

FUEL

2017 TRAVEL WHITEPAPER



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5 TRAVEL TRENDS

YOU NEED TO KNOW



Trend #1

Competing

IN THE WORLD OF ONLINE TRAVEL AGENTS

In last year's report, we dove deep into massive consolidation within the world of online travel agents and the looming threat of the sharing economy as companies like Airbnb experienced exponential growth.

This year, the major shift in the world of online travel agents and Airbnb is how hotels have responded to the consolidation and growth with more aggressive marketing tactics, particularly when it comes to growing direct bookings.

Several brands kicked off direct booking specific campaigns in 2016 and we see this growing across the board for all hotels brands in 2017.



Creating a Campaign TO BRING BACK DIRECT BOOKINGS



Hilton began the now famous “Stop Clicking Around” campaign that permeated online and offline advertising channels.



Marriott followed suit with their “It Pays to Book Direct” campaign that included messaging similar to the Hilton campaign.

“IT PAYS TO BOOK DIRECT”

CAMPAIGN AD



“STOP CLICKING AROUND”

CAMPAIGN AD



OTA BOOKINGS, THE “NECESSARY EVIL”

Why have direct bookings become such an overwhelming concern for hotels? The math is simple. Online travel agents are often seen as a necessary evil; they help hotels get more heads in beds, but those heads come at a cost -- often **15-20% of the final transaction**.

Additionally, Airbnb has thrown an entirely new wrench into the travel world by offering a mobile-centric, localized approach. What started as a small, underground movement in 2008 has transformed into one of the biggest travel disruptors of our time. Hotels are now not only scrambling to keep guests from booking with online travel agent sites, but are also competing with an entirely new travel experience.



ONLINE TRAVEL AGENTS COST YOU

15% - 20%

OF THE FINAL TRANSACTION

HOW TO COMPETE

- 1 OFFER THE ABSOLUTE BEST RATE POSSIBLE TO DIRECT BOOKERS
- 2 PROVIDE A PERSONALIZED AND LOCALIZED GUEST EXPERIENCE

Trend #2

LOYALTY PROGRAMS

Loyalty programs are on track to become the next big battleground for travel brands, and it's not hard to figure out why. As hotels and online travel agents fight for bookings, rates can only drop so far before money starts flying out the window. What can brands do to up the ante without sacrificing profits? Provide other incentives through loyalty.

There are now over **3 billion loyalty programs in the United States alone**. Now consider the entire population of the United States, approximately 325 million. That is a vast gap that clearly demonstrates the competitive battleground that loyalty programs have entered.



3 Billion



325 Million

Creating Incentives FOR BUSINESS TRAVELERS

Business travelers, inarguably the most vital demographic for loyalty programs, also have several pain points in this area. 76% of business travelers would extend their business trips for leisure if they were offered discounted rates, while 81% cited a high level of service as an important deciding factor when it comes to sticking with a brand loyalty program.

WHO IS DOING IT RIGHT?

- ◆ Hilton recently restructured the Hilton Honors (previously HHonors) program. Now, guests have access to new perks like the ability to combine cash and points for rewards and the ability to redeem points on Amazon.
- ◆ Marriott is also restructuring their loyalty program, a strategic move after their acquisition of Starwood Hotels. They will be offering quicker points redemption towards smaller items, like coffee, versus the traditional method of just saving points for free stays.

WHERE IS LOYALTY HEADED?

- ◆ Hotels will expand exclusive benefits for loyalty club participants, including better rates for members to incentivise direct bookings.
- ◆ Loyalty programs will begin to offer point redemption for a variety of items, like on-site dining, and will not focus on making members save for free stays.

Trend #3

PERSONALIZATION

The evolution of technology has not only improved what hotels can offer guests, but also raised the bar of what guests expect in return. Personalization has been a buzzword for quite a few years now, but as more and more opportunities arise, some hotels are struggling with how to approach personalization without crossing a line.

Know Your TRAVEL DISRUPTORS

Airbnb is often brought up during the personalization conversation – and for good reasons. This popular travel disruptor seems to have mastered the art of personalization.

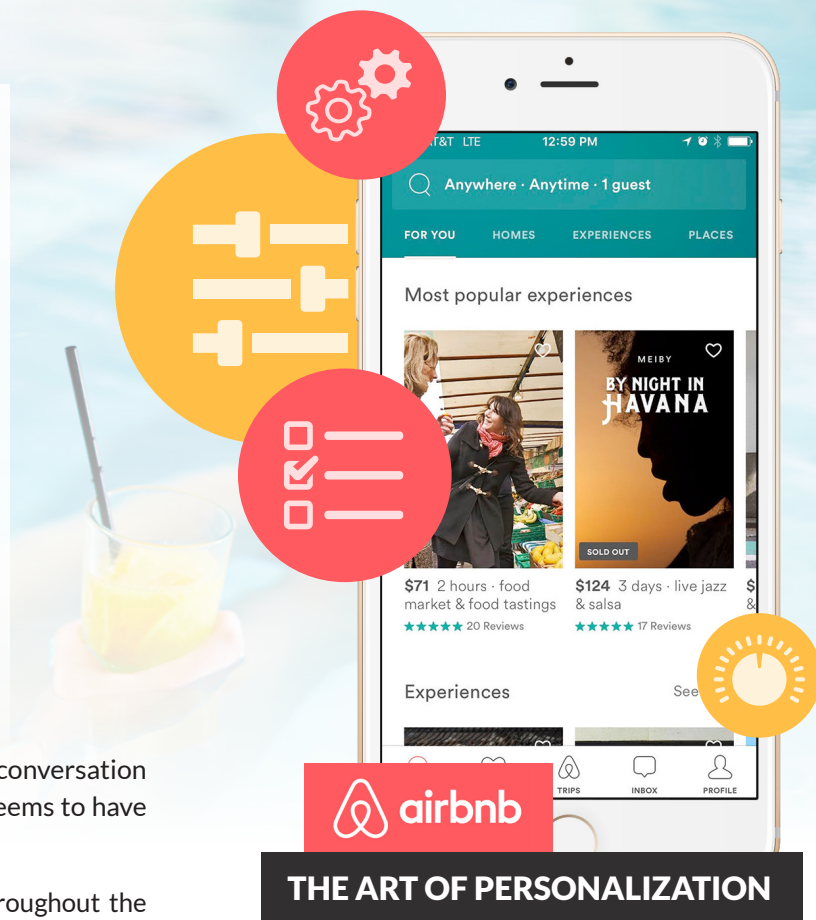
Airbnb's app experience showcases the user's name throughout the search and booking process. The app also features a "just for you section" that highlights personalized recommendations. From a technology perspective, the app utilizes a highly sophisticated matching algorithm to better match travelers with hosts. And, the app makes one on one communication with hosts feel completely seamless and natural. Airbnb also recently launched a "neighborhood" product that features local travel guides written by area residents.

These small details not only solidify trust and safety, but also inspire unique experiences. Often, hosts provide incredibly personal experiences for guests, like hand written notes, special gifts and souvenirs, or recommendations on their personal favorite things to do in town.

The Question Arises

WHAT CAN HOTELS DO TO COMPETE?

- 1** Personalize each guest interaction as much as possible. Collect & sort data to begin building guest profiles with PMS system. Train staff and online marketing team to address guests by name and to take the time to provide personalized answers and solutions to questions and challenges.
- 2** Maintain a "surprise and delight" mentality - Go out of the way to provide unexpected touches, like handwritten notes or surprise gifts when possible. Localize your hotel website and on-property recommendations as much as possible; provide information about local neighborhood and know the hidden gems that your area offers.
- 3** Take a "local first" approach when it comes to on-property experiences; host local bands, use locally sourced ingredients for food and beverage menus, and feature local beer and wine options.



THE ART OF PERSONALIZATION

Trend #4

TECH TAKES OVER

Technology is more present than ever before, particularly when you look at the experiences now available to hotels. While some of the recent trends are just starting to take off and are more fun than functional, there are several new technologies that were developed with a specific goal in mind – to make life easier for hoteliers and guests.



MOBILE APPS

The prevalence of mobile apps is the first trend that we see catching fire and continuing to grow well into 2017 and beyond. Hotel giants like Marriott and Hilton have had robust mobile apps for a few years now and are the norm for brand-loyal travelers. Independent and boutique hotels, however, have been at a disadvantage when it comes to absorbing the sheer cost that is associated with developing a fully functional mobile app experience.

According to Fuel's most recent Leisure Travel study, 52.2% of travelers would use a mobile app to purchase additional services during their stay.

Additionally, 55.6% of travelers would check-in using a mobile app if they could.

These two stats alone demonstrate value when it comes to driving additional revenue and increasing RevPAR and improving overall operational efficiency.

52.2% **55.6%**

OF TRAVELERS
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OF TRAVELERS
WOULD CHECK-IN
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IF THEY COULD



KEYLESS ROOM ACCESS

The mobile app discussion leads us to our second technology trend for 2017 – the growth of keyless room access. Starwood was the first major player in this market with the roll out of the SPG Keyless in fall 2014. Since then, this technology has already been adopted by other hotel groups like Hilton and Marriott and is being tested at Hyatt and InterContinental Hotels.

MESSAGING APPS

Our third technology prediction speaks for properties that either do not see the value in a dedicated mobile app or who simply do not have the money to enter the market – messaging apps. Communicating with guests via text or email was once seen as a nuisance and was not a best practice. However, times have changed and direct communication via instant messaging is the norm and many guests would prefer to make requests or discuss issues this way.

IN-ROOM TECHNOLOGY

Our fourth trend dives deeper into what happens when the guest actually gets into the hotel room. In-room technology has become more of a focus as hotels have begun revamping the in-room experience.

SMART TVS WITH STREAMING SERVICES

FREE HIGH-SPEED WIFI

DOCKING & CHARGING STATIONS FOR DEVICES

SOPHISTICATED LIGHTING & CLIMATE CHANGE

CONTROL FEATURES

COMPLIMENTARY SERVICES

VIRTUAL CONCIERGE SERVICES

VIRTUAL REALITY

Of course, we can't talk technology without mentioning virtual reality. 2016 saw huge advances in the technology readily available to consumers to experience VR. When used properly, virtual reality could be a handy tool to showcase amazing experiences and amenities. Using virtual reality to showcase events, attractions, and amenities and to share stories will offer a unique perspective and truly immerse potential travelers in a way that has never been possible.

Trend #5

Know What's Next From Google

THE WELL OILED TRAVEL MARKETING MACHINE

2016 was a year full of fun, new surprises for our favorite search engine. Travel, in particular, seems to be a special area of interest for Google as the search engine continued to revamp existing products and roll out brand new travel experiences.

From a travel perspective, hoteliers and travel marketers should already be fairly familiar with the Google Hotel Ads product. Currently, these ads are shown for multiple brand specific and non-brand specific travel related queries across Google.com and Google Maps. The placements are optimized for performance based on how users engage on both desktop and mobile devices. Additionally, Google Hotel Ads are customized to how a particular user is searching.

Most recently, Google has expanded upon the Google Hotel Ads product with a new "Book on Google" feature that allows a searcher to book a hotel room without having to leave the search engine. The program rolled out a little over a year ago in 2015 and provided hotels and suppliers two options for how they want to participate: pay a commission for transactions directly on the Google platform or a cost per click or commission model run through the Hotel Ads center.

COMING SOON!

GOOGLE TRIPS APP

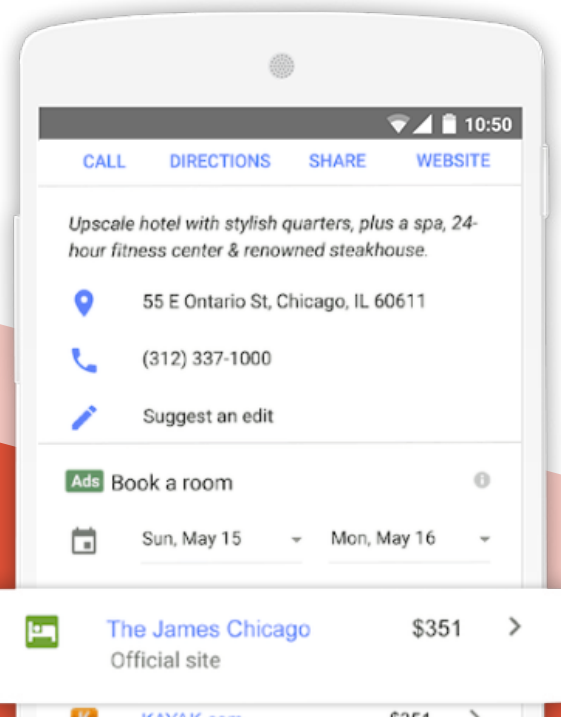
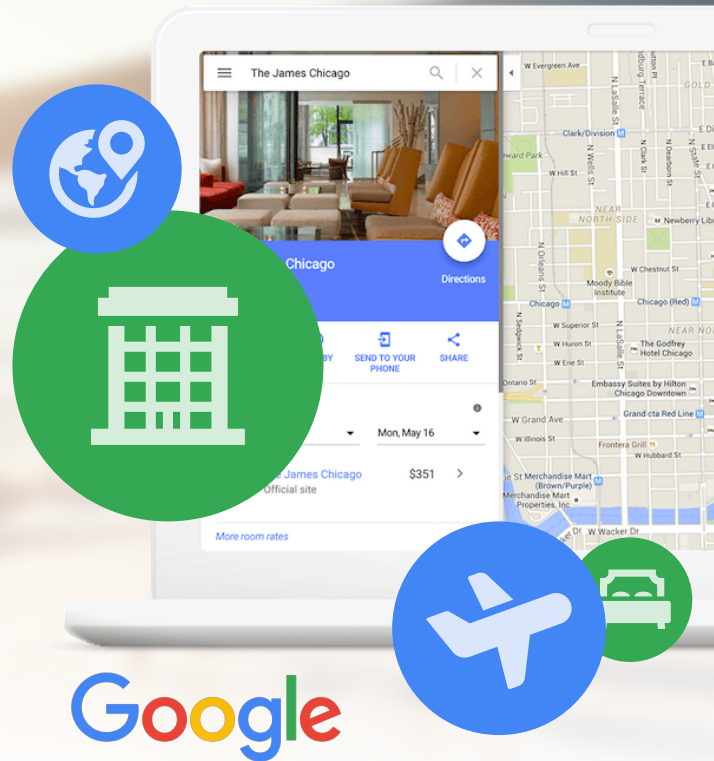
Continuing to focus on travel, Google launched the new Google Trips app in September of 2016. The app allows users to create "trips" and save information on destinations and things to do in those destinations. Additionally, the app can pull in saved travel information like flights and hotel reservations.

And, we would be remiss if we didn't come full circle and discuss the Destinations of Google roll out.

WILL GOOGLE EVENTUALLY BECOME AN ONLINE TRAVEL AGENT?

Google makes a ton of money on pay per click advertising from OTAs. Expansion would risk alienating a large chunk of online revenue. Google also claims to want to help consumers begin planning their trip in the earliest stage through their current product set; Google Trips does not (yet) include booking functionality.

NOT YET - BUT IT IS CERTAINLY NOT OUT OF THE QUESTION





Want to Know More? **WE'RE AT YOUR SERVICE**

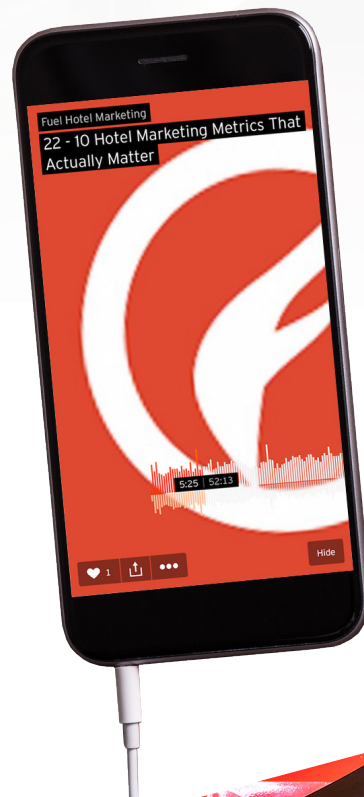
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