

Personalized marketing and web analytics in travel and hospitality

*Driving revenue and loyalty by meeting traveler
demands for an engaging cross-channel experience*



Contents

- 2 Executive summary
- 2 Bridge the massive gap between goals and reality
 - Roadblocks to satisfying fickle travelers
 - Bring data science to the art of travel marketing
- 4 Five focus areas for travel and hospitality marketing
 - Web analytics: Understanding and anticipating traveler behavior
 - Personalized marketing: Improving look-to-book ratios
 - Cross-channel optimization: Delivering a unified brand experience
 - Mobile: Meeting demands of the on-the-go customer
 - Social media: Manage and cultivate brand relationships
- 11 Conclusion

Executive summary

Times are turbulent in the travel and hospitality industry. Competition is fierce and fast-changing. Customers are moving faster than ever. Whether traveling for leisure or business, they're empowered, knowledgeable and discriminating. They share their opinions on social media, influencing the choices of millions of other travelers around the world. And mobile device usage is on the rise—from customers browsing exotic destinations with an iPad at a coffee shop to on-the-road travelers hunting for a nearby hotel with a smartphone.

As a travel and hospitality marketer, you must recognize that providing a personalized, relevant experience to travelers across all channels is critical to success. However, increasing complexity makes it ever more challenging to understand how travelers behave across diverse touch points. Without visibility, you can be left guessing what travelers like and don't like, risking customer dissatisfaction and bad marketing mix and budget decisions.

This white paper explores the challenges facing chief marketing officers (CMOs) and their divisions in the travel and hospitality industry, and outlines strategies and technologies that can help improve performance in both consumer and business travel arenas. By harnessing customer data, delivering personalized cross-channel experiences and continuously optimizing web analytics and digital marketing, your company will be positioned to:

- Improve look-to-book ratios
- Turn browsers into loyal, high-value customers
- Meet traveler demand for personalized attention
- Deliver profitable cross-sell and up-sell offers
- Capitalize on fast-growing mobile and social channels
- Understand marketing performance by channels and campaigns

Bridge the massive gap between goals and reality

Travelers generate data at an astounding rate across the travel and hospitality industry through interactions with online travel agents (OTAs), hotel chains, airlines, car rental agencies, specialized suppliers and more. Each piece of the behavioral data—a click on a website, a high-value booking, a hotel search from an iPhone—reveals something about the traveler's behavior and preferences.

That behavioral data offers immediate and long-term value. Properly harnessed, it can reveal insights that marketers could use for personalized offers and to build brand engagement and loyalty. It can illustrate which channels customers prefer and which campaigns generate the best response—information that's critical to successful marketing. It can reveal seasonal travel patterns that enable smart marketers to time offers for a summertime getaway or a warm-weather winter vacation.

Unfortunately, many travel and hospitality marketers never tap the full potential of this data.

Most travel and hospitality companies use traveler data in isolation, supporting standalone initiatives aimed at customer

acquisition and retention across fragmented channels. While those efforts can pay dividends, they do not position the organization to meet traveler demands for a personalized and relevant cross-channel experience.

The issue is commanding attention at the CEO level. A remarkable 93 percent of travel and hospitality CEOs surveyed by IBM® named as their top priority better understanding, predicting and servicing customers.¹ Yet across industries, only 6 percent of marketers rate their online and digital marketing capabilities as excellent, revealing a massive gap between goals and reality.²

Roadblocks to satisfying fickle travelers

For travel and hospitality marketers, the obstacles to reaching and satisfying fickle travelers are many:

- Limited access to silos of customer data
- Large-scale increases in data volumes and complexity
- Proliferation of channels and touch points, including mobile and social media
- Lack of automation and integration in data collection and marketing execution
- Limited insight into customer cross-channel behavior
- Barriers among marketing units and IT
- Inflexibility to react swiftly to threats and opportunities

Despite the abundance of data, travel and hospitality marketers find it difficult to turn data into action. In fact, turning data into action is the top issue facing marketers across industries, according to an IBM Unica® study.³ It is followed by attributing success to marketing and determining optimal channels and contact frequency, as shown in Figure 1.

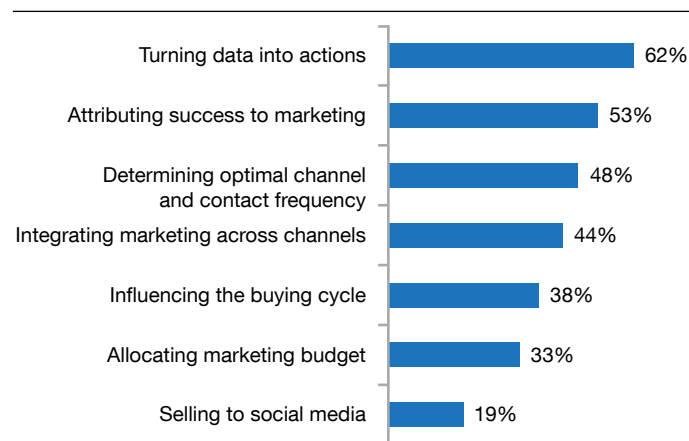


Figure 1. “Turning data into actions” is the top issue facing marketers.

Bringing data science to the art of travel marketing

Those problems may seem unsolvable, but they’re not. Technological advances have opened new frontiers for travel and hospitality providers to introduce data-driven science into the art of marketing. Platforms have evolved that enable travel and hospitality marketers to track, understand and react to every customer action, from a call center inquiry to a Facebook post to an online booking to a click on a marketing email to a QR code scan with a smartphone.

IBM offers travel and hospitality companies a comprehensive set of Enterprise Marketing Management (EMM) solutions to take control of data and manage and optimize every aspect of online and cross-channel analytics and marketing, both outbound and inbound. These EMM solutions include IBM Unica Enterprise and the IBM Coremetrics® Digital Marketing Optimization Suite, comprising a full range of

capabilities essential for marketers to capitalize on opportunities in the fast-changing travel market:

- Customer profile building and management
- Web analytics and site optimization
- Digital and cross-channel marketing execution

IBM Coremetrics Web Analytics is at the heart of the Digital Marketing Optimization Suite. Unique in the industry, it features an analytics data warehouse that enables travel and hospitality marketers to track billions of customer interactions across websites, email and digital advertising campaigns, loyalty programs, call centers, in-person activity and more over time. The data warehouse, called IBM Coremetrics Lifetime Individual Visitor Experience (LIVE) Profile, is equipped with tools to segment travelers and measure website and campaign performance.

An integrated suite of IBM EMM applications enables travel and hospitality marketers to turn data into action in a matter of clicks, launching personalized campaigns across any channel that zero in on a customer's known interests and seasonal travel patterns. Unlike the legacy data systems in place at most travel and hospitality companies, these solutions do not exist in silos. They comprise a fully integrated platform—a 1+1=3 value proposition that gives marketers the insights and tools they need to capitalize on opportunities.

Five focus areas for travel and hospitality

To lift revenues and build traveler loyalty, leading travel and hospitality marketers are focused on web analytics, personalized marketing, cross-channel optimization, mobile devices and social media.

Web analytics: Understanding and anticipating traveler behavior

A travel and hospitality company's website is its principal storefront for the traveler, and its importance continues to

grow. A sophisticated web analytics platform is essential to achieving the visibility needed to identify problem areas and streamline paths to booking.

Forrester Research Inc. predicts a 41 percent jump in online bookings revenue in the US between 2011 and 2016, reaching almost 143 billion USD.⁴

A subpar online experience usually translates into lost revenue and brand degradation. With competition just a click away, travel and hospitality marketers need to redouble efforts to ensure that travelers enjoy a clear, easy-to-use research and booking experience. They also need to balance base functionality geared for entry-level users with more advanced features that appeal to seasoned online travel site users.

The ideal web analytics platform features A/B and multivariate testing capabilities to help determine optimal use of text, images and digital real estate. It provides visibility into navigation paths, referring sites and destination sites. It also enables meaningful campaign performance measurement and building complete traveler profiles.

Measure campaign performance. You could have the world's best marketing tools and personnel, yet may still fall short of achieving your business objectives unless you can accurately measure marketing campaign performance. The best travel and hospitality marketers are evolving beyond flawed and simplistic models that attribute conversion credit to only a consumer's last click, for example, on a link in an email to book a flight. IBM Coremetrics offers more sophisticated and realistic attribution modeling for the multiple interactions that travelers have with your brand over time, including web interaction history, search marketing, email, mobile devices and more. Additionally, it gives you the ability to calculate the influence of unclicked display ads and other assets (called impressions) on conversion.

InterContinental Hotels: Personalization in action

As the world's largest hotel chain, InterContinental Hotels Group (IHG) has 650,000 rooms in over 4,400 hotels across more than 100 countries. With seven brands including InterContinental, Crowne Plaza and Holiday Inn, it has 48 million loyalty club members and books 146 million rooms a year.

That huge global scale made it extremely difficult to deliver the personalized attention that customers demand. "Today, our customers are more informed than ever," said Lincoln Barrett, IHG Vice President of Guest Marketing. "They demand greater relevance, and they control the purchase process as never before."

Implementing IBM Unica and IBM Coremetrics technologies is paying off for IHG. Moving from spreadsheets and data silos, the chain uses the Coremetrics LIVE Profiles data warehouse as a single repository for its massive volumes of customer data generated both online and offline. IHG uses Unica Campaign to generate customer lists and assign marketing offers, and relies on Unica Interact to identify and execute the right offer to the right customer at the right time through the right channel.

The results have been impressive, according to Barrett. "We are generating hundreds of campaigns where we were previously able to create only a handful. Our campaigns are achieving substantially higher clickthrough rates. Our revenue per booking and impression is a lot higher; in fact, revenue is up more than 400 percent per impression."

To measure performance, IHG has in place the IBM Coremetrics Web Analytics platform. This solution helps drive ever-greater personalization. "Whatever channel you are talking about, the bottom line is driving relevance," Barrett said. "We can now personalize our messages at all levels, down to the individual hotel."

Build a complete traveler profile. With traveler behavior in constant flux, it's important to capture real-time data from all online and offline sources, including loyalty programs and call center activity. The Coremetrics LIVE Profile data warehouse enables you to cast a broad net to create richer, more detailed profiles of travelers and segments. With a complete profile, you're able to make personalized pitches based on such factors as historical behavior over time, real-time in-session activity, seasonal travel habits, position in the buying cycle, life events such as retirement, and campaign response. By scraping data

from Facebook fans, Twitter followers and other social media enthusiasts, you can further enrich customer profiles. For instance, learning via Facebook that a couple is planning a Caribbean cruise gives you a great opportunity for targeted marketing.

Personalized marketing: Improving look-to-book ratios

Many travelers interact with numerous websites and touch points during the research and booking process, including several OTA websites, hotel and airline sites, call centers,

Google maps, TripAdvisor, Facebook and more. Personalized marketing helps you stand out from a crowd of competitors and build long-term brand awareness and loyalty.

With personalized marketing, you use the insights you gather from analysis of customer behavior data to deliver offers and messaging that appeal to the traveler's known interests. The Coremetrics LIVE Profile data warehouse gives you a rich portrait of customer behavior, both in-session and historically, to help you anticipate actions and respond with relevant content and offers.

Using personalized emails, targeted display ads and on-site recommendations, you can increase look-to-book ratios, revenues and traveler loyalty. Ongoing engagement campaigns can promote favorite destinations and be timed to coincide with seasonal travel, from autumn leaf-peeping to springtime golfing packages. During the relatively brief travel research process, retargeting browsers with display ads and email can provide a critical advantage.

Nearly 30 percent of leisure travelers spend between three and four hours shopping for and booking travel, according to research by the IBM Institute of Business Value Analysis and Oxford Economics.⁵ More than 46 percent of leisure travelers spend up to two hours. Figure 2 illustrates the time spent shopping for and booking travel among leisure and business travelers.



Figure 2. Average hours researching and booking travel, according to a study by IBM and Oxford Economics.

Powered by the LIVE Profile data warehouse, integrated IBM EMM interactive marketing solutions enable you to move from insight into customer behavior and preferences to action with on-site recommendations, display ad retargeting, email marketing and search engine marketing.

On-site recommendations. Travel marketers are challenged to distinguish themselves by adding context to the research and booking process—but how? Rather than focusing strictly on price, leading-edge travel and hospitality companies are

Real-time marketing in hospitality

A worldwide hospitality organization is using real-time marketing execution to build customer dialogues, enhance loyalty and increase the amount of money spent during each hotel visit. Upon making a reservation, a guest receives a confirmation email in a matter of minutes summarizing his or her reservation with a tailored up-sell offer. Forty-eight hours prior to the visit, the guest receives another email listing activities available at the hotel, as well as a promotion to encourage participation.

The promotion is based on historical customer data, preferences and predictive analysis. When the guest checks in, he or she receives a tailored letter summarizing daily activities and coupons. Lastly, after checkout, the guest is contacted through his or her preferred channel to gather feedback pertaining to the visit and encourage future visits. This timely and relevant communication strategy has increased customer loyalty and average revenue per visit.

The investment in a flexible and scalable real-time marketing solution that handles not only real-time activities but also periodic and transactional activities has resulted in significant ROI.

striving to incorporate contextual content reflecting value, convenience, geographic locations, other travelers' opinions and relevance to an itinerary. The IBM Coremetrics Intelligent Offer recommendations engine enables automated delivery of suggestions for hotels, car rentals, nearby attractions and more goods and services that provide the travel shopper with a more complete and personalized experience.

Display ad retargeting. With time of the essence during the research and booking process, IBM Coremetrics AdTarget equips you with capabilities to retarget browsers and abandoners with personalized display ads shortly after they leave your site. Across every industry, IBM customers have reported that display ad retargeting generates much higher clickthrough and conversion rates than generic banner ads, or simply hoping that a customer remembers a site and decides to return. The best display ad retargeting technology gives you flexibility in delivering either brand-level ads or ads specific to the topics a customer researched on your site.

Personalized email marketing. Informative emails alerting customers to special offers or inviting social media interaction are a proven way for travel and hospitality companies to heighten brand awareness in the months between a traveler's journeys. Personalized emails ideally take advantage of a traveler's behavioral profile to highlight destinations and offers appealing to the customer's known interests. Also look to use personalized email to rapidly retarget browsers and abandoners who left your site without conversion as part of a two-pronged strategy with display ad retargeting. Finally, be sure to introduce personalization, recommendations and social media invitations into your order confirmation emails.

Search engine marketing. Paid search listings are an important part of the marketing toolkit for many travel and hospitality marketers. But paid search marketing can consume budget and staff time while delivering subpar results unless you have deep visibility and real-time control over your solution. The ideal search marketing platform provides cross-channel reporting that compares paid search performance against other channels, supporting data-driven decisions on marketing mix and budget allocations. It also provides automated keyword bid

management, visual dashboards, and search metrics performance tracking in reaching visitor acquisition, conversion and retention goals.

Cross-channel optimization: A unified brand experience

For many travel and hospitality firms, marketing is a multichannel effort that covers websites, email promotions, print advertising, postal mail, direct sales and more. But if these channels work independently of one another, travel and hospitality companies compromise their ability to measure overall performance and risk alienating the customer with off-target or duplicate campaigns.

Cross-channel marketing is the evolution of multichannel marketing, seeking to deliver a unified customer experience across outbound and inbound channels with the CMO and marketing department in the center of all customer

interactions. Figure 3 compares the silos that can result among standalone multichannel initiatives versus the focused funnel of cross-channel marketing.

Effective cross-channel marketing requires a unified foundation that’s lacking at most travel and hospitality organizations. Given the siloed nature of multichannel marketing efforts, it’s no surprise that 87 percent of respondents to an IBM Unica survey expressed interest in a fully integrated marketing suite that would eliminate barriers among silos.⁶

A unified foundation for cross-channel marketing gives you access to data that travelers generate in both online and offline activity—for instance, website behavior and preferences communicated to a hotel front desk. It makes it possible to see a complete portrait of the customer by enabling consolidation of data from web activity, loyalty programs, call center

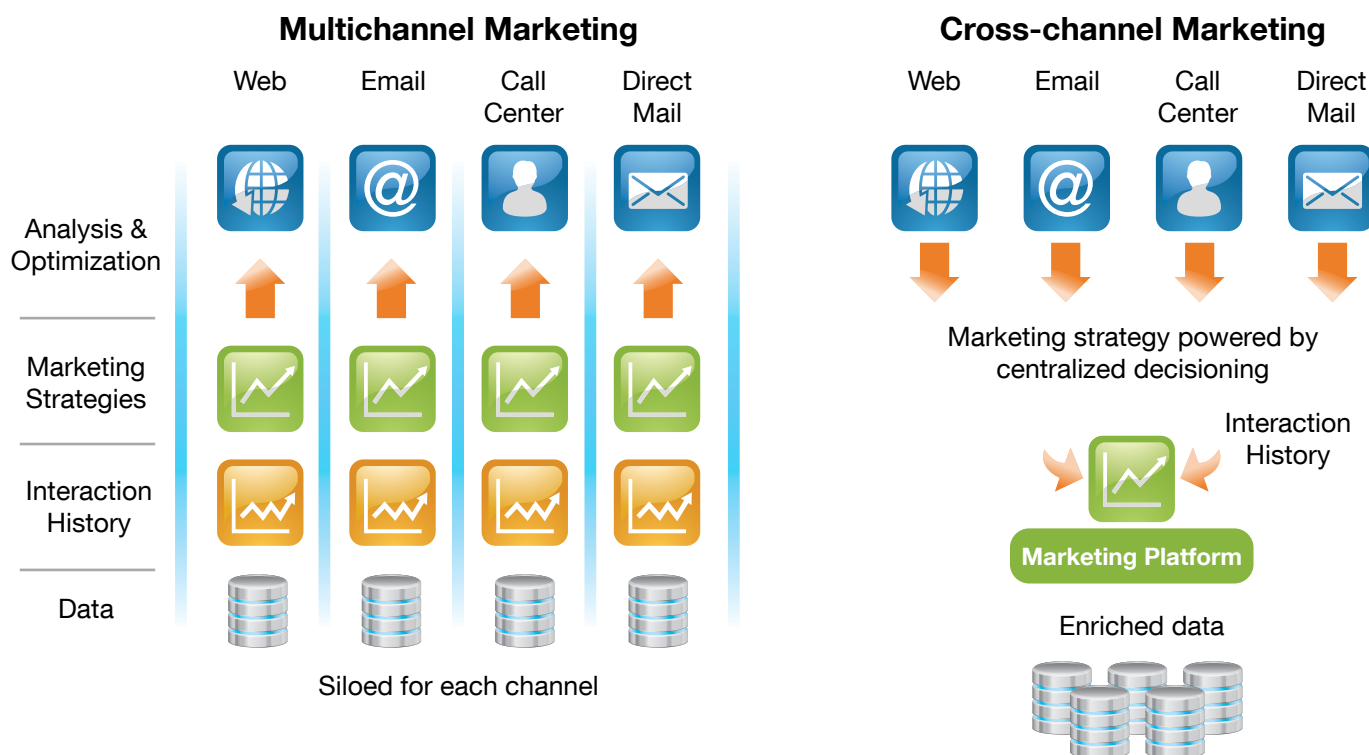


Figure 3. Cross-channel marketing unifies complementary customer initiatives.

interactions, CRM applications, transactional systems and a data warehouse.

In turn, that single view helps ensure you can provide the traveler with a consistent and compelling experience regardless of which channel he or she chooses. For example, you can make up-to-date loyalty points available anywhere—on a website, through a call center or in person. You can also use this consolidated customer data to prepare your customer-facing personnel and systems to make cross-sell and up-sell offers during inbound interaction.

Mobile: Meeting demands of the on-the-go customer

Mobile has swiftly emerged as a critical channel for travel and hospitality. According to IBM Coremetrics Benchmark, 12 percent of all visits to travel and hospitality websites were initiated from a mobile device in October 2011. By 2012, 34 percent of mobile phone users will research travel on their

devices, according to a study by eMarketer. Eighteen percent of them will book travel on their phones. Both figures are up dramatically from 2010, as shown in Figure 4.

Mobile users are discriminating and demanding, and far more likely than conventional web users to bounce from a page. It's not enough for travel and hospitality companies to merely offer a mobile app or website—the mobile user experience needs to be thoroughly tested and optimized across a variety of device types, operating systems and screen sizes and resolutions. Marketers and web analysts need to hunt down glitches and subpar functionality that can frustrate mobile users and send them off to a competing site.

The ideal mobile analytics solution will enable granular analysis of mobile performance and comparisons between mobile and other channels. Beyond ensuring sound mobile features and functionality, savvy marketers will look to distinguish their brands in the mobile arena by:

- Integrating mapping and driving directions into the mobile experience
- Offering mobile-only rates, promotions or loyalty club points for mobile booking
- Using location-based marketing for opted-in travelers with GPS-enabled devices
- Enabling travelers to opt in to in-journey, location-specific mobile marketing
- Offering smartphone users the added convenience of click-to-call
- Rolling out vacation “dreaming” ads to users in cold climates during winter
- Introducing QR code promotions on printed materials, wi-fi connections or TV ads

Unica, Coremetrics and complementary IBM solutions help travel and hospitality marketers not only meet today's mobile challenges, but tomorrow's as well. Leading-edge travel and hospitality companies are already reacting to the emergence of transaction-capable smartphones with near-field communication (NFC) chips. A traveler can swipe his or her NFC smartphone against a reader to check into a flight or hotel room. He or she can also use an NFC smartphone to bill

US Mobile travel researchers and bookers, by device, 2010-2012
millions

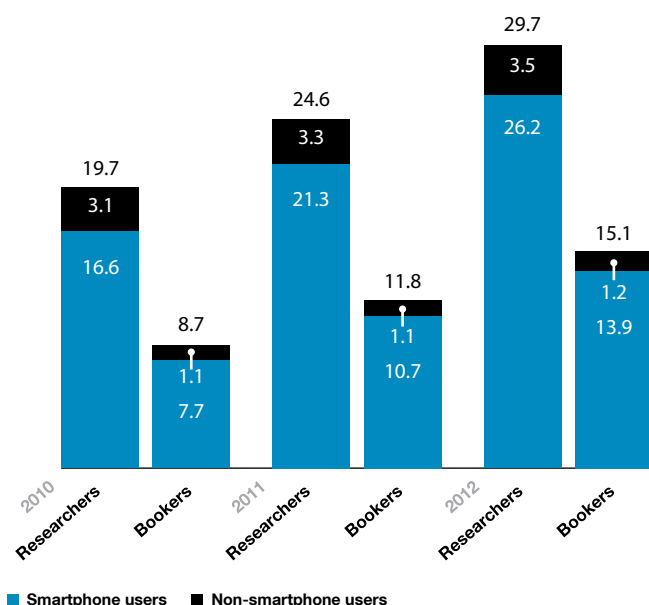


Figure 4. Travel research and booking on mobile devices is rising rapidly.

a rental car or hotel café cup of coffee to a credit card. In the near future, NFC phones may also serve as hotel room keys.

A foundation that gives you the agility to anticipate and capitalize on such innovations is vital to long-term success.

Social media: Managing and cultivating brand relationships

Social media has opened up a world of opportunity for travel and hospitality companies. Hotels, airlines, OTAs and other travel organizations have seized on social media to build brand engagement, attract new customers and capitalize on viral word-of-mouth marketing.

But if you aren't tracking the return on investment (ROI) of your social media efforts, there's no way to justify your investments, or measure the tradeoffs of spending money on social media versus other marketing channels—or even one social media site versus another. With IBM Coremetrics Social Analytics, you can measure both same-session and attributed conversions. Are your social media efforts more effective at visitor acquisition, influence, or same-session conversions?

A cross-channel attribution management system enables you to understand both the value and type of traffic supplied by social sites and tailored messaging, offers and investments accordingly. Part of the Coremetrics Digital Marketing

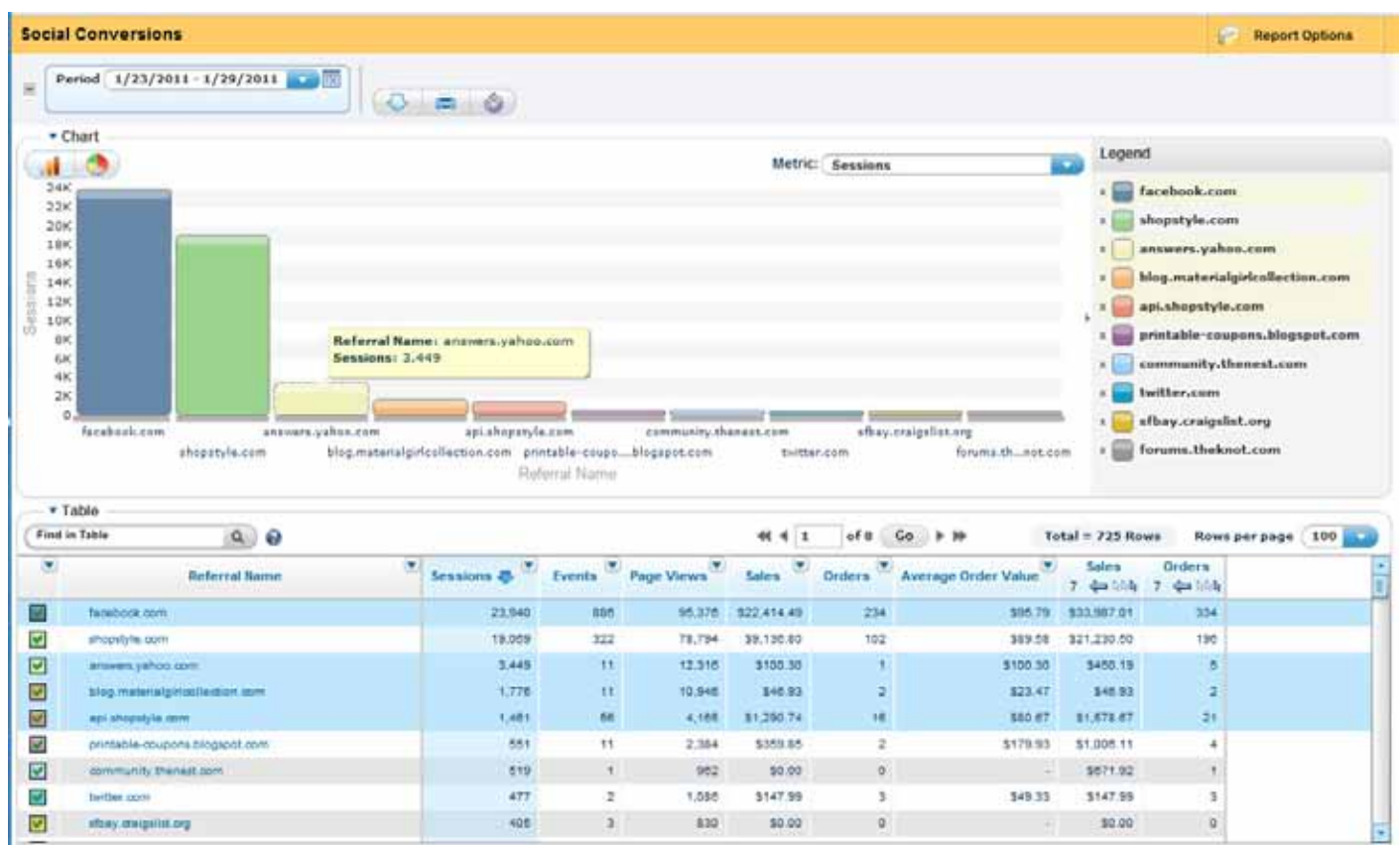


Figure 5. IBM Coremetrics Social Analytics provides both same-session and attributed conversion metrics to create lift for the business.

Optimization Suite, Coremetrics Social Analytics helps you understand social's effectiveness in the context of all your marketing activities, rather than in a silo.

In addition to measuring ROI, it's important to know what people are saying about your brand online. Using feeds from TripAdvisor, Yelp, Facebook, Twitter and other sites, you can quickly and simply plug into the social conversation to monitor brand sentiment and cultivate traveler engagement. Finding and engaging with social media brand champions is a great way to boost engagement and loyalty among your most vocal customers, encourage positive review on social media and capitalize on the potential for viral word-of-mouth marketing.

Conclusion

Travelers never stand still. Travel and hospitality providers can't afford to, either. As pressure grows on traveler marketers to deliver quantifiable results, they are reassessing their technologies and processes to adapt to the tectonic changes that have reshaped the industry. Leading-edge companies are focused on harnessing data to understand traveler behavior and deliver a personalized cross-channel engagement. They're zeroed in on optimizing the mobile and online experience, and innovating in social media with measurable initiatives to build brand awareness and customer loyalty.

Closing the massive gap between goals and reality can't happen overnight—it's a journey that will pay dividends only with continuous measurement and optimization. IBM Coremetrics and IBM Unica solutions give you a complete set of integrated technologies to overcome roadblocks and achieve the revenue lift and traveler loyalty that defines long-term, sustainable success.

About IBM Enterprise Marketing Management

The IBM Enterprise Marketing Management (EMM) Suite is an end-to-end, integrated set of capabilities designed exclusively for the needs of marketing organizations. Integrating and streamlining all aspects of online and offline marketing, IBM's EMM Suite empowers organizations and individuals to turn their passion for marketing into valuable customer relationships and more profitable, timely and measurable business outcomes.

The IBM EMM Suite helps marketers understand customer wants and needs, and leverage that understanding to engage buyers in highly relevant, interactive dialogs across digital, social and traditional marketing channels. IBM EMM provides robust web and customer analytics, event detection, campaign management, real-time interaction management and recommendations, lead management, digital marketing optimization, email marketing, targeted advertising, search engine marketing, and marketing resource management capabilities. Over 2,500 organizations around the world use IBM EMM solutions to help manage the pressures of increasing marketing complexity while delivering improved revenue and measurable results.

IBM's time-tested and comprehensive offerings are giving companies such as E*TRADE, ING, InterContinental Hotels Group, Orvis, PETCO, United Airlines, Vivo and wehkamp.nl the power and flexibility required to provide their customers and prospects with what they expect today—a more consistent and relevant brand experience across all channels.

For more information

To learn more about IBM Enterprise Marketing Management please contact your IBM marketing representative or IBM Business Partner, or visit the following website:

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