

The Next Travel Adaption



Introduction: A new travel landscape

The travel industry is now operating in a highly volatile landscape. Though companies are used to weathering disruption, today uncertainty is the rule, not the exception.

Travel volumes have been on the rise for the past year, but geopolitical and economic factors are changing everything. In their next chapter, travel companies will need to respond to three important forces.

1. The new traveler

The pandemic changed many travelers' values. The old reasons to travel—from enjoying unique experiences to building business relationships—are still there, but new rationales have come into play.

Our recent research shows that consumers care most about health and wellness, living locally and sustainably, and making ethical choices. New segments, such as the digital nomad, the “bleisure” (business and leisure)

traveler, and luxury leisure, are making a mark on the industry. And the return to business travel has been slow, with less frequent, shorter-duration trips becoming more popular—although there has been positive growth in this area in the latter part of 2022.

2. Weight of the world

As the industry that opens the world for people, travel is shaped by the forces of change in it—economic, social, cultural, and geopolitical. At a time when businesses really need their employees to create the best possible experience for their customers, they find their workforces dissatisfied and depleted.

New research from the World Travel & Tourism Council estimates that 412,000 jobs in the sector will go unfilled in the U.S. this year. Climate is another concern, and companies will need to work to give their stakeholders—from their customers to their employees—the sustainability

transformation they are demanding. Simply talking about intentions and plans will no longer cut it, and accelerating the pace of delivery must be a priority.

3. Readiness factor

Travel companies' ability to drive growth—the speed at which they can move and how easily they can react to changing strategies and situations—depends on their ability to adapt.

In all the disruption the industry has faced, two areas have been hit especially hard: people and assets. These both directly impact companies' capacity for resilience and agility. Companies also have significant potential to improve their technological readiness and digital maturity. Only 30% of travel companies, for instance, are currently implementing cloud at scale, meaning the majority are missing out on the opportunity to be far more agile and drive business change at speed.



How to thrive amid uncertainty

Travel companies cannot control every disruptive force shaping the market, but they can improve their ability to react quickly when change happens. It is this kind of “readiness” that will make them strong.

To grow in both revenue and profitability, they must be bold and open to making fundamental changes in five areas:

1. The traveler experience
2. Data-led travel operations
3. Technology transformation
4. Recovery strategy and sustainable growth
5. Workforce excellence

In this report, we will explore the actions travel companies can take in each of these areas—and the opportunities those actions will unlock.

1. The traveler experience

Over the past few years, travelers' values have changed. Their expectations have increased, partly driven by the offerings of digital-native companies such as Airbnb and Uber.

From inspiration to planning and booking, to preparation, journey, stay and return, travel companies need to look beyond traditional silos and departments to consider the holistic traveler journey. They will have to meet customers where they are and understand that they are multifaceted, complex, and doing their best to adapt to unpredictable life circumstances.

Rather than see the customer as static, companies should understand that their needs change as they move through life and meet those needs accordingly. There is an opportunity to add value and become more relevant to customers at multiple touchpoints by building a cohesive experience across a traveler's journey. For example, allowing them to shop, buy, and manage every element of their trip in one place.

The trip of a lifetime, every time

The ideal scenario for travelers would be an invisible tool that connects every element of their trip, crossing every industry and brand, and gives them advice, offers, and enhancements at every stage, if they want them—from the moment they start planning to the moment they arrive home.

This would create the ultimate opportunity for personalization at scale. A “digital concierge” could bring in data and technology from across the travel ecosystem and create a frictionless experience for users, ensuring the right information is shared at the right time. For this tool to be as powerful and all-encompassing as possible, travel companies would have to be open to building partnerships and working together.

Right now, companies certainly have an opportunity to attract more customers and diversify revenue streams. For hotel companies, this should include maximizing the value they get from their existing assets by considering new ways they could be used—for example, as co-working spaces. Another powerful option is to partner with other businesses such as tour operators and retailers, to create new service offerings that both generate revenue and improve the travel experience. For example, rewarding guests at check-in with vouchers that they can spend on excursions or at restaurants.

Creating seamless experiences will ultimately build more loyalty than just giving out points. Customers want points they earn while travelling to be flexible and able to be spent in their everyday lives. The benefit of this is not just convenience—it means they see the brand as a route to purchasing other products they like, building a greater bond and connection.

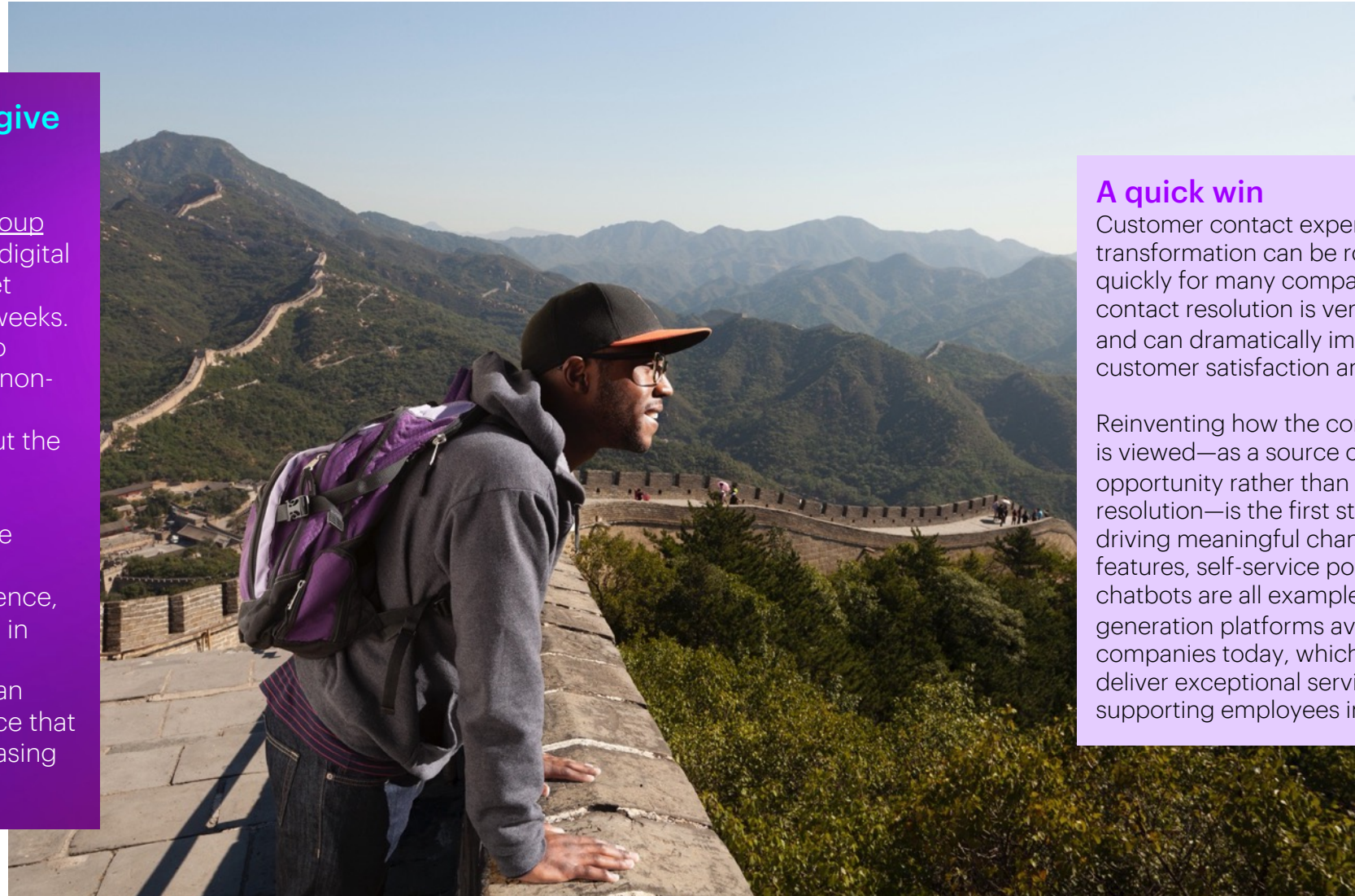


1. The traveler experience

Case study: Digital tokens give travelers an upgrade

Luxury resort chain Banyan Tree Group worked with Accenture to create a digital scavenger hunt at its Laguna Phuket resort in Thailand, built in just four weeks. Guests used their mobile devices to search for digital objects known as non-fungible tokens, or NFTs, and win exclusive prizes while learning about the services offered by the resort.

Of the guests who registered for the scavenger hunt, 80% went on to participate in the immersive experience, and the resort reported an increase in foot traffic to targeted facilities. By leveraging new technologies, Banyan Tree delivered a gamified experience that added value for guests, while increasing brand awareness and driving sales.



A quick win

Customer contact experience transformation can be rolled out quickly for many companies. First contact resolution is very important and can dramatically improve customer satisfaction and retention.

Reinventing how the contact center is viewed—as a source of opportunity rather than just resolution—is the first step to driving meaningful change. Digital features, self-service portals, and chatbots are all examples of next-generation platforms available to companies today, which help deliver exceptional service while supporting employees in their roles.

2. Data-led travel operations

Historically, travel companies have used human instinct and ad-hoc analytics to make operational decisions. But the amount of customer and operations data that is available today means they can transform their operational models and become agile, insight-rich organizations. That means they can react quickly to every trend or change in business needs without being slowed down by complex processes, and maximize value from their decisions.

To achieve this, they must combine the middle and front offices in new ways. At the moment, many are generating good ideas but are finding it difficult to implement them at scale because of legacy operational limitations and data interconnectivity. Silos and structures that prevent cross-departmental collaboration are common.

An example of this is a car rental company that has different data sets for tracking customer complaints,

loyalty program membership, and individual mileage. Another is a hotel check-in system that shows whether or not a guest is a frequent customer, but does not show that they have complained the past three times they have stayed. The company has no or limited ability of seeing all the relevant information about an individual customer all at once, so it is impossible to provide a tailored service and promotions or quickly respond to a new trend or need.

Becoming shockproof

Companies with data-powered operations can flex their product according to customer demand without incurring more costs. Improved data collection and analysis allows businesses to test and deploy capabilities quickly, helping them both to know whether changes are necessary, and to act quickly if they are.

For most, this means redesigning functions and processes across the enterprise. It is understandable if travel companies, grappling with so many external challenges in the past few years, have been putting this off. But those external shocks are the very reason why the ability to be agile and work together across functions is so important. The impact can be truly transformative: increased profitability and the capacity to recover faster and stay ahead of the competition.



2. Data-led travel operations

Case study: Building 5-star finance operations

Over the past 20 years, NH Hotel Group has grown steadily through organic growth and acquisitions. With these acquisitions came new sets of processes, systems, and ways of working. NH knew it needed to tackle the resulting inefficiencies to improve margins and competitiveness, and ultimately make its finance function a trusted partner to the business.

Working with Accenture, NH moved to an intelligent finance model, incorporating automation, artificial intelligence (AI), and a lean organization structure. As a result, it has improved productivity by 45%. The company can make better, faster decisions and identify areas needing improvement on a continual basis. For example, a new system was created to better match the group's on-average 20,000 monthly payments to the right invoices. Errors are reduced, time is saved, and decisions relating to customer demand and forecasting are quicker and better-informed.

A quick win

A first step for hotel companies to use data more effectively could be to link their complaints system to their check-in system. This will build better guest experiences straight away, because any recurring issues or concerns can be flagged to the check-in agent from the start, and they can assign a suitable guestroom to avoid repeat issues. It also gives the company the opportunity to offer an extra perk or benefit to a guest who may be growing disgruntled with the brand.

3. Technology transformation

Prepare your travel company for the future by understanding four key trends shaping growth and competitiveness over the next decade:

- 1. WebMe:** The internet is being reimagined as metaverse, and Web3 efforts transform the underpinning and operation of the virtual world.
- 2. The Programmable World:** Control, customization, and automation are being immersed into the world around us, making the physical as programmable as the digital.
- 3. The Unreal:** As AI-generated data and synthetic content convincingly mimic what is “real,” authenticity is the new north star.
- 4. Computing the Impossible:** A new generation of computers is solving some of the world’s most intractable problems, leading to one of the biggest technological disruptions of our time.

The cloud

The enabler which opens the door to all these trends and opportunities is cloud computing. Our recent research, [The right cloud mindset in travel](#), reveals that only 30% of travel companies are implementing cloud at scale. But those that do take the opportunity to invest in the cloud will be in the best possible position to service the new traveler and compete in today’s dynamic landscape.

The past two and a half years have shown us that current systems lack the flexibility to respond to massive disruption, and most travel companies have suffered greatly from the fixed costs of their IT systems. Cloud would enable them to dial up or dial down IT as required

by the current state of the business environment. For example, a number of digital-powered start-ups are developing innovative ways to connect hotels and airlines and creating disruptive services based on knowing guests’ airlines itineraries.

Many travel companies that have invested a little already just “lifted and shifted” their technology operations to the cloud and have yet to re-architect their technology services to take full advantage of cloud-based ways of working. The operating models of higher-performing cloud-enabled travel companies have changed to link technology skills and services with the desired business outcome, and therefore deliver improvements more quickly.

Businesses should take a [step-by-step approach](#)—from migration, to restructuring architectures and applications for the cloud, to using cloud as a transformation lever and innovating with ease. Cloud will put agile working practices at the heart of the business, increasing the pace of improvement for customers, commercial, and operations.

Opening the world to 5G travel opportunities

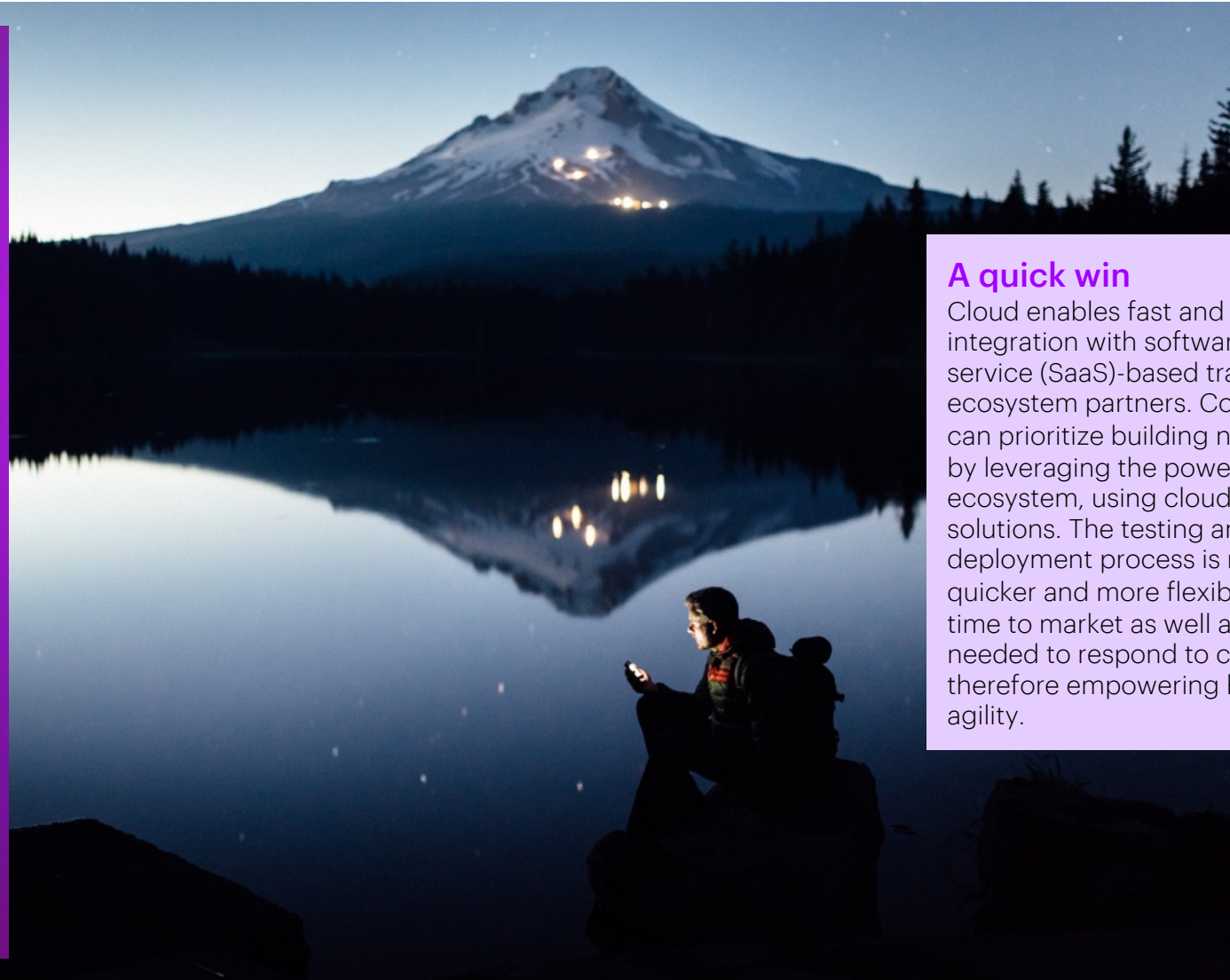
One of the next-generation technologies that companies can leverage once they have the rest of their tech stack in the cloud is 5G. Enabling fast, intelligent connectivity, 5G is transforming many industries, [including travel](#).

Airlines, airports, hospitality companies, and travelers can reap many benefits from this cutting-edge technology that enables new capabilities and services.

Smart operations are bringing opportunities to boost efficiencies, customer experiences, sustainability, safety, and revenues.



3. Technology transformation



Case study: A fast journey to the cloud

Hawaiian Airlines, Hawaii's largest and longest-serving carrier, teamed with Accenture to replace one of its interactive voice recognition (IVR) systems with Amazon Connect. The new omnichannel, cloud-based contact center solution covers multiple functions—from baggage claims to crew scheduling and employee support. It runs on AWS, which enabled the team to take advantage of several native AWS capabilities such as S3 storage and Lambda automated computing during the solution's design, build and test phases.

The new system, delivered in just eight weeks, is providing significant benefits. AWS's disaster recovery processes keep the system up and running even during outages. Adding new features such as call-recording functionality or call capacity takes just a few days, versus a month or longer with the previous system.

The result? Easy-to-use dashboards now provide real-time insights into contact center performance, allowing administrators to continually optimize service delivery. Perhaps most important, Hawaiian's guests and employees now have a stable, reliable, and clearer means of communications across multiple channels. That translates into more efficient service and better guest and employee experiences

A quick win

Cloud enables fast and versatile integration with software-as-a-service (SaaS)-based travel ecosystem partners. Companies can prioritize building new features by leveraging the power of the ecosystem, using cloud-native solutions. The testing and deployment process is much quicker and more flexible, reducing time to market as well as the time needed to respond to changes—therefore empowering business agility.

3. Technology transformation

The metaverse continuum

The [metaverse is evolving](#) the next generation of internet technologies and creating boundaryless opportunities, including for the travel sector. Think of it as a continuum, spanning the spectrum of digitally enhanced worlds, realities, and business models. It has the power to generate breakthrough value for stakeholders and the business—including new revenue streams.

Immersive experiences are gaining traction in travel. The opportunity to “try before you buy” appeals to business and leisure travelers—particularly for emerging travel destinations—as well as to travel and event planners who can explore locations in advance without the time, expense, and hassle of pre-screening. Travelers can immerse themselves in a destination, a hotel room, or a new airport lounge before booking.

The metaverse also promises to be a game changer for how travel companies onboard and upskill employees. They can immerse new recruits in their corporate culture before they start by taking them to a virtual office, saving significant costs in flying new employees to their headquarters or training center. And there are vast possibilities to save costs and time on training—for example, a cleaning agent can familiarize themselves with the interior of multiple aircraft models in advance.

The opportunities for new revenue streams in the metaverse are also immense. The way loyalty is approached can be completely transformed, with whole communities created for brands’ members through gatherings in virtual lounges and social spaces. These online communities would then influence each other’s thinking and become more engaged with the brand through discussions and idea sharing.

Digital tokens are another potential [revenue stream](#). These provide a new way for customers to sell unwanted tickets and ensure full flights and happy clients, and offer exciting new opportunities for retail partnerships.

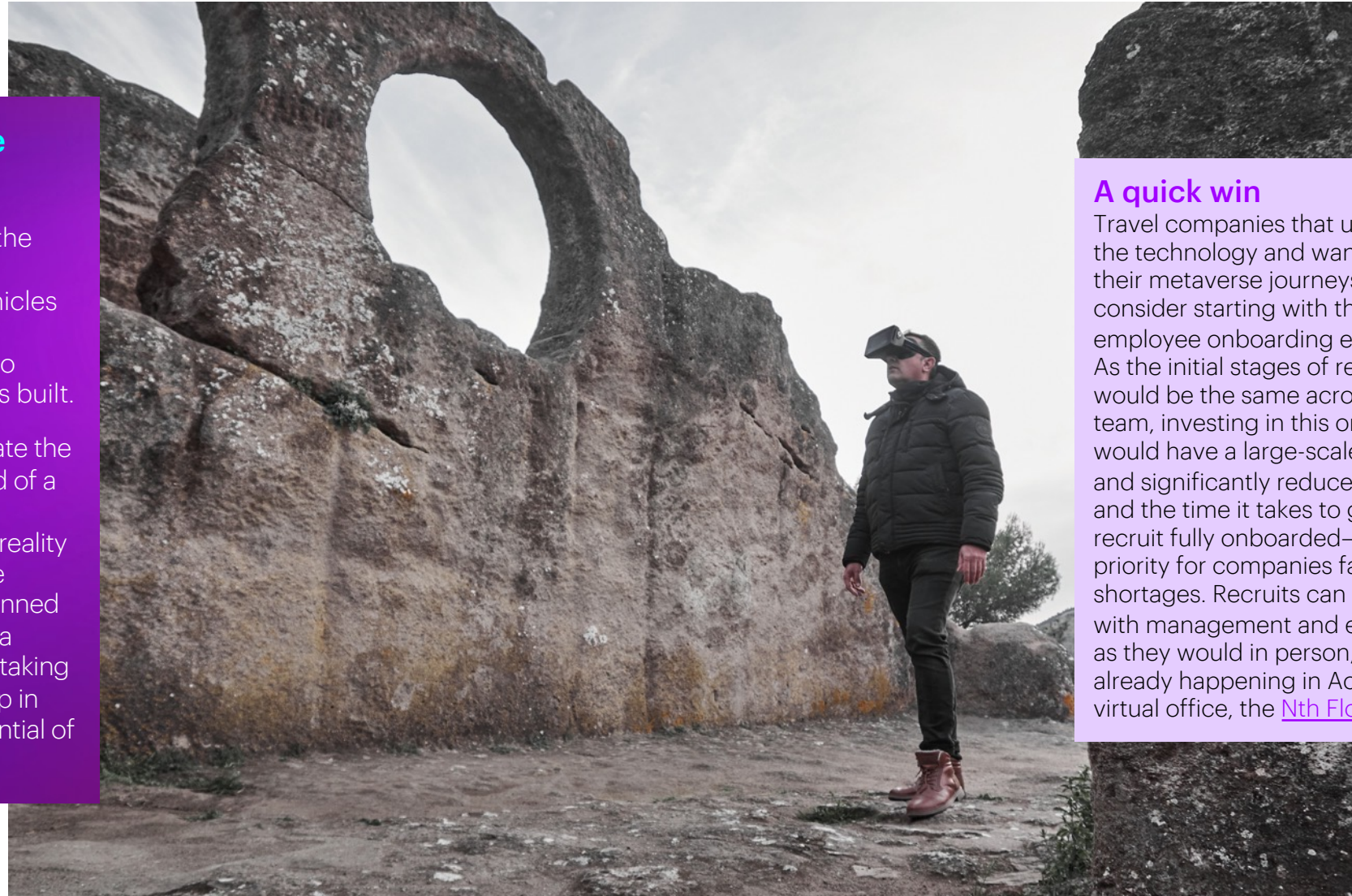


3. Technology transformation

Case study: Experience the future of travel

Hardt, the technology provider for the hyperloop—a proposed high-speed transportation system involving vehicles moving through cross-continental tubes—wanted to allow the public to experience the system before it was built.

Hardt worked with Accenture to create the [Hyperloop Cabin Experience](#), a blend of a physical model of the interior of the hyperloop cabin and an augmented reality module. In the virtual experience, the passenger will “travel” on the first planned hyperloop route from Amsterdam, via Eindhoven and Dusseldorf, to Berlin, taking just over an hour. This is a crucial step in Hardt’s aim to demonstrate the potential of the hyperloop.



A quick win

Travel companies that understand the technology and want to start their metaverse journeys should consider starting with their employee onboarding experiences. As the initial stages of recruitment would be the same across every team, investing in this one area would have a large-scale impact and significantly reduce both costs and the time it takes to get a new recruit fully onboarded—an urgent priority for companies facing staff shortages. Recruits can still interact with management and each other as they would in person, which is already happening in Accenture’s virtual office, the [Nth Floor](#).

4. Recovery strategy and sustainable growth

Travel companies must continue to grow profit by evolving their revenue models, operating margin streams, and profit engines, with an emphasis on business sustainability and responsible practices.

By taking a zero-based approach to costs (developing a new budget from scratch every time rather than starting with the previous period's budget), companies can achieve new levels of profitability. This is because it will mean that as they look at costs and new revenue sources, they can do it in a way that allows their model to flex in scale as market conditions evolve, while retaining profitability.

Responsive and resilient

Business models must be within the bounds of their brand and vision, but nuanced enough to be resilient to the same external forces as their core business. In short, they should respond to opportunities in ways that are built to withstand the test of time.

This was crucial for hotel brands in the pandemic as opportunities opened up to explore new subscription models while exploiting their existing assets—using empty rooms for new purposes, for example. This could

have been offering rooms for quarantine or as makeshift hospitals, opening them as flexible office spaces for home workers, or even opening swimming pool and spa areas for local residents to use on a weekly or monthly basis.

The options vary for each brand or location depending on their community and customer needs. If they act at the right time, these new models are likely to increase their profitability even as many of the effects of the pandemic ease off.

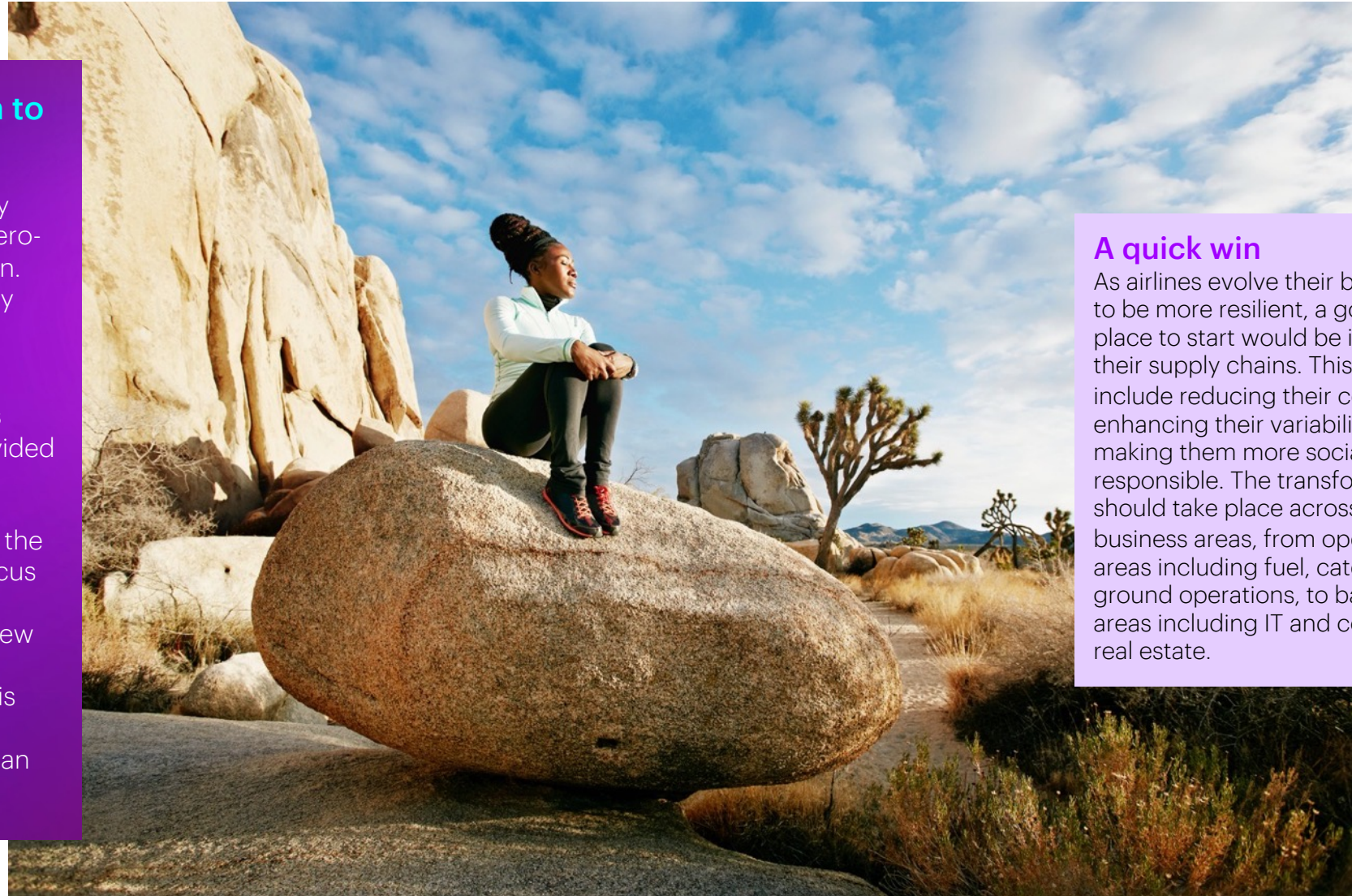


4. Recovery strategy and sustainable growth

Case study: Cost reduction to fuel 5-year growth

A leading global rental car company worked with Accenture to drive a zero-based approach cost transformation. The aim was to remove unnecessary spend in their organization, drive efficiencies and fuel growth.

Accenture assessed the company's cost levels and structures, and provided recommendations for new ways of working and better technologies to make the business more resilient in the future. Once costs were out, the focus was shifted to profitable and responsible growth in the form of new business model opportunities and improved customer experience. This work ultimately culminated in a confident 3-year growth strategy plan and roadmap.



A quick win

As airlines evolve their businesses to be more resilient, a good first place to start would be improving their supply chains. This should include reducing their costs, enhancing their variability, and making them more socially responsible. The transformation should take place across all business areas, from operational areas including fuel, catering, and ground operations, to back-office areas including IT and corporate real estate.

5. Workforce excellence

The travel industry is facing challenges ranging from worldwide personnel shortages, to skills gaps, to the rise of remote work. As a result, companies will need to rethink how they work and the day-to-day experiences they offer to their people.

The pressure is on to offer more flexible employment opportunities in inclusive and diverse environments, with clear opportunities for career advancement. At the same time, the industry needs to address fluctuations in capacity and higher consumer expectations. Balancing all this can be especially difficult during a period of uncertainty.

Change needs to start with management. Ensuring that the entire organization is aligned around a common strategy is the only way to make it happen, and people are more likely to be motivated if they feel part of a vision and understand their role in helping the organization achieve it.

Operating models should also be able to change at speed to support a flexible workforce model that is cost-effective and customer focused. As part of this, travel companies need to equip their people to work alongside machines by reskilling current employees and recruiting for new skill sets where necessary.



5. Workforce excellence

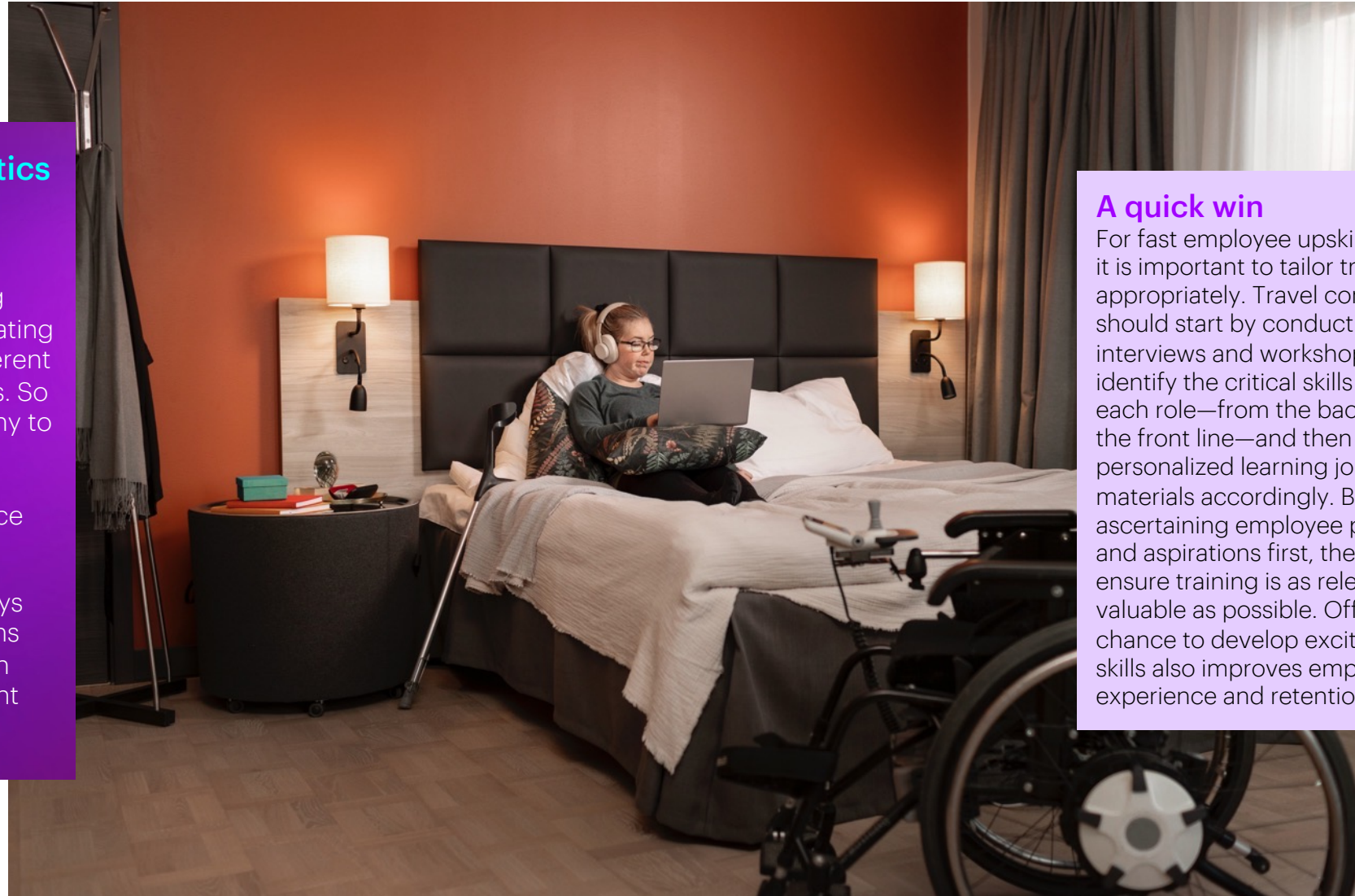
Case study: Data-led analytics optimize the workforce

Scheduling managers at a global hospitality company were spending 20% of their time creating and updating schedules and using up to five different tools to develop workload forecasts. So Accenture worked with the company to bring in automated forecasting and scheduling tools and enhanced analytics reports on key performance metrics.

As a result, labor forecasts are always available for managers, which means they can create schedules based on fluctuating needs and make the right staffing decisions at the right time.

A quick win

For fast employee upskilling results, it is important to tailor training appropriately. Travel companies should start by conducting interviews and workshops to identify the critical skills needed for each role—from the back office to the front line—and then create personalized learning journeys and materials accordingly. By ascertaining employee pain points and aspirations first, they can ensure training is as relevant and valuable as possible. Offering the chance to develop exciting new skills also improves employee experience and retention.



Conclusion: The future will favor the bold

Travel companies need to be brave, because leaving behind the old and seizing the new is now non-negotiable.

To grow and build their new future, they must start by building **a vision that the whole organization can unite around**. They can then transform their operations, processes, and customer experience journey from an end-to-end framework and embrace innovation to propel their journey of growth.

Sustainability initiatives and emerging technologies such as the metaverse are giving travel companies exciting **opportunities to connect with their customers** in innovative and meaningful ways that support business goals and growth objectives.

Travelers are seeking frictionless experiences and want to easily enhance their trip, address their unique needs, or resolve issues without having to talk to multiple people or access different systems. So to make the most of new technology and build the experiences that customers want, companies need to **collaborate more**.

While travel companies prepare for comprehensive transformation, they can **start with quick wins**—such as some outlined here—so they can make progress and start adding value straightaway. After all, there is no time to waste.

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