

Analytics at your service in travel, tourism, and hospitality

According to Michael LeBoeuf, American business author and management professor, “A satisfied customer is the best business strategy of all.” The travel, tourism, and hospitality (TTH) industry was one of the first to embrace this concept, even before the arrival of the ecommerce boom. The industry was quick to realize that a customer on vacation is out to build happy memories while a customer on a business trip is looking for friendly and professional services. However, with increasing competition, the challenge for industry players today is delivering positive experiences, while bolstering cash flows and optimizing working capital.

So how do you stay ahead in this fast evolving market? The good news is industry growth and spend statistics look promising. The United States [Commerce department](#) has predicted that by 2020, 96.4 million visitors will have traveled to the U.S., a growth of 29% from 2014. It is estimated that travelers to the US spent a whopping \$221 billion on travel goods and services in 2014.

Analytics will be key to TTH companies’ ability to provide excellent customer service while not losing sight of their key numbers. It can help balance customer experience with profitability by providing key insights and identifying trends in the TTH sector. Given the rise in online bookings, there is a rich source of data available to understand user preferences. The avalanche of user data includes demographic, psychographic, social media, and mobile data. Let’s look at some ways that TTH firms can use this opportunity to mine the data, deliver greater customer value, and improve business performance.

Personalize offers and campaigns

British Airways (BA) introduced the Know Me program to acquire an integrated, 360 degree view of customer habits and preferences. Through this program, BA uses analytics to reward customers with loyalty programs and provide targeted offerings that indicate personal recognition of the customer. While TTH firms have traditionally worked well with structured data such as booking details, food, seating, room preferences, and customer’s travel dates, analytics has highlighted the importance of harnessing unstructured data. Let us consider a scenario in which a customer makes enquiries on a website or posts a query in social media, but does not follow it through to make an actual booking. Analytics can help mine this data to discover why the customer might have potentially backed out, and then fine tune the selling strategy to suit the individual's requirement.

Another application of analytics is to help organizations track campaign performance and generate more traction. With the help of Google Analytics, New Brunswick Department of Culture, Tourism and Healthy Living (CTHL) strengthened its seasonal marketing campaign. CTHL was able to evaluate current performance and plan future campaign strategies using metrics gathered on their website. With such analytical models in place, it is easier to customize packages for different traveler customer profiles such as leisure, adventure, and honeymoon. You can also calculate a customer's worth during the predicted lifetime relationship and appropriately mold your strategy.

Can we use all this information and extend it to peripheral services, too? Absolutely, yes. You can combine different data clusters such as travel (flight and other modes) and hotel information to create a holistic picture of the customer. If you add location-based information to this, providing recommendations in real time will be a piece of cake. For instance, travelers entering an airport could be offered discounts or other incentives at their favorite store, restaurants, or cafes.

Balance guest experience and the bottom line

Creating a truly memorable experience while hitting profitability goals can be challenging. Too many cost-cutting measures can compromise service, inviting negative online and offline feedback from customers. On the other hand, excessive discounting can impact the bottom line. Accurate forecasting and pricing models can help you strike the perfect balance through planning and budgeting. For instance, logistics can be optimized by improving capacity planning and reducing costs. Contextual text analytics can also help you make better sense of consumer sentiment.

Marriott, one of the leading hotel chains, is a forerunner in this space. It uses analytics to manage its revenues efficiently. One big decision area for hotel management is determining the room price based on seasonal demand and other factors. Marriott consolidated its systems to create a centralized repository of information and uses algorithms to improve revenue management.

Analytics in the driver's seat

Today's connected travelers have access to multiple options at their fingertips. Travel search engines such as Kayak can help customers identify the best day for cheapest deals within their travel timelines. This means TTH companies will have to find new ways to generate value for their discerning customers. Analytics can help drive customized, once-in-a-lifetime experiences for customers by identifying trends and preferences early on. At the same time, it enables better business decisions, leading to improved efficiencies and top line growth for the company. It is clear that by leveraging analytics, TTH companies can have their cake and eat it too.