The Chartered Institute of Marketing

Travel Industry Group

Travel Marketing at the Leading Edge

In association with

REAL Digital International

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SPIKE MARKETING

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Contents

1. Executive summary

The job of a marketer in travel is becoming ever more complex as new media channels emerge and need managing. It seems that instead of replacing older channels, these newer channels have resulted in substitution, but not necessarily wholesale replacement – orchestrating a proliferation of channels is a difficult job in any sector.

Email is the most ubiquitous tool used by marketers. Its ease of deployment and relatively low cost often results in an under-exploitation of a potentially highly engaging medium. But 99% use it and more than 50% say they will be spending more on it in the coming year.

Social Media unsurprisingly makes a strong showing. Lots of you do it and lots of you want to do more of it. You will be spending more on it, but it's not as high a priority to your business as it might appear – **SEO, email, Paid Search and PR are all higher priorities for your business.**

A balanced 65% of responders see Acquisition as equally important as Retention. But when one digs into how budgets are allocated, most spend the lion's share on acquisition. Perhaps no surprise given media costs, but we can't help feeling that longer term objectives are being ignored in favour of new customers.

The awareness and use of marketing programmes to address specific management issues is admirable – with most marketers running a range of initiatives to increase conversions, revenues and retention.

Not such a good picture emerges when we consider leading edge techniques – a good level of awareness, but less adoption. The key here is that these tools and techniques are being used by marketers in other sectors – and we compete with them as much as with other travel brands. Travel has the inbuilt advantage of interesting content – but marketers must not rely too heavily on this and risk being left behind.

Travel marketers appear to be relatively optimistic – seeing their departments as likely to grow and their sales to increase, but at the same time they feel unsupported by the government and buffeted by economic circumstances.

They do, however, recognise the value of engaging communications, and want to do more. **An impressive 90% want their communications to be more personalised** and more tailored.

2. CIMTIG and REAL Digital International

CIMTIG is the Travel Industry Group of the Chartered Institute of Marketing, the world's largest marketing organisation with some 50,000 members. CIMTIG promotes marketing excellence within travel and provides networking, career and study opportunities to marketing professionals in this exciting and vibrant industry.

REAL Digital International is firmly established as the UK's leading provider of dynamic print communications and consultancy. By offering a consultative approach, we work in partnership with our clients in developing cost effective solutions that drive response, activation and brand recognition.

Our experience with the travel industry has enabled us to continually challenge ourselves and our clients to develop concepts and solutions, which continue to push the boundaries and pioneer innovation in the world of dynamic print and relevant campaign messaging.

Personalised printed and targeted communications are the most effective way of getting your message across. REAL Digital International helps you identify, understand and engage with your prospects and customers more effectively. If you would like to add value to your customer proposition and challenge your current process, we would be happy to arrange a conversation with you. Please call Jolene on 020 8603 7063 or email jolene-timlin@real-digital.co.uk

3. Methodology

This report gives an overview of answers to a survey carried out by SPIKE in late 2012 and early 2013 amongst marketers in the travel industry.

If you're reading it now it means you were either one of the participants in the survey or you attended a CIMTIG event on May 16th 2013 where the main findings were presented.

The survey was undertaken with the kind cooperation of CIMTIG and generous sponsorship of REAL Digital International.

Its aim is to take the pulse of travel marketers and share information; to help travel marketers understand the state of play across the industry and what their colleagues in other businesses are thinking and doing.

We generated 170 responses and there was remarkable consistency - the trends we saw emerging from the initial 50 responses continued across all 170.

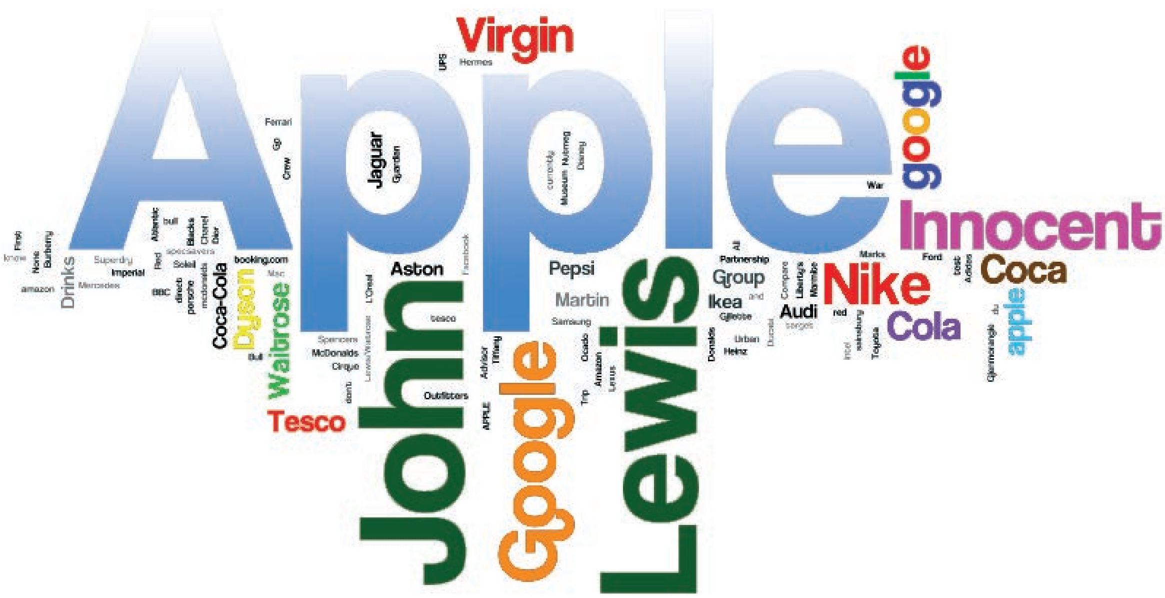
We hope that you find the data informative. If there's anything more you'd like to know or analysis that doesn't appear here, we're happy to help. Just email info@spikemarketing.co.uk and we'll do our best to help you.

SPIKE specialises in research and consultancy in the travel sector. Our clients include tour operators' large and small, travel agencies, tourist boards and travel providers. We combine a commercial approach to marketing and business development together with strong strategic planning skills. We are also highly experienced in the analysis and interpretation of data, bringing to bear advanced data mining techniques to both transactional and research data.

4. Findings

4.1 Brand love

We asked travel marketers which brands they admired - both outside and within the travel industry. The word clouds below show the results. The bigger the word the more they were admired.

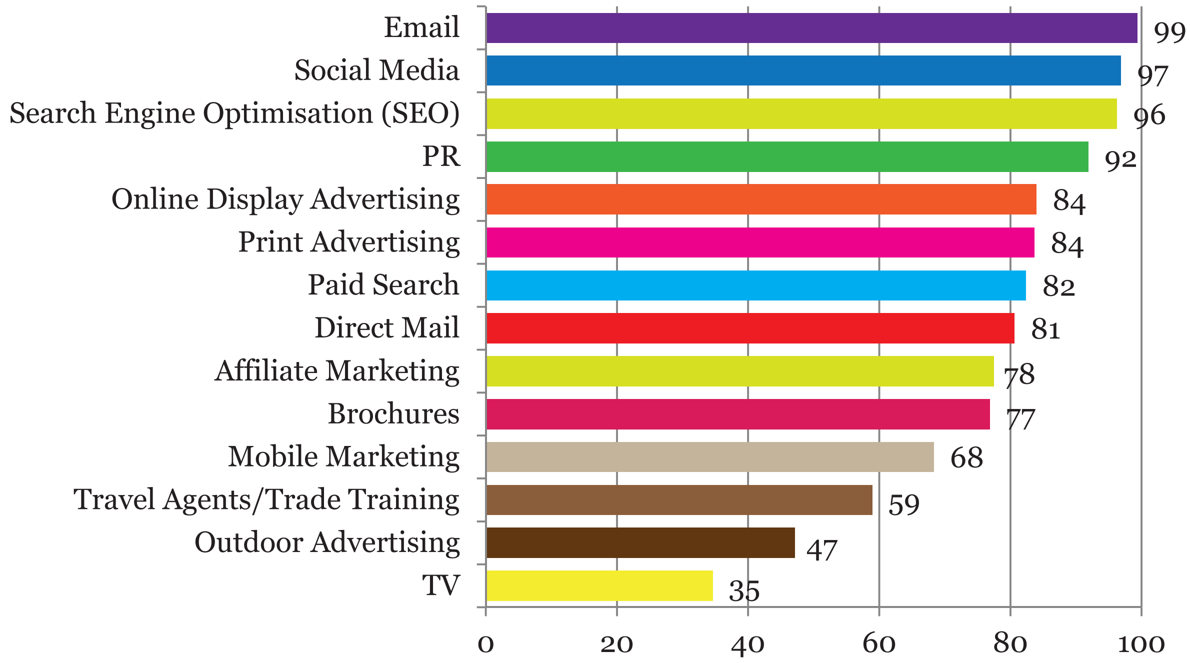


Apple, John Lewis and a bit of Google, Virgin makes it up there too and Innocent. There is a good combination of strong visual brands with a great service ethic. Perhaps what all travel companies aspire to.

Within the travel sector the admired brands were:

Well done Virgin, British Airways too and some votes for Kuoni and TUI. It is part of the makeup of the travel industry that there are a lot of brands relative to other sectors – and part of the challenge for travel marketers is to maintain and develop distinctive brands on often limited budgets.

4.2 Who does what?



We asked marketers what channels they used now, and how they see their use evolving over the next 12 months.

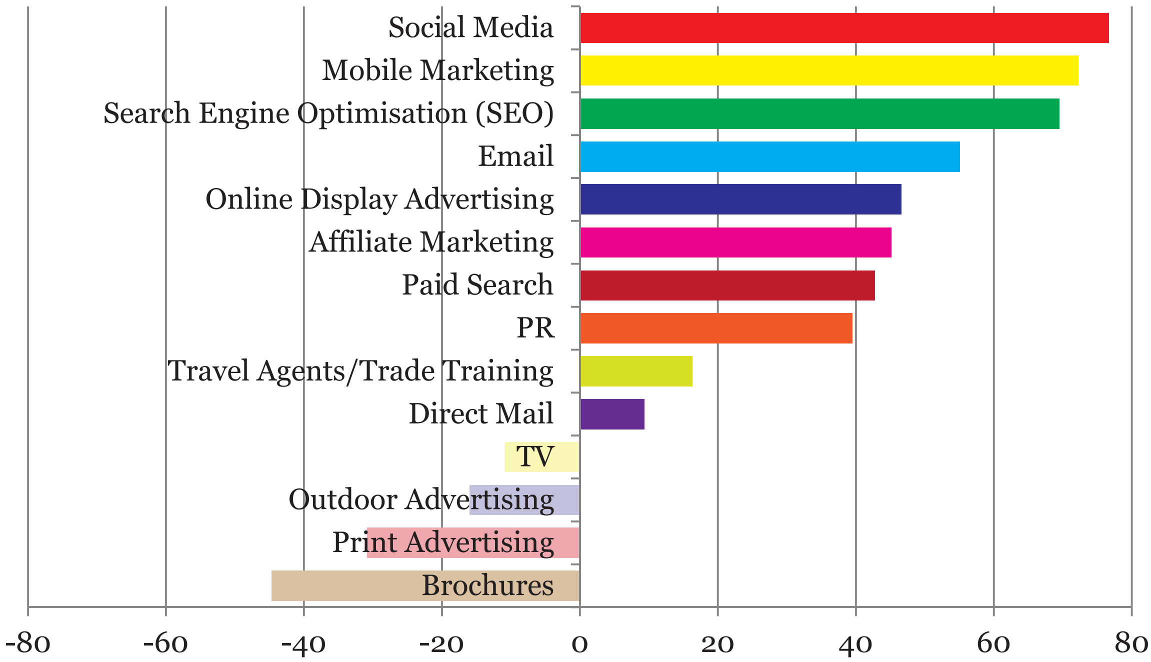
Interesting to see just how ubiquitous email has become – 99% of you use it as marketing channel. The challenge with email is to achieve cut through – to use its full interactive and engaging capabilities.

Social Media scores highly too, almost a why-wouldn't-you when the cost can be so low to set up. Creating appropriate on-going, engaging content will prove the greater challenge. Likewise with SEO - if you have a website, you want it to be found.

Offline print media also remains strong. 81% of you use Direct Mail and 77% still produce a Brochure.

More telling is what you intend to spend more of your budgets on in the next 12 months …

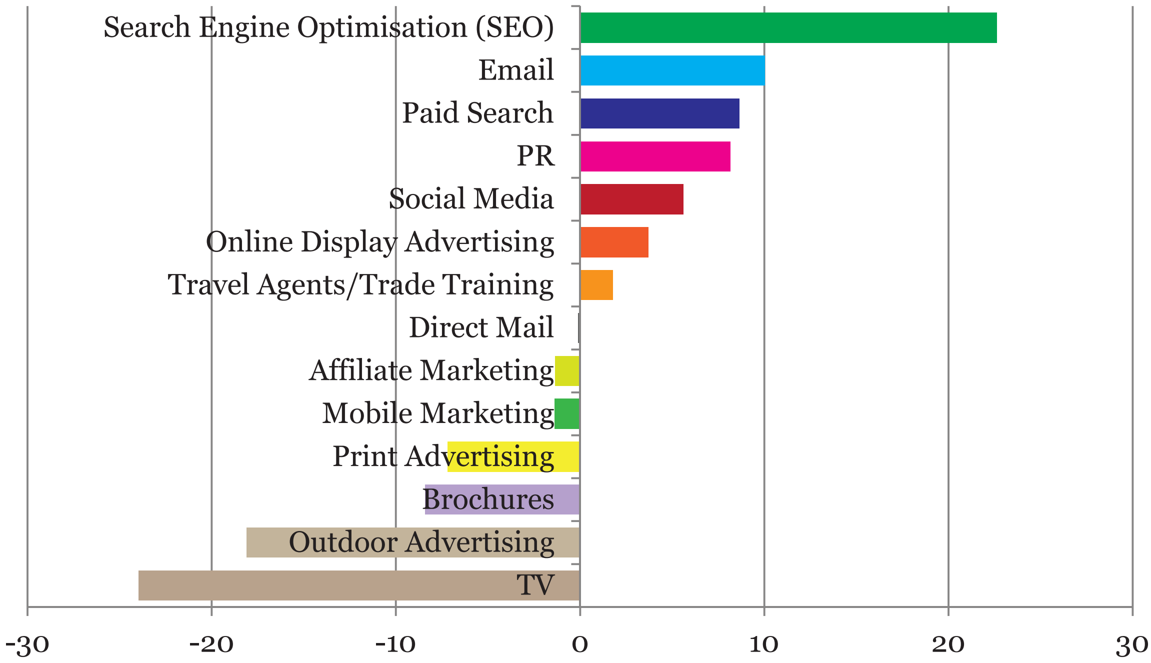
4.3 Winners and losers



Here we can see the shift to digital channels. Almost 80% of you will be spending more in Social Media in the next 12 months with Mobile Marketing and SEO close behind. Even email is getting more attention.

The biggest loser though is that unloved artefact – the Brochure. But the smarter amongst you will have figured out that targeted and personalised brochures still work well – however they are no longer the main weapon in the armoury.

To tease a little more out from you about how you're spending your budget, we asked you what your highest and lowest priorities were amongst the various marketing channels. This helps us understand where they fit in your priorities regardless of budget. You may choose to spend less in an area but it still remains a high priority.

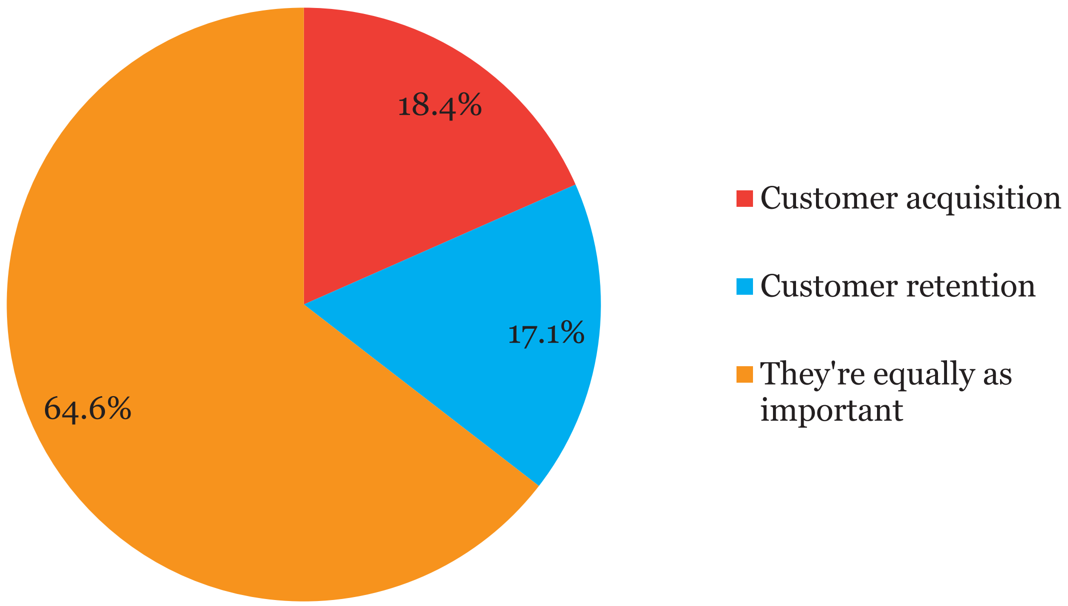


The chart above shows the net priorities. We've subtracted the respondents who stated that a medium was their lowest priority from those that said it was their highest.

So, for example, travel marketers might be planning to spend more on Social Media but the highest priority for their business is SEO – its net priority is more than double any of the other channels. And in terms of bang-for-your-buck this makes perfect sense – not only do you rise up the search rankings, you should be able to reduce your PPC costs too.

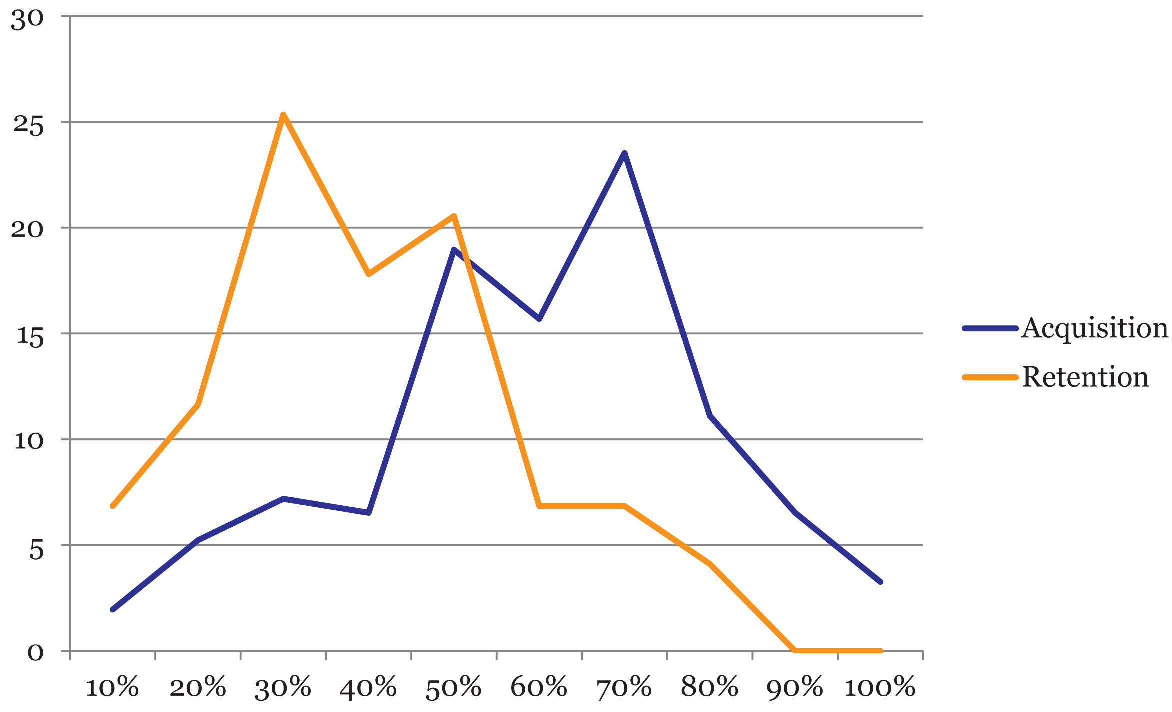
Mobile Marketing comes out as a relatively low priority but should, we feel, be given a far higher status with the opportunity to target individuals with highly relevant content on their phone.

4.4 Finders keepers



Almost 65% see customer Acquisition as equally important as customer Retention. With an even-showing for those who consider one of these most important.

No great surprises here and your priorities are often driven by where your business is performing best at the moment. Dismal retention rates demand more focus on that area, as does the inability to attract new customers.

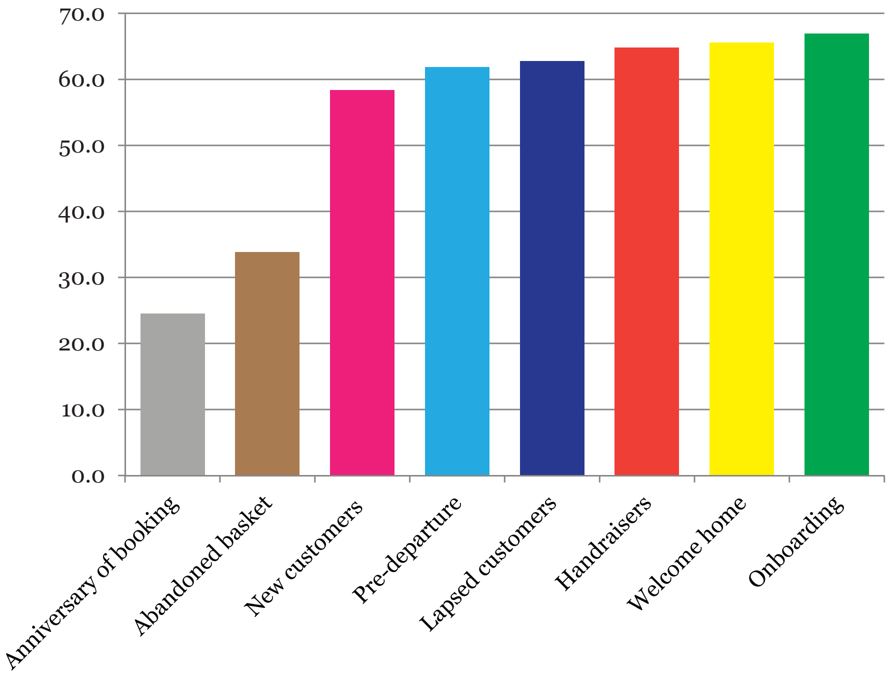


Next we moved from focus to spend and asked you how much of your budget was spent on Acquisition and how much on Retention.

The horizontal axis here shows the percentage of budget spent on Acquisition or Retention. The vertical axis shows % of responders. So, for example, 25% of travel marketers spend 30% of their budget on Retention, only 5% spend 80% on Retention.

Very few businesses would spend their entire budget in one or other camp, but there is a clear indication of more being spent on Acquisition – perhaps unsurprising as this is where the media costs are mostly met. We can't help thinking a greater emphasis on Retention would serve many travel companies well.

4.5 Marketing programmes



There is a growing move toward marketing automation - using technology and data to drive marketing programmes that increase conversion, revenue and customer retention. We asked you tell us which of these programmes you ran:

Handraisers: following up people who are looking to book e.g. enquiry

Onboarding: welcoming new prospects to your brand

Abandoned basket: following up people that drop out of shopping basket

Pre-departure: up-selling and cross-selling between booking and departure

Welcome home: contacting on return from holiday requesting feedback/ reviews

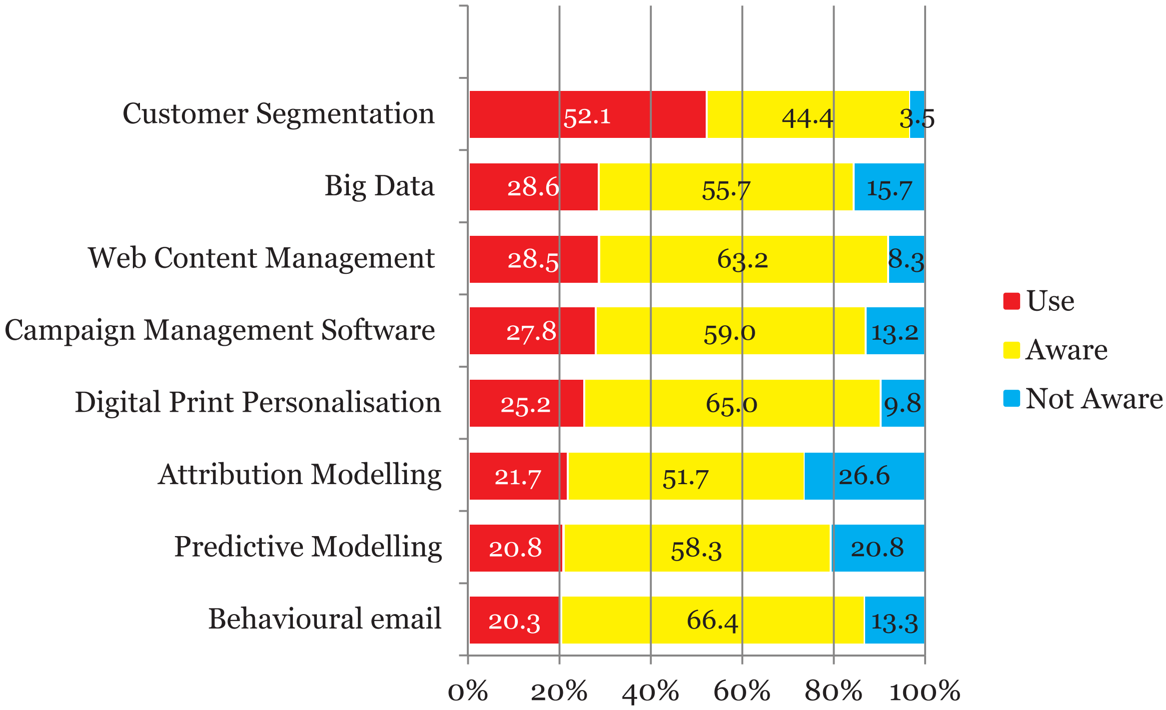
Anniversary of booking: contacting customers on anniversary of their last booking

New customers: sending personalised communications to entice them to book again

Lapsed customers: identifying and sending win-back communications

It seems travel marketers have got most of these programmes covered off. With the exception of Abandoned Basket and Anniversary of Booking programmes – the latter of which, we believe, is the cornerstone of any repeat selling effort.

4.6 Tools and techniques



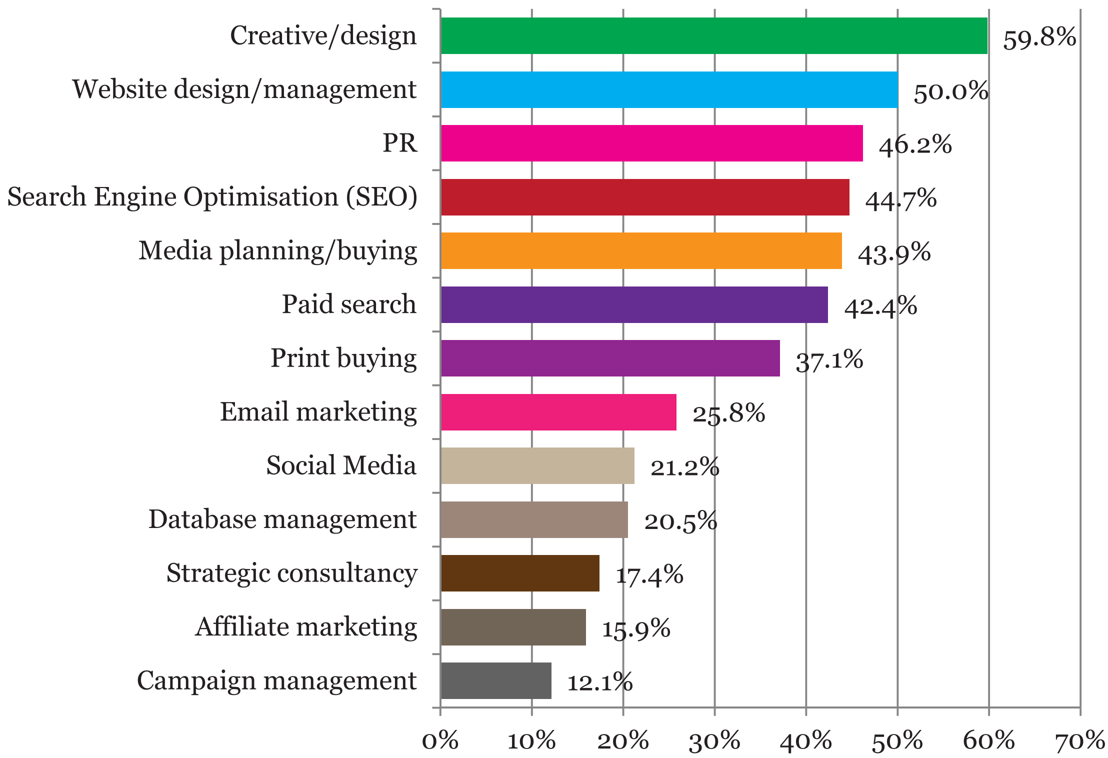
To probe deeper into the adoption of leading edge techniques, we asked respondents to tell us which they used, were aware of or were unaware of.

It comes as no surprise that customer segmentation – a basic tenet of marketing – is the most applied and recognised. We might question the rigour of that segmentation though, and whether it is as thorough and quantified as it might be.

Big data gives a good showing – there is a growing mainstream realisation that data is the 'oil of the 21st century' and those that can exploit it can reap massive benefits.

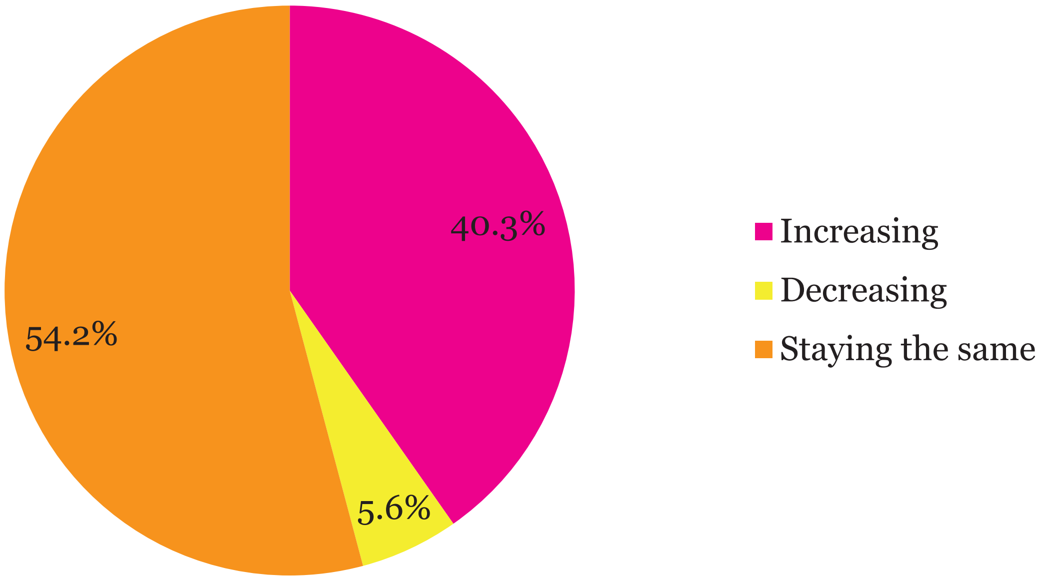
Awareness of techniques is high, although the quantitative disciplines of attribution modelling and predictive modelling seem to be least well known – perhaps reflecting the often right-brained dominance in marketing departments.

4.7 Outsourcing



We asked respondents which elements they outsourced and which they kept in-house. Almost 60% of travel marketers outsource their creative and design with a mere 12% outsourcing their campaign management. A heavy burden seems to lay on many marketing departments as they have to be expert across so many complex tasks.

4.8 Growing departments



There's a positive perception of the potential growth of marketing departments over the next three years – only 5.6% see the size of their marketing department decreasing, with just over 40% believing it will increase – perhaps this is indicative of departments being cut to the bone over the past few years.

4.9 Thoughts and attitudes

90%	Want their communications to be more tailored and personalised	61%	Believe the government doesn't support the travel industry
77%	Are optimistic about sales for the next three years	55%	Understanding the ROI of all their marketing activity
75%	Say social media is really important to their business	54%	Believe the business they work in is really good at innovation
67%	Track sales back to their source	37%	Agree that Google gets too much of their budget
26%	A mere 26% think its never been a better time to be a travel business		

At the end of the survey we included some statements. We asked respondents to tell us whether they agreed or disagreed with these. The illustration above shows the percentage of people who either agreed, or strongly agreed, with the statement.

It's great to see optimism about sales over the next three years.

Perhaps a little surprising is to see how many consider social media to be really important to their business given the lack of successful case studies in this area – although as a channel it is a necessity for most travel businesses.

Google is perhaps a little more popular than we might have anticipated! And some notes of pessimism can be seen from the mere 26% of people who think it's a great time to be a travel business.

It seems that personalisation is a big issue in the travel market with 90% wanting their communications to be more tailored and personalised - a worthy ambition.

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