking at how many of my flights are full, while a hotel might be looking at how many rooms am I selling? Ultimately both come down to how am I acquiring customers, how much does it cost to run the marketing program and how effectively am I converting these customers?”

Take email open rates. By using data to understand the traveler, companies can influence email open rates by making the messaging – including subject line and content in the body of the email – relevant. They click through, says O’Flanagan, because it is an offer tailored to them.

The next step is linking the creative in the email to the creative on the website.

“When they click through,” he says, “the homepage is tailored to that person so they are getting a clean, consistent experience across channels.”

### **Add Capabilities To What You Already Use**

Big data enables marketers to create this customized, end-to-end experience, but a big pain point for a lot of companies is figuring out how to overlay new capabilities over the platforms they already invested in and use. With so much money and time invested into your current platform, a reluctance to scrap it entirely is understandable. The good news is that you don't have to.

“We know that the infrastructure is so big and ingrained that you've got to work with what's there,” says O'Flanagan. “How can we enhance or make these systems more intelligent?”

The primary goal for most stepping into personalized marketing will be identifying the KPIs, then using a third-party platform to connect to the existing database to identify and understand the customer.

For a lot of those in the travel industry, “the first problem is they don't actually have a view of the customer,” says Barry. “So we don't know this person is this person and this email address and this credit card information is linked to that person and that transaction.”

This is called a “single customer view” and it is gleaned by attributing reams of anonymous behavior to a user, capturing it and matching it to a customer in the database. Once the single customer view is achieved, further technology can be added on to the existing platform to provide on-site recommendations, better ad-targeting capabilities, creative monetization of emails and location-based messaging. It's this approach to a customer profile that is turning traditional CRM on its head – instead of being static, it's dynamic. Instead of it being

incomplete, it's comprehensive. Instead of it being inert, it's actionable.

“A la carte is a tiered process to getting the single customer view up and running,” says Barry. “Then you can focus on retention. You say ‘maybe I should look at my emails and how I am sending them.’ Or your biggest problem is conversation, ‘how do we personalize the website to improve our conversion?’ Once you've got that view you've got a lot more options as to which route you want to take.”

### **Understand Your Customer's Needs**

In a perfect world, a customer would receive a marketing message, absorb it, and act on it.

In reality, effective marketing is a lot more complex. And much of a campaign's success derives from understanding the audience it is intended for and tailoring it to more aptly apply to that audience.

Barry says one mistake travel companies make is thinking that their customers are a captive audience they can poke until they spend.

Not so.

“Customers want one of two things,” he says. “They want you to make their life easier or they want you to give them something of value they are willing to part with their money for. My customer needs to get through the website quicker, or my customer needs a better price, or my customer needs to not receive spam from me, or my customer is looking for x, y and z. That is a much better approach to take rather than using the data to exploit back and leverage money out of them.”

### **Invest in Data Science Skills**

The wrangling of all this data, of course, means companies need to invest in people to do it, or hire companies with people to do it.

These folks are called Data Scientists.

Typically with a foundation in computer science and applications, a data scientist also uses modeling, math, analysis and statistics to not only collect data but also to derive stories from the reams of data being produced daily. Once armed with these stories, travel companies can tackle the business challenges in front of them.

“Arguably, you need data scientists or

people who are storytellers who can look at the data and say, ‘this is what’s happening, why, and this is what we should do to fix it,’” says Barry. “You are looking for people who can interrogate data. To go in and pull all of the data and make it into a big chart or table of numbers, then someone else to tell me what it means. This idea of actionable insights, the ability to look at a piece of data and say what is the problem and then what am I going to do about it, what is the solution to this problem?”

# Skift Asks Survey: Do You Search for and Book Travel Plans Online?

Marketing departments looking to test different optimization methods should tread lightly before overhauling their strategies. First steps should include being respectful of your customers' time, and a focus on more meaningful messaging.

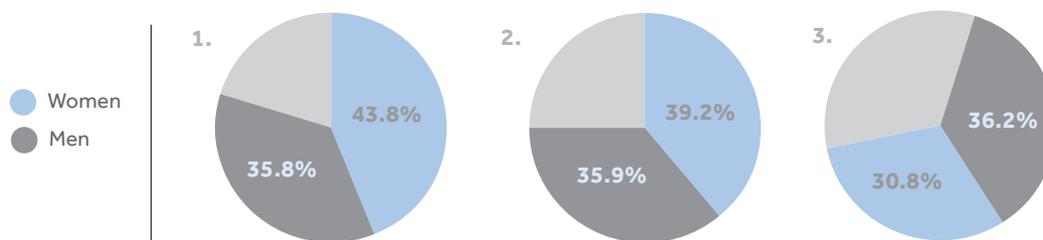
Indeed, when travelers were asked in a September 2014 survey what would make them open emails more frequently, 40.2% said less frequent communications, and 37.7% said sales and discounts would better attract their attention. Emails with more relevant content, say suggestions based on past travel behavior, would get 22% of respondents to open emails more often.

One-third of those surveyed responded favorably to being sent emails related to their upcoming trips, like weather updates and current events in the area they are visiting.

## Breakdown by Gender, Charts 1, 2 and 3:

Women (43.8%) are more deterred by email frequency than men (35.8%, Chart 1), and slightly more apt to open emails containing sales and discounts than men, with 39.2% of women and 35.9% of men saying they would do so (Chart 2).

Men (36.2%) were more interested in emails related to upcoming trips, compared to 30.8% of women (Chart 3).



**Breakdown by Age, Charts 4 and 5:**

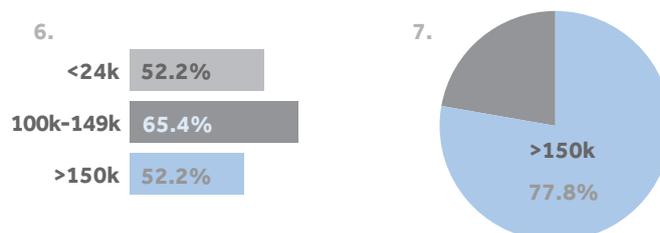
Younger travelers are more welcoming of emails containing sales and discounts, with 42.4% of those 18-24 and 49.1% of those 25-34 saying they would open them (Chart 4).

Travelers aged 25-34, or 47.3% were most interested in emails related to upcoming trips (Chart 5).

**Breakdown by Income, Charts 6 and 7:**

Those on the bottom and top rungs of the income ladder are more apt to open emails containing sales and discounts, with 52.2% of those earning below \$24,000 and 65.4% and 44.4% of those earning \$100,000 to \$149,000 and more than \$150,000, respectively, saying they would do so (Chart 6).

Just over three-quarters, or 77.8%, of high earners, or those making more than \$150,000, said they would welcome emails containing information on their destination (Chart 7).



# Insights and strategies

The use of big data in personalized marketing is having an impact on the travel industry, but is clearly in its infancy. While some – most notably airlines and hotels -- have incorporated it into their customer acquisition and retention strategies, others are still in the testing phases, and still others have not even begun to investigate its uses, or how it can help them solve big challenges.

It's overwhelming, but with the potential to increase revenue and enhance service, it's important for companies to begin exploring the realms of data available to them and best use cases. Here's how to get started:

- **Research.** Look into what your competitors are doing. In what ways is big data being adopted and how do you see its use expanding in your sector? Do you have the technological skills and budget to jump on board?
- **Explore.** Examine your business needs and where personalized marketing will have the most impact. What are your customers' pain points and how can the use of data overcome them?
- **Implement.** Figure out what new technologies are needed, and how to go about onboarding them. You'll also want to take this time to look at your organizational chart and employee skillset to gauge if processes and job functions need to adapt.
- **Monitor.** Is your data gathering useful? Are multiple departments across your company able to access and make use of the investment you have made in big data to inform your personalized marketing efforts?

Marketing is no longer just about pitching products or services. As the personalized marketing space expands and those in the travel and hospitality industry adopt targeted campaigns and a more relevant messaging strategy, marketers will need to be smarter in harnessing and leveraging data. Customer data has become essential to an effective marketing department, and the old way of doing things is quickly becoming extinct.

# The Power of Personalized Marketing

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Data-first marketing improves personalization, conversion, and loyalty.

It's no secret that taking a personalized approach to customer engagement and marketing programs yields better results and builds greater brand loyalty. A well-timed email, a customized offer using recognized buying patterns, or an incentive to upgrade a purchase based on a known personal preference will all tend to generate a response and an action more frequently than a traditional mass marketing technique.

But taking an approach that starts with a specific marketing tactic – an email blast or online ad buy, for example – is putting the cart before the horse. It is important to more deeply understand that one-to-one marketing is not merely changing names in a letterhead or email subject line. It is the ability to reach out to a single customer, draw them in, relate a message to them, and, most importantly, build a relationship with them.

The starting point needs to be a way to intelligently analyze customer behavior and preferences. This information comes from a variety of sources, some of which you may not even realize provide valuable insights.

From there, optimized and personalized marketing and communications strategies can be developed, which will drive the type and frequency of tactics used.

All of this requires a comprehensive way to collect, interpret, and act upon the avalanche of data that is increasingly available to marketers about their customers and prospects. This can seem

daunting in today's world of the uber-connected, omni-channel customer. For example, from a shopping and purchasing perspective, Google calculates that 90% of consumers use multiple devices to accomplish their online goals. How do you optimize for that scenario? From a channel point of view, the volume, frequency, and methods of customers' digital interactions (e.g., web sites, social media, peer-to-peer reviews, SMS, online advertising, search, email, instant messaging, etc.) create immense challenges to sift through and use this extremely valuable data productively. Add in information from offline customer touch points, such as call centers and in-person customer service agent interactions, and the field of potential useful data increases even more.

When confronted with the "big data challenge," there is a temptation to throw up your hands in frustration and ask, is it really worth it? If improving on your ability to personalize your communication, and ultimately your relationship, with customers is important, then the answer is a decided 'yes.' In one study, more than eight in 10 consumers say that personalized marketing has some impact on their decision to purchase. Yet most companies are ill equipped to take advantage of this information and fail to deliver the one-to-one communication and personalized experiences that consumers increasingly demand and expect. This means revenue and loyalty are both being left on the table.

Digital marketing's ability to precisely target, monitor, and optimize communications is unquestionably well worth the effort and up-front investment to harvest the data that customers are handing to you every day in all sorts of ways. According to an IBM survey, companies that have taken a vested interest in data and analytics increased revenue growth by 49% versus companies that didn't invest at all. Companies that made use of that data to target customers also had an ROI of 30% higher.

Gathering and effectively using that data is the challenge. As a recent article on big data in the airline industry in the journal *Skift* pointed out, "...a googol data points are gathered daily; where they are trapped in data silos to age and perish—the gold they represent squandered." The good news is that tools and systems that can help sort through and analyze huge volumes of customer data and produce actionable results are readably available. Companies used to have a much harder

time personalizing messaging because the tools weren't there. Today, even the most basic web content management systems include some form of personalization functionality. Email programs have come a long way in simplifying the process of personalized communications. Behavior-tracking in online advertising is more accepted now. Companies such as Boxever are taking personalized marketing to the next level by taking a data-first approach (vs. a program-centric approach). We have started with the travel industry, a segment that is awash with untapped data. Through our integrated and cloud-based platform, we are helping airlines and travel companies collect the right data, extract the relevant insights, and turn those insights into operational actions. The platform captures and centralizes customer data into a single customer view – combining the travel companies' own first-party data with external data sources from social networks and third-party data aggregators. For many travel retailers, this alone is a major accomplishment. We then take the guesswork out of personalizing one-to-one communications between the supplier and the customer, and help drive insight into effective messaging, offers, and experiences through analytics.

This move toward better integrating traditionally siloed databases, such as reservation systems, purchase history, web profiles, mobile profiles, email activity, social profiles, is producing tangible results, and demonstrating an example for how similar approaches can be used in other industries. Travel retailers can use this type of data to deliver personalized customer experiences across multiple channels – from email and SMS, to web and mobile, to customer service, and even in-cabin in the case of an airline. Insights gathered from the success (or failure) of these interactions can then help drive priorities, resources, and actions within the organization, taking the guesswork out of creating the next engagements.

The rationale is simple, for airlines, travel companies, or just about any type of company that has a product or service to sell: If customers feel they are understood by their supplier, the frictional path to purchase can be significantly streamlined. Data and insight can be a powerful tool to help companies understand what's the right approach to turn a casual browser into a loyal customer, and a loyal customer into one who expands their purchasing behavior.

With our travel partners we have seen meaningful results achieved through data-driven personalized marketing, including:

- **10-20% improvement** in conversion rates
- **5%+ increase** in revenue per week
- **3-7x more revenue per visit** from repeat visitors

Big data and personalized messaging aren't only creating higher ROI, but a better consumer experience, which leads to loyal and repeat customers. And that's the most valuable return on investment.



**Dave O'Flanagan**  
**Boxever, Founder & CEO**

# About Skift

Skift is a business information company focused on travel intelligence and offers news, data, and services to professionals in travel and professional travelers, to help them make smart decisions about travel.

Founded in 2012 by media entrepreneur Rafat Ali, Skift is based in New York City and backed by Lerer Ventures, Advancit Capital and other marquee media-tech investors.

# Connect with Skift

For any comments or questions, email us: [trends@skift.com](mailto:trends@skift.com).

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# Endnotes and further reading

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