STATE OF THE INDUSTRY: TRAVEL, TOURISM & ENTERTAINMENT
Executive Summary

Travel and tourism continue to be a vital component of the US economy. In 2017, $2.4 trillion was created in economic output, supporting 15.6 million American jobs in multiple industries, and 2.25 billion person-trips (+1.9% year-over-year). Travel to and within the US grew 3% YOY in July 2018; however, indications show this growth trend is beginning to slow, which may put the US behind the pace of the ongoing global travel boom. US travel brands need to take advantage of the growing market, but act fast to grab market share as the upward trend flattens.

Travel behavior is constantly evolving as technology impacts planning and booking, as well as travelers’ experience during and after trips. Destination, lodging and activity choices are increasingly impacted by others’ online experiences, influencers and new-entry market disruptors. Notably, 48% of US travelers now say that they are comfortable researching, planning and booking their entire trip, even to a new destination, on their mobile device. Successful operators and marketers will be those that embrace and utilize new technology and trends, by understanding the factors of their offering which appeal to the modern traveler.

Updated annually, this state of the industry report focuses on four areas of the travel and tourism industry as they pertain to technology, inclusive of trends, best practices, opportunities and more impacting how consumers plan for travel. Based on these findings, this report also includes our predictions for emerging opportunities, and what is next for the industry, with implications for staying ahead of the continually changing dynamics of the business.
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SOCIAL MEDIA’S IMPACT ON TRAVEL
Social Media’s Impact on Travel

INTRODUCTION

Once-in-a-lifetime trips to unique travel destinations top countless “bucket lists.” These excursions would have once been planned by travel agents or specialized tour operators, but today’s travelers are turning to social media.

Social media is now the number one source of inspiration for Millennial travelers. In many cases, these travelers are choosing their destinations based on what is on their favorite social platforms and how much engagement they can rally on their own profiles by sharing content from those locations. This need to document every moment has led to a flood of inappropriate selfies and posts at historic or religious sites, including Rome’s Trevi Fountain and Buddha statues in Thailand. There have even been accidental deaths attributed to selfies, with travelers entering perilous situations to capture an Instagram-worthy shot.

For destinations and travel brands, the challenge is to balance the realities of changing travel habits—providing an increasingly socially centric experience while minimizing the negative impact for all involved.

SITUATIONAL OVERVIEW

Share travel photos online

60% of all travelers and 97% of Millennials

TOP METHODS FOR VACATION INSPIRATION

79% of posts with a location get more engagement on Instagram

87% of Millennials use Facebook for travel inspiration

80% of influencers prefer Instagram for collaborations

TEXAS TOURISM

33% increase in return website visits following #TexasToDo social media campaign

KIMPTON HOTELS

Leveraged user-generated content shared through #KimptonWeddings to promote wedding venues
OPPORTUNITIES

Authentic Messaging

Social media has changed the way people plan, experience and share travel. To compete in a changing travel landscape, destinations must understand these behaviors and leverage that knowledge to your advantage. In fact, travelers organically posting pictures of their trip may be the most compelling way to promote your destination, hotel or business. People trust people over brands, making user-generated content an arguably more authentic and trustworthy message than brand-led marketing.

Putting this strategy into action, Wanaka, New Zealand, invited influencers with significant online followings to their destination, encouraging them to post about their experiences while visiting the small mountain town. This resulted in the biggest spike in tourism growth across the entire country with a 14% increase.

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Immersive Travel Experiences

As trends and social media platforms evolve, so must your brand’s presence on these platforms. Destinations must identify new ways to engage with past, present and potential visitors. However, instead of attempting to capitalize on every trending hashtag, destinations may have more success using social media to create immersive travel experiences.

From treasure hunts and photo contests to interactive maps of murals painted by local artists, encouraging visitors to explore more of your destination and share their experiences on their social channels is a true win-win for both travelers and travel brands. It’s an opportunity to create a library of user-generated content which can later be used to promote your destination, while inspiring legions of new brand advocates.

As a note, if your destination is home to sites with historical value or popular locations with dangerous conditions, be sure to advise visitors on social media. Ask travelers to be respectful of the site and other visitors, as well as to use caution when capturing photographs.
WHAT’S NEXT: EPHEMERAL CONTENT STORYTELLING

While Snapchat may have been the first, it was certainly not the last platform to adopt ephemeral content as a primary means of brand communications. With content expiring after 24 hours, this trend shifts away from the picture-perfect Instagram feed to less curated, more organic form of storytelling, though no less engaging.

The immediate nature of ephemeral content has also proven useful for marketers as a means to gauge customer interest in new products, features and updates with real-time feedback as to what resonates with audiences.

While destinations and brands have begun to carve strategies for this type of content, 24-hour stories remain a largely untapped realm.
BIG DATA
Big Data

INTRODUCTION

Recent coverage of data breaches at social media companies and questionable privacy practices at several of the leading internet companies have shaken the marketing industry and left a bad taste in many consumers’ mouths about how their personal data is being used. Today’s consumers also understand there is a tradeoff to accessing—generally free—online content, as well as how their online (and offline) behaviors are being used by marketers.

When asked, most travelers agree they would rather receive relevant, personalized marketing content versus mass messaging. For destinations and businesses in tourism and entertainment, this presents a unique opportunity as the travel industry has access to an extensive amount of quality user data. When employed ethically as a tool for marketers and operators, this data can help improve travel experiences for all.

SITUATIONAL OVERVIEW

9 OUT OF 10 MARKETERS DO NOT FEEL THEY HAVE THE DATA NEEDED TO PERSONALIZE EXPERIENCES

of US travelers expect brands to personalize messaging

65% of travel businesses now have a dedicated data analysis team

12% of companies give themselves “5 stars” on personalization

36% OF CONSUMERS would pay more for more tailored information and experiences

REAL-WORLD RESULTS

SCHIPHOL AIRPORT, AMSTERDAM

Voted best airport in Europe following campaign to map and enhance traveler experience based on collected data.

GRAND PARK CITY HALL IN SINGAPORE

Created app to collect guest feedback and preferences with 5,000 app downloads shortly after launch.

MARRIOTT HOTELS

Use social media sentiment analysis tracking to identify their guests’ social media posts for customer service opportunities.
OPPORTUNITIES

Customized Marketing

From inspiring a traveler’s initial choice to delivering a great on-property experience, personalization has a place in every stage of the customer journey. Further, customized messaging is becoming the expectation, not the exception, particularly from the younger generation. This facet of the traveler demographic demands brands know what they want and makes decisions based on whether they feel their needs are understood. Gaining and conveying that understanding follows a two-step process—collecting the right data and using it to create niche, hyper-focused content.

To a certain degree, guests are willing to provide personal data to receive a better experience, but the means in which the data is collected needs to feel open and optional. Use collected data to identify behaviors, buying patterns and travel journeys—the more specific, the better. From there, think about the sub-targets within your audiences and adjust your content calendar to appeal to these groups.

For Mango’s Tropical Cafe in Orlando, our agency exclusively targets out-of-state visitors who have already booked a flight or hotel in the city. From that point (until they arrive), travelers receive cross-device digital messaging relevant to their specific interests—dinner and show for families, nightlife for couples, happy hour for business travelers, etc. Once in the area, those travelers receive mobile device reminders throughout their stay. Showcasing the power of personalization, return on advertising spend has consistently been approximately 14:1.

Further, customized messaging is becoming the expectation, not the exception.
Dynamic Pricing

A trend driven by the retail industry, dynamic pricing not only addresses what consumers want, but also what they can afford. This is accomplished by tracking consumer behavior and purchases, then offering products and pricing based on algorithms predicting conversion and personality profile building.

As dynamic pricing becomes more prevalent in the travel marketing industry, one could question the ethics of this type of revenue management. The key is to ascertain the goods and services travelers really want. A business traveler may never want a middle seat, but may also not need to check luggage—these factors will affect advertising promotional messaging. Similarly, a hotel or resort may promote the offers and pricing that most closely match the individual traveler’s needs and resources.

Viewability Tools to Track and Optimize Results

Viewability is a measure of whether or not a digital ad had a chance to be seen by a user on their screen—it provides marketers metrics on the number of times their ads actually appear in front of users. If an ad isn’t seen, it can’t have an impact, change perception or build brand trust. As such, measuring viewability helps marketers understand campaign effectiveness and allows advertising spending to be allocated to the most valuable media.

Active View, integrated into all of Google’s advertising products, measures viewable display and video impressions across the web and in apps in real time, on an impression-by-impression basis, whether or not the ad was viewable. This adds another layer of insight to increase the quality of the data being used for tracking results, optimizing and gaining insights to guide tactics moving forward.

WHAT’S NEXT: DATA SCIENCE AND AI IN THE TRAVEL INDUSTRY

Many marketing departments don’t have the luxury of time or dedicated data analysts, making translating data into usable, actionable strategies and tactics a common obstacle. Advancements in AI and machine learning may be the missing piece for marketers.

Combining AI software with hyper-targeted advertising messaging that links to dynamically customized website content can create specific itineraries for travelers based on recorded preferences and recommend relevant experiences. For hotels and resorts, this link could extend to sales and revenue management functions to maximize profitability and inventory controls that in turn drive marketing efforts to visitor type by need, seasonality etc.

These automated tools are able to take over many of the tasks teams may not have the skills or time for. As they improve and become more easily accessible across both price and ease of use, travel professionals will increasingly be able to automate the optimization of their efforts.
VACATION RENTALS & AIRBNB DISRUPTING THE LODGING INDUSTRY
Vacation Rentals & Airbnb
Disrupting the Lodging Industry

INTRODUCTION

In 2017, Airbnb generated $450 million in income and accommodated 2.7 million guests in Florida alone. These figures show a guest increase of 75% over 2016. Nationally, Millennials are 23% more likely to use Airbnb than older travelers, however the vast majority of travelers have yet to book their first stay with the alternative lodging brand. In addition, cost remains a major factor in the decision-making process for travelers, yet many believe the typically higher rates of a hotel are worth the perceived benefits.

As alternative accommodations continue to gain traction with travelers, hotels and resorts must address this shift in travel habits by highlighting the differentiated offerings travelers still prioritize in planning.

SITUATIONAL OVERVIEW

- One-fifth of all vacation rental companies in the world are located in the US.
- 9% of total lodging units in 10 largest US markets belong to Airbnb.
- $169.7 billion value of global vacation rental industry.
- 35% of Millennials think the benefits of a hotel are worth the added cost.
- 1.3% drop in hotel nights booked.
- 1.5% loss in hotel revenue.
OPPORTUNITIES

Advantages of Traditional Lodging

While a desire to experience destinations “like a local” has spurred the growth of alternative accommodations, vacation rentals can flatter to deceive, with pictures that don’t present an accurate representation of the lodging or location. Travelers also do not typically have access to a gym, pool, 24-hour concierge or room service. This is where traditional hotels and resorts can stand above.

Offering the advantages of convenience, service, facilities, reliability and safety, combined with a central location, hotels and resorts provide amenities most rentals simply cannot. Still, travelers continually expect and demand more from hospitality brands.

In late 2016, Leman Locke opened in East London with a business model designed to satisfy the modern traveler’s expectations. Guests can leave their luggage with the receptionist while they wait for housekeeping to finish tidying their Scandinavian-style beds and upscale kitchenettes. In the lobby, travelers can plug in laptops and drink coffee, and even participate in the hotel’s running club.

Additional Distribution Channels

As travelers turn to different mediums for inspiration and information, destinations must also adjust distribution channels accordingly. This may mean shifting focus from traditional hotel databases and last-minute booking sites, to social media promotions and luxury travel agencies.

Such was the strategy for the Dunstane Hotel in Edinburgh, Scotland, a hot spot for Airbnb bookings. Noting a struggle to fill even key dates and weekends, the hotel expanded distribution channels to increase visitor numbers and nurture growth as a luxury option for travelers searching for more than an Airbnb can offer.
WHAT’S NEXT: HYBRID HOTELS

With private spaces, full kitchens and laundry facilities, the practical amenities available at many vacation rentals are an advantage over traditional lodging. A rise in boutique apartment-style hotels would bring together the best of both worlds—half-apartment, half-hotel. Geared towards the digital traveler, these hybrid hotels would stray from traditional extended stay accommodations to align with the needs of an urban, upscale guest.

Airbnb and other vacation rental brands have created the market for an apartment/home type of lodging, rather than a standard single room. Now, forward-thinking hoteliers can take advantage of this demand.
SENTIMENT ANALYSIS &
CRISIS MANAGEMENT
Sentiment Analysis & Crisis Management

INTRODUCTION

Technology has changed the dynamics of all facets of marketing and advertising, particularly as it pertains to consumer insights. Whereas research has traditionally provided an understanding of past behavior and insights, sentiment analysis truly gives us a live lens following consumers’ conversations, opinions and attitudes.

Sentiment analysis tools provide travel marketers with reliable, real-time feedback on their brand, competitors and the industry. Beyond insights to guide future strategy and messaging, these tools also inform public relations teams of potential negative situations faster and help tailor the appropriate response and follow up.

SITUATIONAL OVERVIEW

- 2.5 quintillion bytes of data are generated every day
- 54% of businesses have a crisis plan in place
- 40% of small businesses close following a disaster
- 65% feel social media makes a crisis more difficult to manage
OPPORTUNITIES

Disaster Preparedness

Certain public relations crises can be avoided or managed as they occur. Others, including hurricanes, oil spills and additional external circumstances, are things marketers cannot prevent. In these cases, preparation is key.

Destinations must have contingency plans mapped out in advance for different types of crises—natural disasters, infrastructure failures, terrorism or crime, disease—and different levels of severity within those categories. It is also recommended that operators and suppliers diversify product portfolios, so as not to take on unmanageable risk should a crisis arise. Establish cash reserves—a year’s worth of capital for unpredictable disasters—to keep your company running, and plan for post-event marketing to help communicate to clients when and why it’s safe to return.

Establish cash reserves, a year’s worth of capital for unpredictable disasters, to keep your company running.

Sentiment Analysis Tracking

Sentiment analysis tools employ filters and algorithms to categorize posts as either positive, neutral or negative, as well based on the size of the posts’ reach. These tools also allow operators to track all mentions of your brand, the industry, competitors, any influencers you are working with and any branded or campaign hashtags you use.

Used to alert internal or external public relations teams on potential issues, negative reviews or unhappy customers, sentiment analysis software may help avoid a crisis by keeping an ear to the ground. At the same time, it is important for destination marketers to engage with positive reviews and satisfied guests as a means to build long-lasting relationships.

Within our agency, our community managers use sentiment analysis to respond to social media feedback in real time. Recently, an in-restaurant incident sparked an abnormally large conversation about one of our clients’ brands on social media. This spike triggered an alert in our sentiment analysis software. Our team was able to respond while the customer was still at one of our client’s establishments and the situation was resolved with local management.
Identify Traveler Preferences

Tracking consumer conversations leads to more than proactive crisis management. Listening to what consumers are saying about your brand, industry and competitors is critical for creating the products and services they want, and crafting messaging to appeal to those preferences. Applications extend far beyond social media, producing insights and guidance for content, creative and paid media.

For Intrepid Travel, a small group adventure travel company, these insights helped shape their product offerings to align with their ideal customer’s unique demands. While the company already knew their audience wanted authentic, immersive experiences, they also learned those travelers were specifically looking for adventures rooted in sustainability and social responsibility. This discovery lead to the launch of a line of tours with this focus as an affordable alternative to backpacking and big bus tours.

WHAT’S NEXT: ADVANCED SENTIMENT ANALYSIS

As sentiment analysis software capabilities move beyond positive/negative scales, marketers will have the opportunity to better understand degrees of emotional responses surrounding brands. From skepticism and excitement to hopefulness, a wider range of expressive analysis would generate greater insights for guiding product offerings, creative messaging and media persona targeting.
Evok Advertising is America’s premier boutique advertising agency specializing in travel and tourism marketing, headquartered in Orlando with offices in Tallahassee, Memphis and Los Angeles.

For more information on our agency, our services or to participate in our next published State of the Industry Report, contact us at 407-302-4416 or through our website at EvokTourismMarketing.com

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