Travelport

The Well Connected Traveller

The changing face of today's travel consumers

A Survey of Consumer Travel Trends
by Travelport

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Introducing the Well Connected Traveller

The Changing Requirements of Today's Connected Travel Consumers

Technology's Role in Enabling the Connected Traveller

The Future of Travel

Introducing The Well Connected Traveller

Transforming the World of Travel

Business and leisure travellers naturally expect that the rapid improvement in technology and connectivity should improve their experience when they travel. However, the reality can be very different. Travel suppliers are increasing complexity through the unbundling of their products and introduction of ancillary services, the Internet often provides an insufficient means of navigating the vast array of travel options and only basic mobile functionality is available in most regions.

What will change in the future? Will large players such as Google make significant strides to improve the travel search process? Will other global travel brands emerge to assist the consumer in not only booking their trip but inspiring them and offering relevant options when they are travelling?

Travelport engaged The Futures Company to conduct global research into the whole of the end to end travel process consumers undertake from inspiration to shopping and booking to post trip evaluation.

The Internet has brought choice and information to all, but the vast quantity and in some cases poor quality of that information has left some feeling as though technology is a hindrance and therefore consumers are still largely using offline travel companies for support. Travelport's research revealed how, despite wanting greater choice, the time required to research options is the most frustrating part of booking travel. Whilst many websites concentrate on selling air and accommodation only, our research also indicates that travellers like to book multiple services and add-ons at the same time (e.g. insurance to chauffeur transfers).

Travellers clearly need to feel they are getting a good price and in this area there is good and bad news. Travel supplier unbundling of products has made price comparisons even more difficult for consumers, with both business and leisure travellers struggling to understand total trip costs that include not only air fare, but also baggage fees, etc. Some improvements are being made. Meta-search companies such as Sprice.com are helping consumers by offering both choice and independent price comparisons to save consumers the time of trawling many different websites.

Globally, people are regularly engaging with friends and family through social networking sites thereby increasing the influence on the choice of supplier and destination for travel. No-one will deny the power of review sites such as TripAdvisor that are already well used by travellers. However, travellers are increasingly looking for more personal advice, so websites that offer suggestions from ‘friends’ are proving invaluable.

Travelport’s research showed that consumers in certain regions are still looking for what would be considered basic messaging via their mobile devices to help them whilst they are on their journeys. At the other end of the scale, mobile services are emerging that allow users to interact with others based in the same geographical location. Such interaction happens on a real time basis and so is likely to drive global mobile penetration at an even faster rate than the Internet via desktops. Countries such as India and China are expected to skip the desktop-based revolution which requires a good broadband network, moving straight to the more readily available mobile Internet platform.

The emergence of the Well Connected Traveller is changing the face of travel commerce – for consumers, suppliers and everyone else involved in the travel value chain. Read on for further insights and trends from Travelport’s global survey of travel consumers and prepare yourself for the next generation of the well connected travellers.

The Well Connected Traveller: Survey Methodology

To crystallise what travellers are doing now – why they travel, how they plan and book trips, and what services they value most – Travelport working with The Futures Company and Lightspeed Research conducted a survey in early 2010 of more than 12,000 people in 12 countries around the world.

Travelport’s online Consumer Travel Trends Survey involved a minimum of 1,000 travellers per country with quotas for the number of international, domestic, business, and leisure trips taken, and the type of transport used, such as air, rail and car to ensure accurate values and opinions.

The Well Connected Traveller: Headline Insights

- The survey showed the massive jump towards the Internet as a source of information and a place to book. The common assumption that the Internet is only used by youth was dispelled – all age groups use the Internet to plan and book travel, with usage dropping only after age 65.
- Despite travellers wanting more choice, the time required to research holiday options is the most frustrating part of booking a holiday.
- Business and leisure travellers show similar spending levels, and willingness to buy add-on services is high in both groups.
- Social networks, friends, and families significantly influence both leisure and business traveller decisions for how they travel, particularly in countries such as India, China and the United Arab Emirates (UAE).
- Travellers do find value in ancillary services. Merchandising opportunities were identified for everything from extra leg room to hot meals and Internet access; however, the need for these services varied greatly by country.
- Particularly in countries where fixed high-speed broadband is still developing, such as Brazil, China, India, Russia and the UAE, consumers would like mobile services to enhance their travel experience – such as the ability to receive information about their destination right to their mobile phones.

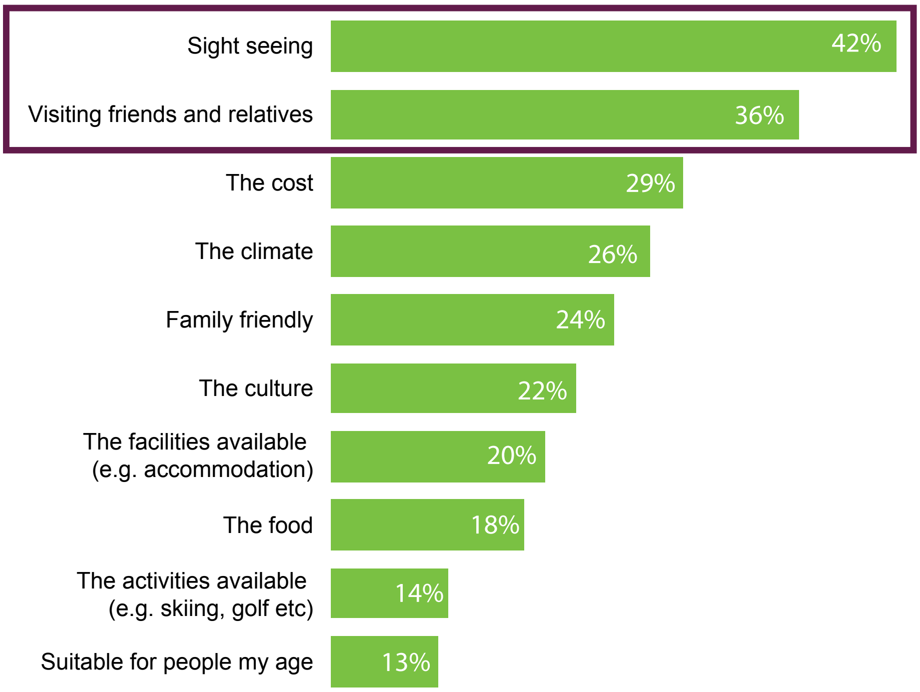
The information that follows will answer some of the common questions about travellers' needs and frustrations throughout the travel process.

The Changing Requirements of Today's Connected Travel Consumers

What inspires consumers to travel?

Recently, there have been significant amounts of technological investment in solutions to capture consumers at the earliest part of the travel process, inspiration. Yet, this is still the most frustrating part of the travel process for travellers. Connecting with others is the primary motivation for travellers of all ages and backgrounds. The chart shows the importance of family holidays, with 24% of respondents saying the desire to visit family was a key part of their choice of destination. Globally, even though there are many reasons to travel, sightseeing and catching up with family and friends remain the key motivations. There are, however, some important cultural differences. For example, in Russia, 41% of leisure travellers say climate is the primary driver in choosing a destination, whilst in the UAE, a dramatic 68% are primarily driven by the desire to visit family and friends.

What were the reasons why you chose to visit the destination you did on your last personal / non-business trip?

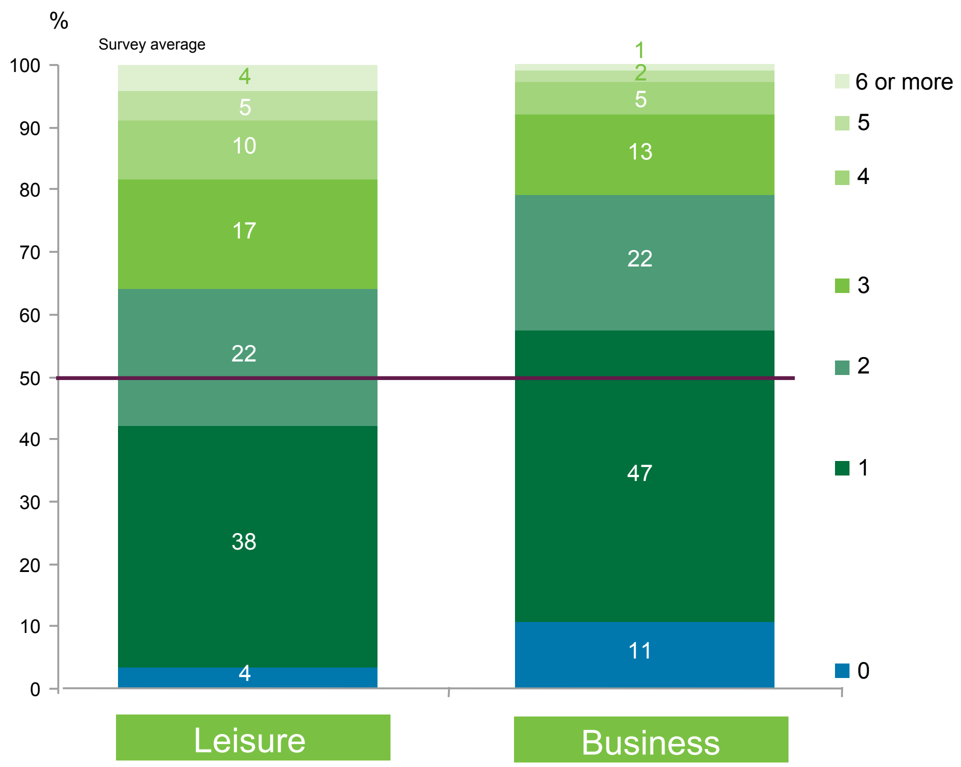


Source: The Futures Company/Lightspeed Research-Travelport Consumer Segmentation survey 2010

How do travellers decide where to go?

Most travellers rely on multiple sources of information to research and book travel. As you would expect, leisure travellers use more sources than business travellers. Differences are partly explained by business travellers' use of travel management companies (TMC) and the more functional view of business travel. If the meeting is in Frankfurt, the time and place are fixed, so the decision is simple and transactional. Holidays offer more freedom, and thus more choices, where more than 25% of leisure travellers are using more than four websites to plan and book trips. However, even though business travellers use less sources, 42% of them are spending valuable time using 3 or more sources. This identifies opportunities for travel providers who can offer cost effective 'one stop shop' solutions to the business traveller.

How many sources did you use to research your travel plans?

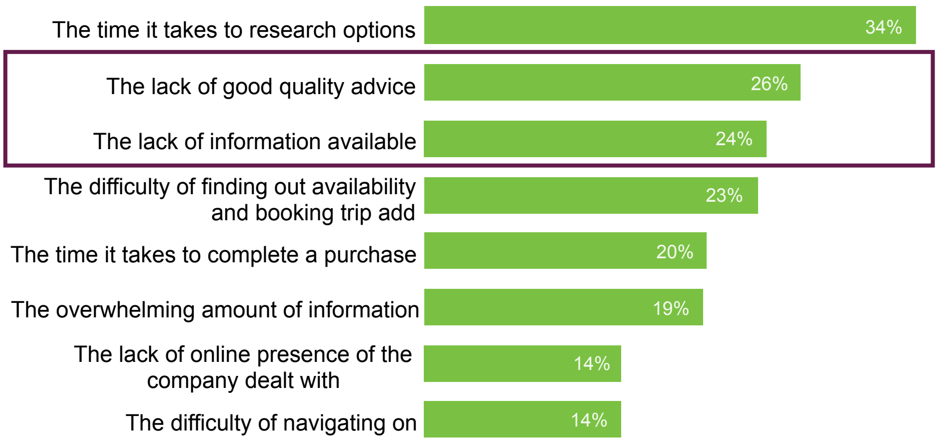


Source: The Futures Company/Lightspeed Research-Travelport Consumer Segmentation survey 2010

Is less really more for leisure travellers?

For leisure travellers, trip planning builds anticipation, but research shows that the time it takes to research travel, as well as, the lack of good quality advice and information are the most frustrating aspects for consumers who are booking leisure travel.

What do you find frustrating about shopping for leisure holidays and activities?



Source: The Futures Company/Lightspeed Research-Travelport Consumer Segmentation survey 2010

23% of travellers admit they are irritated by being unable to find what they want. This insight offers a key opportunity for travel providers to offer information and advice tailored to travellers' specific needs; however, more is not necessarily better:

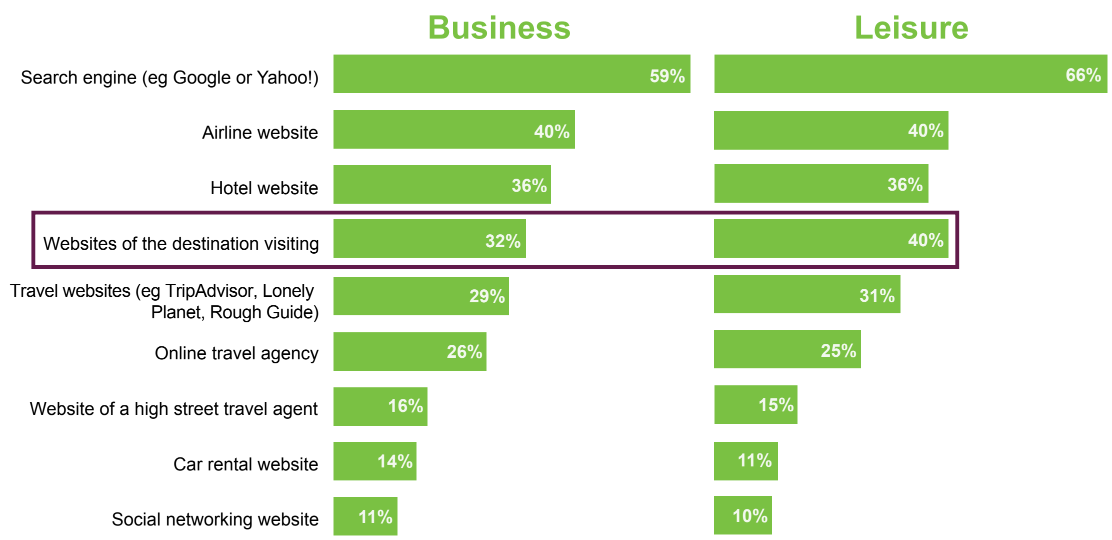
- 19% of people feel overwhelmed by the sheer amount of information out there
- 14% are frustrated by the difficulty of navigating that information

So although there's a call for more information, people are looking for specific, relevant information as they go through the process and it is essential to provide that information with flexibility and ease in navigation.

Where do people go for information?

Online search engines continue to dominate the industry with two out of three leisure travellers (66%) and 59% of business travellers using them to research travel. Airline websites are the second most frequently visited (40% of both business and leisure travellers), followed by hotel sites (36% of both business and leisure travellers). Destination sites are popular with both leisure and business travellers, with 40% of leisure travellers and 32% of business travellers using these sites to book their last trip.

You said you researched your last trip using the Internet, specifically what type of websites did you use?



Source: The Futures Company/Lightspeed Research-Travelport Consumer Segmentation survey 2010

The appeal and popularity of destination websites may stem from the fact that they have invested in search engine optimisation or perhaps it is because they provide portals with links to many other sites. Travellers are looking for a mix of inspiration about what they might do, along with practical information about climate, customs and more. Destination sites wisely offer this type of navigation, connecting visitors with all a destination has to offer. The philosophy behind destination sites is subtly different from that of commercial travel websites in that its aim is to guide or simply provide direction but not capture and retain customers. This approach could be a profitable service option for other travel providers.

Travel recommendation websites like TripAdvisor and Lonely Planet are used by about 31% of travellers, and 25% use online travel agents. Social networking sites, such as Facebook, are used by 10% of people, demonstrating travellers' need for advice in booking travel.

Survey findings indicate that whilst the Internet becomes more widely accessible and more extensively used, it does not replace the demand for face-to-face travel advice. Additionally, brochures and other materials remain important, whether content is printed or available online. However, because the amount of available information is vast, people are now looking for something tailored to their needs. The scalability of websites means that the philosophy to date has been 'more is more' and it's beginning to become counter-productive. Time-pressed customers want to find relevant information in an easily accessible fashion. An application to help people compare packages from different companies could help customers decide which offers the best value, and ultimately encourage more online booking.

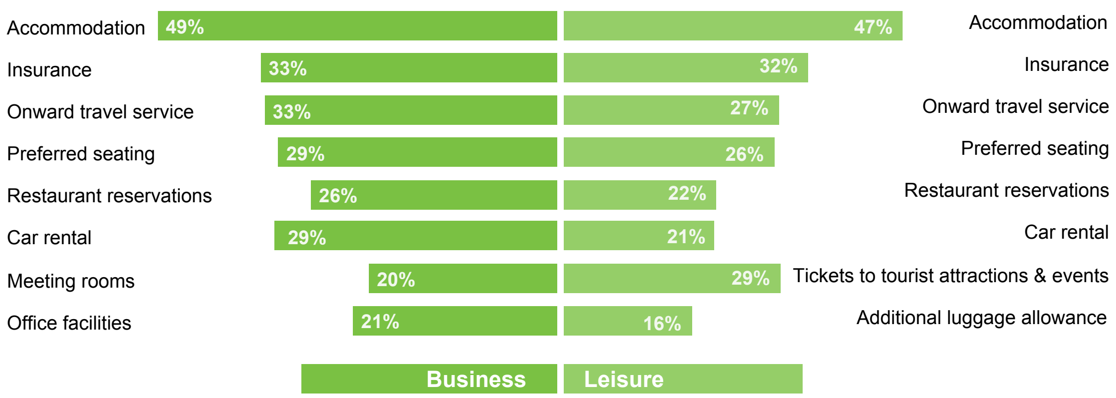
Are travellers booking additional services?

Many travel agencies today are focused on selling air and hotel; however, there is a traveller need for additional services, such as insurance, meeting facilities, restaurant reservations and other travel services. More than two-thirds of travellers booked at least one additional service at the time of booking their last trip. Both business and leisure travellers want to buy accommodation, insurance and more at the same time as key trip components:

- 49% of business travellers booked accommodation at the same time as key segments, as did 47% of leisure travellers
- 33% of business travellers booked insurance, as did 32% of leisure travellers
- 29% of business travellers booked car rentals, compared with 21% of leisure travellers

There are also opportunities to sell additional services throughout the booking process, and many travellers would be interested in upgrades on the day of travel if it were simple to arrange and affordable.

Which of the following add-on services did you buy at the time of booking your last trip?



Source: The Futures Company/Lightspeed Research-Travelport Consumer Segmentation survey 2010

Which additional services do travellers value?

Naturally, all travellers value services that make trips more pleasurable, and comfort is important for both business and leisure passengers. Results show that levels of consideration for additional services are higher among leisure travellers than business. The most highly valued extras that make trips more pleasurable are leg room (34% business and 38% leisure travellers), seat assignment (30% and 35% respectively), and fast track security (29% and 31%). The lure of air miles is strong for leisure travellers with 33% citing it as valuable (higher than the 30% of business travellers). Leisure travellers are looking for fun, and almost one in three (29%) booked tickets to tourist attractions, events and kids' fun packs.

Where do travellers book?

The survey also asked where consumers book travel. With the expansion of low-cost airlines, increased awareness of travel supplier brands and the perception that travel supplier websites offer the best value, 46% of people are booking flights and hotels directly on travel supplier websites.

Online travel agencies are the next most popular channel for booking, accounting for 21% of leisure bookings. Face-to-face interactions remain an important means for booking travel, even amongst countries that rely heavily on the Internet. It is one of the top three channels in seven countries out of twelve in the survey, including Hong Kong, China, Russia, UAE, Italy, Japan and Brazil.

What would improve traveller's online satisfaction?

Although many travellers are already choosing to book online, more would be open to it if services were strengthened. Cheaper prices are the single biggest influence on travellers who are considering buying online, with 75% of leisure travellers and 64% of business travellers stating this would encourage them to buy more online. Their frustration with slow and/or complex booking processes also emerges as 61% admit a simpler booking process would convince them to book online and 58% request a faster booking process. Two out of three (66%) leisure travellers would also like a price comparison feature. There are many opportunities to offer travellers a full suite of services in order to speed passage through the booking process, reduce complexity and improve travel research.

What payment options do travellers look for?

The following chart illustrates how the preferred method of payment varies widely by country. This reflects a mix of personal preferences and local market infrastructure. In developing economies, evolution to online travel will be slow until online payments are sorted.

Percentage of payment transactions by payment type

	Total	Aus	Brazil	China	Hong Kong	India	Italy	Japan	Russia	South Africa	UAE	UK	USA
Credit card	46%	52%	50%	32%	60%	33%	40%	57%	10%	53%	60%	40%	65%
Cash	27%	17%	24%	46%	30%	30%	18%	37%	72%	14%	26%	8%	6%
Debit card	12%	17%	12%	1%	2%	17%	4%	0%	7%	15%	5%	40%	22%
On-line payment transfer system	4%	4%	2%	14%	2%	6%	4%	2%	3%	11%	2%	2%	1%

Source: The Futures Company/Lightspeed Research-Travelport Consumer Segmentation survey 2010

Credit cards are the most popular form of payment for personal travel, but usage levels vary from a high of 65% in the United States to a low of 10% in Russia. Cash is the predominate form of payment in Russia, where 72% of travellers cited they used cash to pay for their last trip. Cash is also the leading form of payment across Asia, with higher than average levels of cash payment in China (46%), Japan (37%), and Hong Kong (30%). Credit card ownership may be high, but there is considerable resistance to using credit and many travellers still prefer cash, particularly in countries with high levels of Internet security concerns.

Online payment transfer is popular in China (14%) and South Africa (11%), and in both cases, ownership and use of credit cards is relatively low. New forms of payment, such as PayPal™, pre-paid credit cards and mobile payment are being introduced as a secure method of payment.

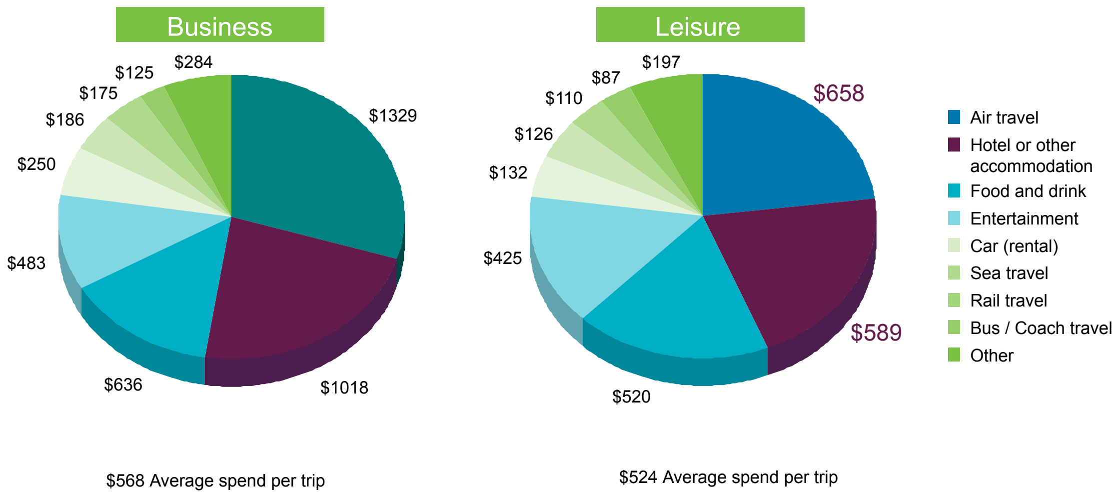
Credit card companies are not the only providers in the world of payment. Telecom companies are looking at the mobile phone as a means of storing cash. Currently, this is limited to storing small amounts of cash that can be used to pay for low-value items, such as tickets and confectionery; however, it may prove a popular way of managing small payments whilst travelling. Nokia entered the world of mobile banking in 2009[1] and estimated that with more than four billion mobile phones, but fewer than 1.6 billion bank accounts, there were big opportunities to move beyond the realm of calls and data, and into money.

Smartphones will speed the demand of e-cash and other forms of mobile payment. More than one million people downloaded PayPal's app for iPhone[2] in the first three weeks after launch. Apple is working in conjunction with Barclaycard to offer a form of contactless payment on the iPhone, with trials expected later this year. Contactless payment is likely to have particular appeal for travellers where emergency payments, small currency payments, and upgrades would all benefit from payment via mobile.

Do business and leisure travellers show similar patterns of behaviour?

Business and leisure travellers are more alike than conventional wisdom suggests. There are several differences in the needs and motivations of business and leisure travellers, but they exhibit similar spending patterns. Average spend per trip is similar at USD$568 for business travellers and USD$524 per trip for leisure travellers. The chart shows the detailed breakdown of spending for each type of traveller.

Thinking about the trips you have taken in the last 12 months, approximately how much do you think you spent on each of the following areas?



Source: The Futures Company/Lightspeed Research-Travelport Consumer Segmentation survey 2010

According to the survey results, spending with airlines accounts for only a quarter of spending (23% of leisure spending and 30% of business spending). Surprisingly, two-thirds of travellers book add-on services at the same time as booking trips, whilst hotels account for 21% of leisure spending and 23% of business spending. Food and drink account for 18% and 14%, and other – entertainment, car, rail and sea travel – accounts for 38% and 33%, respectively.

By understanding the specific moods and motivations of travellers, travel providers can then offer them more appropriate services in real-time and generate additional revenue and expand their companies.

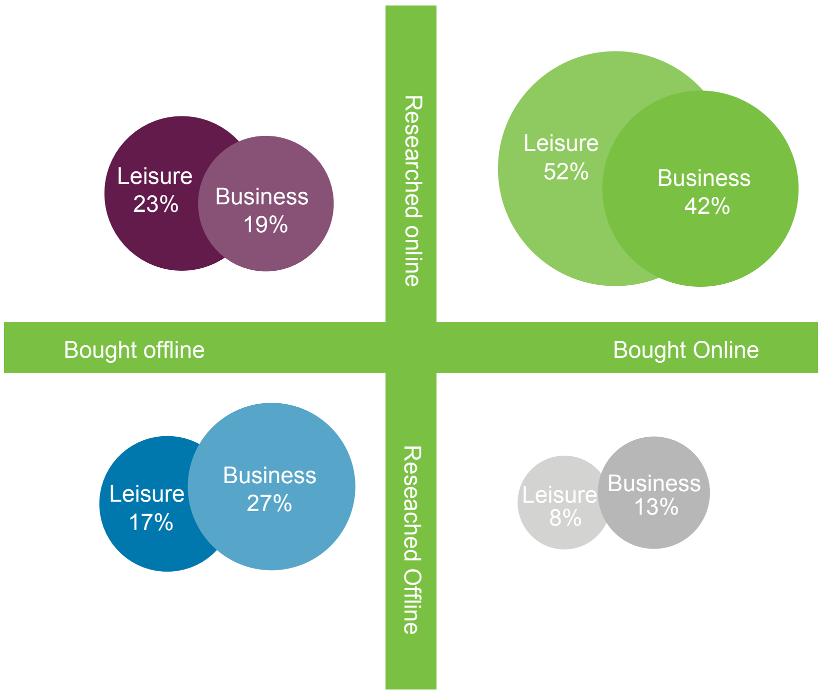
Technology's Role in Enabling the Connected Traveller

Technology is rapidly changing the way people connect with the world, and its impact on individuals and corporations is equally strong. The Internet and mobile phone are changing the very nature of human connection, and the penetration of mobile phones will continue to increase the popularity of mobile Internet globally.

Online versus offline booking

The Internet is transforming the travel industry for business and leisure travellers, but it's not replacing other forms of information gathering and booking. Almost all online travellers also talk to friends, family and colleagues for information and ideas. Printed materials, television, and professional advice still have a role in the customer journey.

The diagram below illustrates that the majority of travellers research and book online



Source: The Futures Company/Lightspeed Research-Travelport Consumer Segmentation survey 2010

Amongst survey participants, 52% of leisure travellers and 42% of business travellers research and book travel online. A further 23% of leisure travellers and 19% of business travellers research trips online but book offline.

Survey results show that 17% of leisure travellers and 27% of business travellers researched and booked travel offline. For business travellers, this relatively high proportion of offline bookings is certainly a reflection of the use of travel management companies.

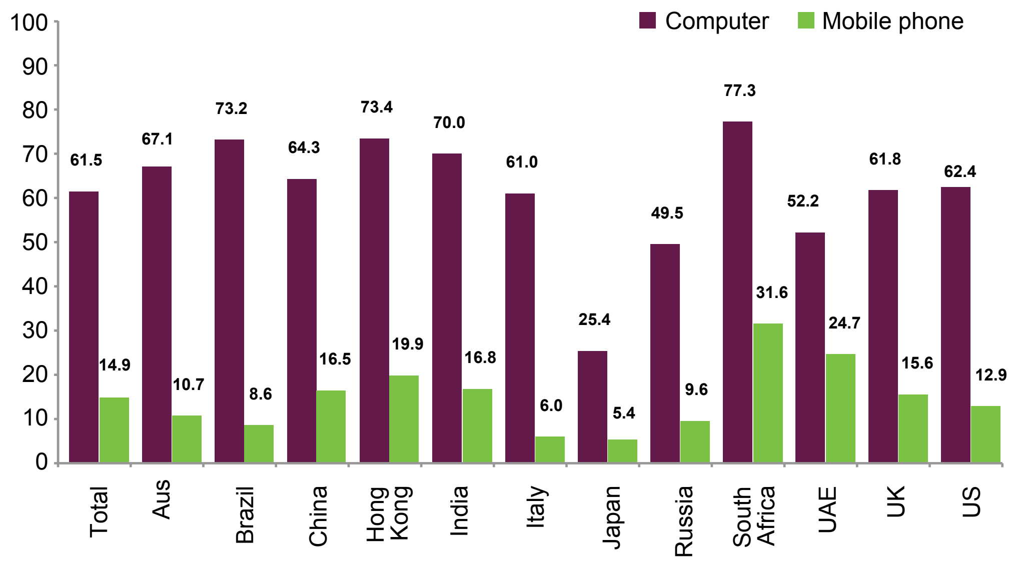
There are considerable differences by country. Researching and buying online is highest in the United States, Australia and the UK – all countries with relatively high Internet access and use of credit cards. The UAE, Hong Kong and Russia have the highest levels of researching and buying offline.

Friends, family and the emerging role of social networking

Although the Internet is the first port of call when looking for information (75% of leisure travellers and 60% of business travellers), friends, family, and colleagues are also important sources of information. This reliance on people's recommendations demonstrates the world's changing views of trust. Trust has become more personal and specific. 'People known to me' (even at several degrees of separation) are more trusted than professional advice. It is not that the advice of professionals is mistrusted; rather, it is that the advice of people most like oneself seems more genuine and therefore more highly valued.

Online social networks represent the vital aspect of our lives that has been around forever: human interaction and connections. However, today, social networking is accomplishing much more. Web sites like Facebook, Twitter and YouTube are transforming the idea of ‘word of mouth’ and extending the influence of this personal network of connections.

Percentage of people who visited a social networking site when planning their trip



Source: The Futures Company/Lightspeed Research-Travelport Consumer Segmentation survey 2010

Technology is increasing the ease, geographic reach and diversity of connections that can be maintained. It remains to be seen how deep connections will go. Most people still rely on an intimate network of around 12 people. It seems that social networking has allowed people’s social circles to branch outward exponentially. Now, one does not just rely on one’s own closest friends, but also the closest friends of others. For example, the average number of connections on Facebook is 150 – the 12 closest friends of your 12 closest friends[3].

Social networking is very popular amongst the survey sample with 62% of the sample using social networks via their computer and 15% accessing networks via mobile phones. Interestingly, social networks are strongest in Brazil, South Africa, India and Hong Kong – all countries where Internet access is relatively recent. Mobile use of social networking sites is even more skewed away from mature travel markets. Greatest use is in South Africa, UAE, Hong Kong and China.

The rise of social networking has been spectacular and its impact continues. It started with youth under the age of 18, but the fastest growth is now amongst those aged 45 - 54. In April 2010, Facebook overtook Google as the most popular site on the Internet. Whilst Facebook is the dominant global social networking brand, local networks, such as QQ in China, also remain quite popular.

A picture paints a thousand words

A similar picture emerges when it comes to posting photographs online. Survey participants were asked about their use of networking services to post photos online. Posting photographs and writing blogs are most popular in China, South Africa, UAE and Hong Kong.

Facebook is one of the most popular recipients of photographs with an estimated 2.5 billion photographs posted every month. Travel pictures are a favourite to share with friends and family. Rich media – the use of images and video – is anticipated to be one of the next big trends in social media.

Augmented reality sites may also provide some of the magic. The recently re-launched Museum of London has created an augmented reality application, which superimposes photographs of historical events onto key locations in London.[4]

Timely mobile advice wanted

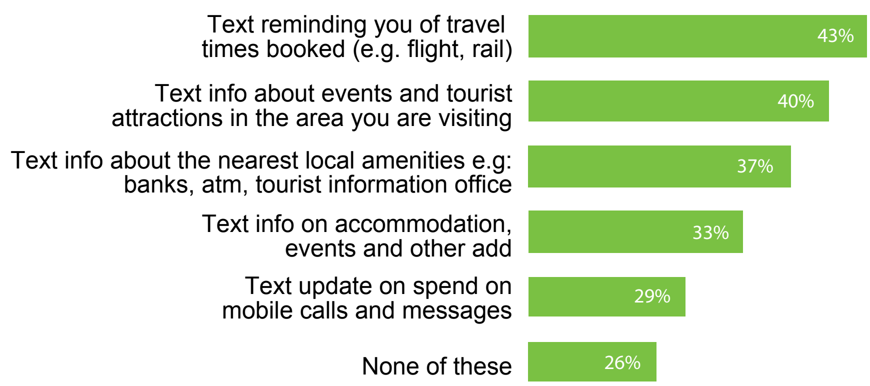
To date, the Internet has been largely accessed via a personal computer, but according to Gartner[5] there will be more smartphones than PCs by 2013. Data traffic is growing faster than voice traffic[6] and 4G networks, which are 50 times faster than 3G, are rolling out in the United States and Japan. Tablet devices like Apple's iPad may further blur the distinctions between phones and computers and add to the convenience and portability of personal devices.

Sites designed for the mobile device are the next stage in travel services. Consumers will expect travel providers to offer mobile services to enhance their travel experience from research and booking through to destination services. In these early days of development, mobile phone applications bring in new customers and drive new brand loyalties. TripAdvisor's mobile beta site signed up more than one million unique monthly visitors and its iPhone app is available in 13 different languages.

Just remind me

Research revealed that 43% of respondents in the survey would like reminder texts about travel times, 40% would like text information about tourist attractions and events at their destination, and 37% would like to be able to access information about local amenities via mobile phones.

What kind of information would you like to receive on your mobile while on a journey?



Source: The Futures Company/Lightspeed Research-Travelport Consumer Segmentation survey 2010

There is also information that travellers would like to have access to whilst they are travelling; however, this desired information tends to differ by nationality. The greatest interest is from Chinese, Indian, Russian, Brazilian and Emirati travellers – all in countries where mobile ownership is high, sophisticated text-based services are common and fixed high-speed broadband is still developing.

As the following chart shows, most travellers are interested in information about events and attractions. Russian and Emirati travellers want to know the cost of communications – certainly a reflection of the currently high cost of mobile calls. The currently low demand for text alerts in mature markets is an indication of the current reliance on personal computers (and paper copies), but the trend to mobile may change in these settings as well, as smartphones and applications become more prevalent.

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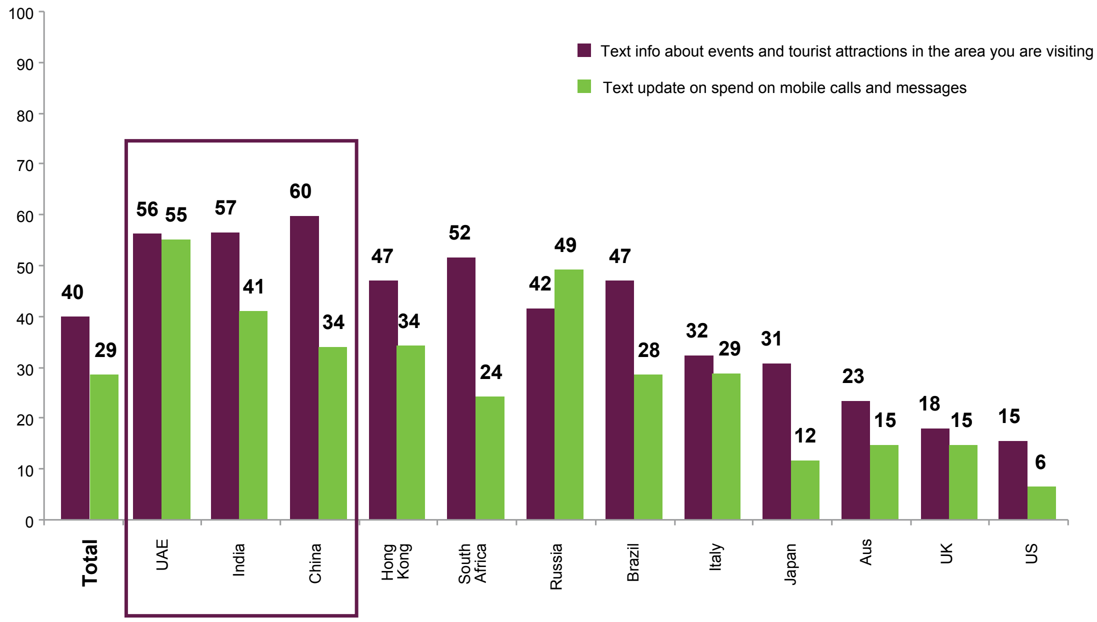

Source: The Futures Company/Lightspeed Research-Travelport Consumer Segmentation survey 2010

The Future of Travel

In the Hands of Travellers and Technology

Travelport's consumer research illuminates the changing mindset of travellers across world regions, and specifically shows how their use of technology is driving this change in the distribution, marketing, and procurement of travel services worldwide.

The travel industry is shifting toward a new era in customisation and personalisation that revolves around the individual traveller. These findings translate into strong macro consumer trends ranging from what motivates people to travel, to the type, amount, and quality of information they seek, and the ways they want to access information and complete bookings.

The "Well Connected Traveller" has emerged, demanding information and services that facilitate a truly personalised travel experience. Smart travel suppliers and their business partners are responding with technology-enabled capabilities that deliver against the nascent and espoused consumer requirements, but as this survey summary has revealed, not all travellers are created alike.

To learn more about the Well Connected Traveller and additional research insights, please visit www.travelport.com or contact your local Travelport account representative.

(Endnotes)
1 Nokia
2 Mobile phones
3 Dunbar number – organisations need no formal management structure under 150 people. 12x12 self-organise – Tipping Point
4 Museum of London
5 Gartner
6 ZDnet.com

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the coming together of
Henley Centre HeadlightVision
and Yankelovich

the futures company

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