The data-powered travel company

How can travel companies use data to fuel growth?

An underused resource is about to transform aviation and hospitality. Are you ready to start using it?

Imagine sitting on an asset that could improve your operations, enhance your customer experience, unlock new revenue streams and shape your future business model.

You probably don't need to imagine it, because most travel businesses already possess that asset—in vast quantities. Data is the asset, and it has the potential to fuel post-pandemic recovery and future growth.

But in the travel industry much of data's potential is untapped. Why? That's because a lot of data is hard to access and therefore difficult to analyze. Poorly integrated legacy systems, business and process silos, and a lack of leadership support leave many data projects stalling before they create any value.
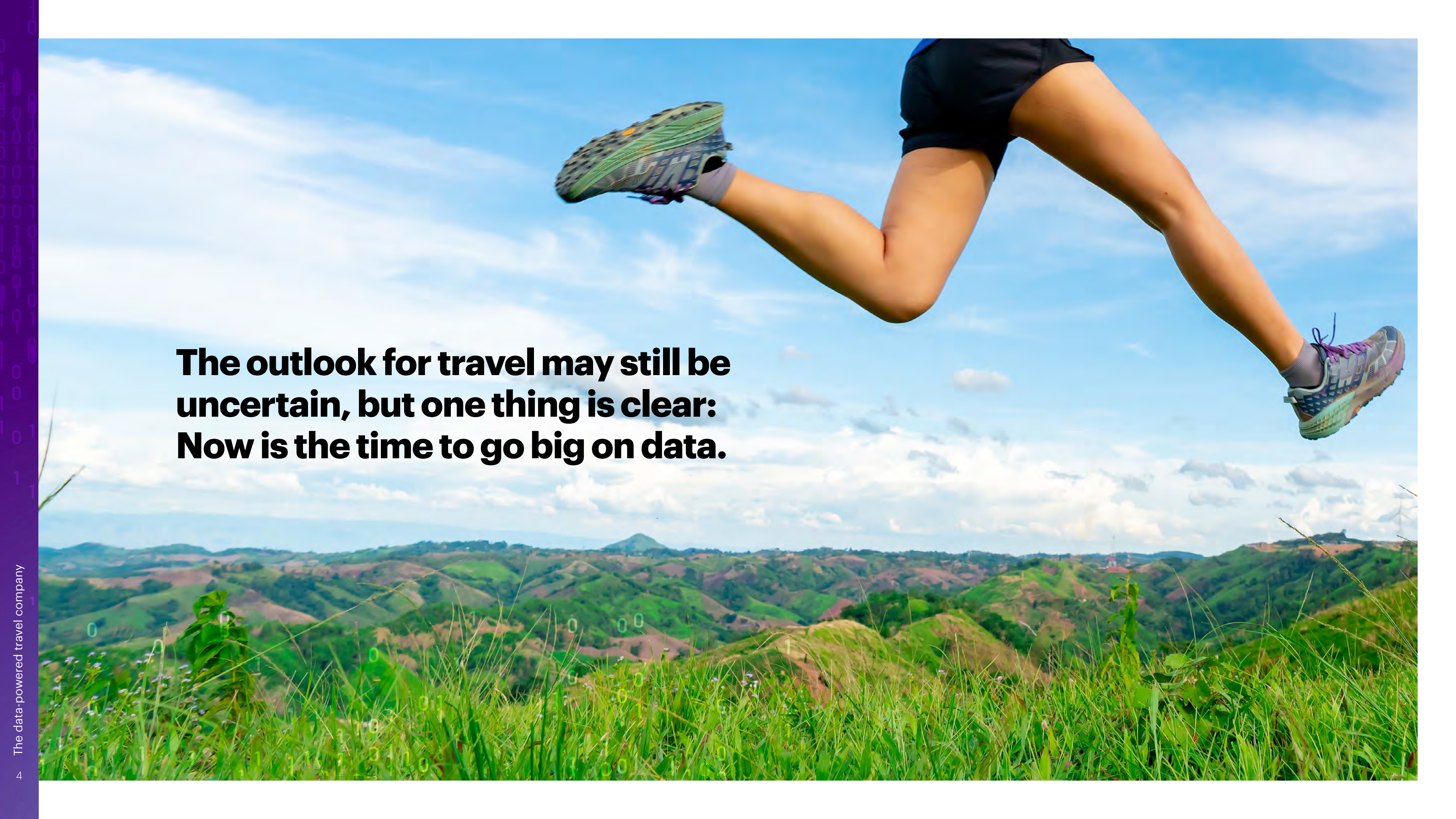
A data mindset can fuel recovery and power future growth

As the crisis phase of the pandemic recedes and the world starts traveling again, travel companies have an opportunity to reset and reinvigorate their approach to data. The need couldn't be clearer: **Only 17% of executives[1] felt confident they had the necessary information and insights to make informed business decisions during the pandemic.** By taking action now, businesses can capitalize on quick wins—and lay the foundations for long-term advantage.

This is the era of the data-powered travel company, and the ability to get value from data is a crucial competitive differentiator. **Data can help companies capture additional value by:**

- Better understanding customers, uncovering hidden demand and building loyalty.
- Finding new commercial opportunities and creating new revenue streams.
- Identifying inefficiencies and improving operations.
- Mobilizing new business models.
- Building ecosystems with partners.

The outlook for travel may still be uncertain, but one thing is clear: Now is the time to go big on data.

What does a data-powered travel company look like?

One of the most valuable applications for data is better understanding customers and improving their experience. After all, travel is about the experience, and companies that can deliver positive and memorable experiences will ultimately prosper. Both within your business and in concert with an ecosystem of partners, data can enable you to target customers with offers that are more relevant than ever, create opportunities to increase discretionary spend, and support improved customer service with more streamlined processes.

Picture for a moment how data could increase convenience and reduce the stress involved in traveling. For example, by integrating data about check-in times, how busy the airport is, the customer's luggage, whether they prefer to have time for browsing retail or enjoying a pre-flight meal, plus local traffic and weather conditions, it would be possible to offer a suggested schedule for their door-to-door journey, from home to plane. Not only would that enhance the experience, it would also create opportunities for promotions via partners such as ride-hailing apps and rail services.

For this scenario to work, partnerships need to be in place with players across the travel ecosystem, such as the airlines, airport and authorities. Data has to be available and integrated. And there also need to be robust data-sharing/privacy agreements. But get those components right and the result will be happier, more loyal customers—and increased revenue.

Beyond directly customer-oriented initiatives, industry players also have a lot to gain from more intelligent operations. **Take one of the busiest airports in the Asia-Pacific region, which handled 33 million passengers a year before COVID-19. As a result of fragmented systems and legacy solutions, it was struggling to build an end-to-end view of its operations.** Working with Accenture, the airport identified what it was doing wrong. It decided to focus first on international arrivals and passenger congestion issues.

Within months, the airport had integrated WiFi, location modeling, airport gate scheduling and third-party flight data to give it a comprehensive view of passenger flows. A dashboard of this data has helped to optimize operations, reduce costs, increase revenues, improve safety and provide better customer experiences. This view proved so useful that the airport has shared real-time visibility with border control, enabling further improvements in handling arrivals.

Organizations with future-ready operations—including the use of data and AI at scale—are **1.7x more efficient and 2.8x more profitable** than the competition[2]

For many travel businesses, the operational priorities are relatively simple. One global hospitality company, which operates and franchises hotels, grew quickly through acquisitions. The challenges that came with those acquisitions included the integration of finance operations—the company found, for instance, that 25% of journal entries submitted by property managers contained errors. Now, with Accenture's AI-enabled Journal Entry Advisor, it no longer faces these issues. The advisor runs the data through a rules engine that processes approximately 3,000 journal entries monthly and uses machine learning to continually improve. **The result: Accuracy in the franchise submissions is now higher than 98%.**

Another tool—enabled by AI, machine learning and chatbots—optimizes the credit card chargeback process as part of customer refund requests. The tool makes it easier for agents to identify chargeback reasons and produces responses to chargebacks automatically. **This has boosted their recovery success rate to 35%—or 10% higher than the industry average.**

Most valuably, these tools have freed up property managers to focus on selling rooms, improving their properties and delivering better customer experiences.

How to balance quick wins and long-term benefits

The environment is undoubtedly challenging for travel companies that are contemplating what to do next with data. Travel's recovery to pre-pandemic levels may take years. And while cash flow is already limited, further disruption—from geopolitical instability to consumer price squeezes—is always a possibility.

This could trap travel firms in a state of inertia. Breaking free will take commitment, boldness and a clear understanding of how to balance quick wins and long-term prizes.

| The quick wins

These can often come from **exploiting existing data sets to understand, segment and speak to your customers.** Many travel companies can quickly realize value by replacing customer segmentations based on simplistic demographics with behavior-based data (such as length of stay or spend), enabling better-targeted marketing campaigns and improved revenue.

Other creative opportunities abound. Accenture has developed a platform called Net New Revenue Platform, which follows the customer journey from end to end. Luxury resort chain Banyan Tree Group leveraged this platform for the creation of a proof-of-concept digital 'Laguna Phuket Scavenger Hunt' immersive experience at its Laguna Phuket resort in Thailand. **Guests used their mobile devices to search for digital objects (NFTs) and win exclusive prizes, while learning about the services offered by the resort. Of the guests who registered, 80% went on to participate in the immersive experience, and the resort reported an increase in foot traffic to targeted facilities—plus greater awareness among guests of the services on offer. The game added value for guests while increasing brand awareness and driving sales for the resort.**

| The longer-term benefits

Travel businesses have historically shied away from starting the hard work needed to build their long-term futures. But companies that hesitate now will keep facing the same challenges—and not only could conditions get even harder, but data-savvy competitors might also be taking the lead.

One approach? List the 10 most important business decisions facing the company over the next 5—–10 years. Then work out what data would help you make those decisions and how you can access it. Projects based on quick wins can help to build momentum for a data-powered culture, but don't let current data availability decide which projects go ahead. As with major. infrastructure investments, the biggest data-powered wins can be slow to materialize.

Build data-powered foundations with technology, culture and governance

To become data-powered, travel companies need three things: action to put **data at the heart** of the business culture, the right **technology infrastructure**, and the **governance and leadership accountability** that will drive its use.

| Culture: data at the heart

When data-led change programs stall, it is rarely down to technology. The biggest challenge is company culture.

Leaders need to build recognition of the value of data across their organizations. Critically, they need to emphasize, and demonstrate, the value of working across silos to improve operations and the customer experience, and of the growing opportunities found in collaboration with trusted ecosystem partners. Hoarding data to protect power ultimately limits it. Realizing data's potential is only possible with a new approach to sharing and collaboration.

Building this new culture means engaging people in change. But it also needs people with key skills, such as data scientists and data systems designers. That may mean finding pockets of talent within the organization and applying existing skills in a new way, giving people the opportunity to grow. It may also require an overhaul of the business talent proposition to attract those, such as data scientists, who have not typically perceived travel as offering good career opportunities.

There is also the option of "borrowing" skills via partnerships. Through its DIVA (digital, innovation, ventures and analytics) initiative, Singapore's Changi Airport has worked with Accenture since 2016 to access expertise in edge computing, AI, software development, digital marketing and the Internet of Things. This has helped it to build its capabilities and develop new digital products and services.

| Technology: accessible, distributed, integrated

For many travel companies, becoming data-powered means dealing with a legacy of fragmented systems and a lack of integration and interoperability between data silos.

The answer is often cloud migration, which allows systems to scale as needs grow, makes data more accessible while enhancing security, and provides for interoperability across functions and with ecosystem partners. However, only 30% of travel companies are implementing cloud at scale, according to Accenture's research[3] among 300 hospitality and airline executives.

One of the ways companies can capitalize on cloud is by increasing data availability for frontline staff. An airline in the Asia-Pacific region has been undertaking a cloud-driven initiative to revamp its back-of-house data systems and has provided flight attendants with passenger data via connected devices. It allows cabin crew to access—within the boundaries of privacy requirements—information on individual passengers and provide a more personalized service.

Devices can also be provided to customers. Carnival's Ocean Medallion™ system provides passengers with wearable devices linking them to services such as ordering food and beverages and accessing the ship's digital concierge service. The system is underpinned by 7,000+ onboard sensors and generates a wealth of data on customer preferences.

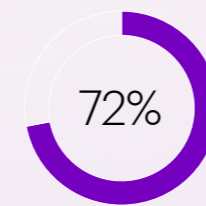## | Governance: the leadership imperative

Senior leadership on data is essential. If leaders allow data to be framed as simply belonging to IT, their organizations will never become data-powered. Ultimately, data is about driving critical business outcomes, and that means it needs to be on the CEO's agenda. CEO leadership is likely essential to breaking down silos and getting traction for cultural and organizational changes.

Beyond the CEO, the operational lead may sit with a chief data officer (CDO), an increasingly common role bridging the gap between IT and the business.
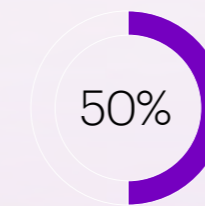
Governance also means recognizing how important it is to protect customer privacy, adhere to regulations and ensure robust cybersecurity.

Secure by design. Accenture's 2022 Technology Vision[4] emphasizes the importance of authenticity and data security. Our research found that travel executives' top three tech concerns are:

72%
IT/security breaches

50%
Fraud and scams

45%
Reputational threats and damage

Robust security measures are essential for giving customers and stakeholders confidence. Watertight processes are needed for sharing data across the business—and even more so with external partners. As organizations put data at the heart of their culture, security and privacy need to be front and center in key decisions.
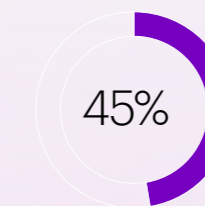
How to put it all into action

| Think big, but start small

Yesterday's approaches to data are already struggling to keep pace with industry requirements; they will be desperately outdated in 10 years. Becoming data-powered is an effort that needs to start now. Lay the foundations for future success with a long-term vision for your business, but focus on today's problems to identify the use cases that will make a difference and are achievable.

| Give data a voice

Data is fast becoming a critical competitive differentiator, and that means it needs a voice. Create senior responsibility for data at C-suite level—potentially through a CDO post. Make sure data is on the CEO's agenda so that there is the senior leadership needed to break down silos and get everybody invested.

| Make smart investments

Data is not an IT investment: it is a critical investment in the business. Maximize value by shifting from a "data project" approach, based on one-off initiatives, to a "data product" approach to develop the platforms and tools that will help you repeatedly as you tackle additional challenges across the business. Find opportunities to invest in data and machine learning projects outside of traditional rigid IT funding. Look to support numerous small initiatives as opposed to large-scale, high-stakes projects on business-critical systems.

| Put data at the heart of the culture

Leadership needs to champion data relentlessly with clear and realistic explanations of how it can tangibly improve the business. Avoid overpromising and underdelivering. Gain buy-in by demonstrating successes in specific use cases and recognize that transformation of complex businesses happens step by step—not at a stroke.

| Develop partnerships

Use the power of data to build new and deeper collaboration between your business and its ecosystem partners. The benefits? Everything from more efficient operations to improved safety to resilience against disruption and an improved customer experience. Opening up access to data with trusted partners, while protecting customer privacy, has transformational potential for the travel business of the future.

From better understanding customers, to improving operations, to building new partnerships and business models, there are major opportunities for those businesses across the travel industry that can build up their technology platform and put data at the heart of their culture. With quick wins and long-term prizes at stake, one thing is clear.

The future is data-powered.

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