TOURISM TRENDS & INSIGHTS

Fáilte Ireland
National Tourism Development Authority

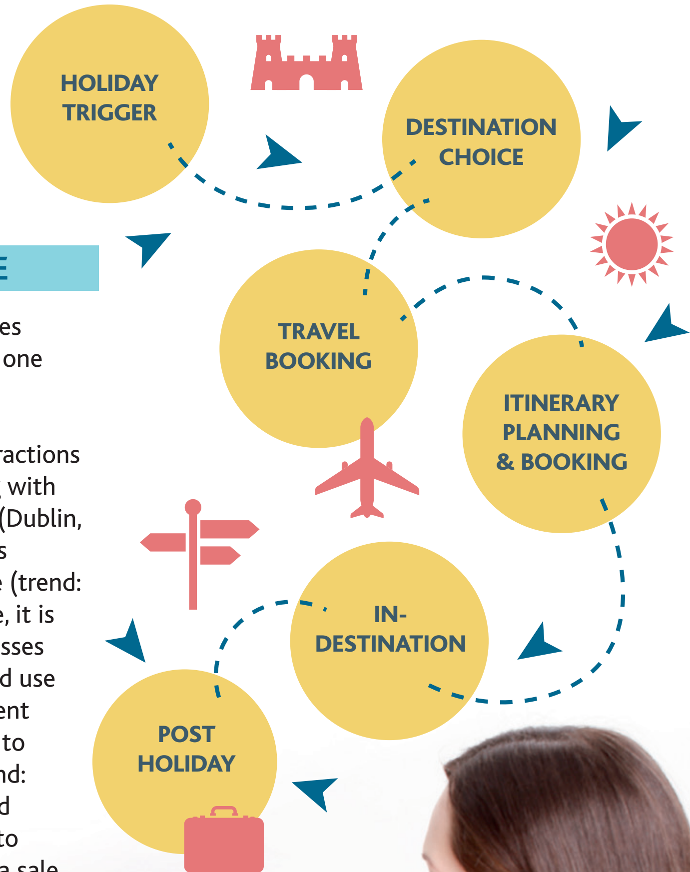
March 2017

MOBILE TRENDS IMPACTING THE VISITOR JOURNEY

In this edition we look at how mobile devices such as smartphones and tablets are becoming the preferred platforms for many of our internet activities. Tourist brands and companies have to prepare for - and engage with - the mobile consumer especially during the visitor journey. There are a number of key trends now impacting on this journey.

THE VISITOR JOURNEY

The visitor journey depicts the stages a visitor typically goes through when taking a holiday.



HOLIDAY TRIGGER

The initial **motivation** is the need to get away from it all and relax. The visitor considers a number of countries and destinations (trend: wishlisting) they then categorise them under 'good for culture'; 'good for families' etc. Once the need for a holiday is triggered, this consideration list is called upon - hence the importance of international marketing of Ireland. However, destination influences come from a wide mix of online and offline sources; online sources still dominate (Figure 1), but visitors will also consult offline methods such as recommendations from people[1] etc. Search engines are the number one means of searching for visitor information prior to visiting Ireland with nearly 30% looking up tourist board sites[1].

DESTINATION CHOICE

As the prospective visitor moves towards the stage of choosing one destination over another, they seek inspiration. Here the top internationally-recognised attractions ('biggest', 'oldest', 'best') along with distinctive destination brands (Dublin, Wild Atlantic Way and Ireland's Ancient East) come to the fore (trend: Impulsive Existence). Therefore, it is important that tourism businesses are aligned with the brands and use their marketing power to present their own business experience to an international audience (trend: Conversational Commerce) and engage and target consumers to ultimately convert interest to a sale.

[1] Source: Fáilte Ireland TIO Visitor Information Needs Research, 2016

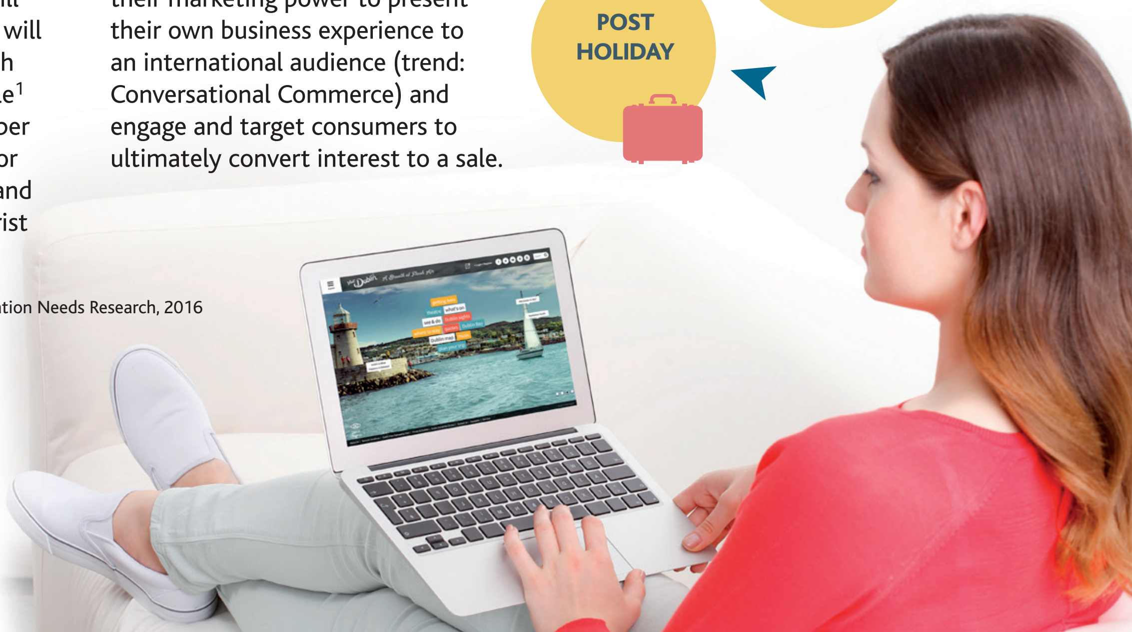
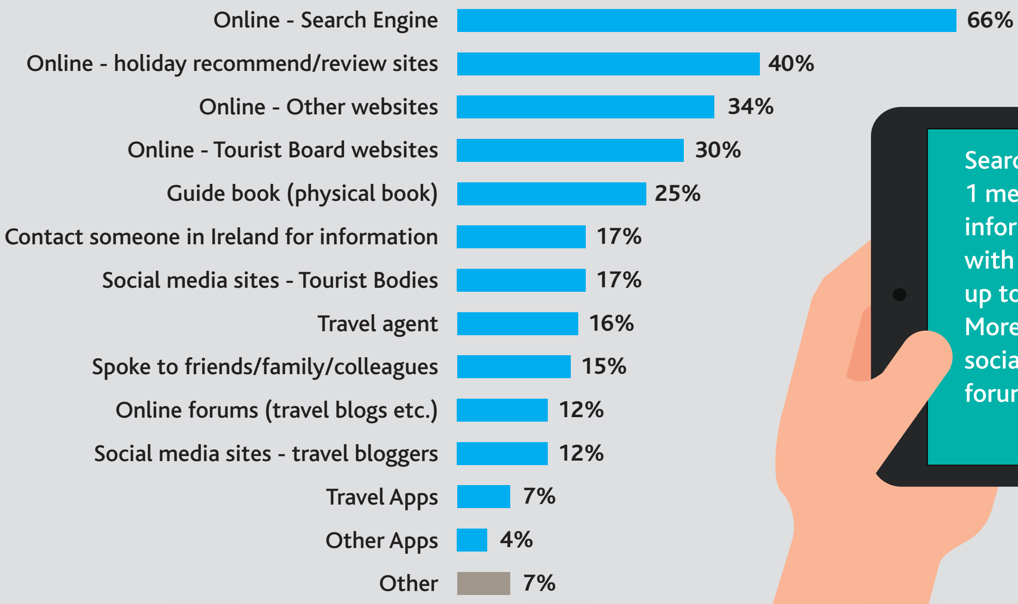


FIGURE 1: MEANS OF FINDING OUT VISITOR INFORMATION BEFORE ARRIVING

(Base: All Overseas Holiday Makers who looked up information prior to arrival - 721)



TRAVEL BOOKING

The travel booking stage is quite complex; a variety of mobile, (trend: mobile first) online and offline sources of information and influences are sought before the visitor makes a choice (Figure 2). The visitor must be easily able to conjure up a **mental map** of a place with lots to see and do. They need lots of choice, good offers, practical information, convenience, flexibility and availability of what there is to do. Generally, transport and accommodation are booked at this stage; things to see and do are not booked in advance unless central to the holiday, such as concert/festival tickets (trend: **Conversational Commerce**). However this is set to change as more and more Online Travel Agencies (OTAs) are starting to push booking facilities for a wider range of experiences.

As we can see mobile technology is having a big impact on the visitor journey from the time the visitor has the motivation/ inspiration to travel to post holiday. Another area that is having an impact on the visitor journey is the presence of OTA's and how visitors are now booking their holiday. The growth of mobile is also impacting on OTA's and how they do business at the various stages of the visitor journey.

FIGURE 2: THE SEARCH JOURNEY - BEFORE TRAVEL

OTA's are a key part of the channel mix for all Irish suppliers targeting overseas business, as they facilitate the booking of hotel rooms, flight tickets, holiday packages, ferries and trains at the travel booking stage of the visitor journey. In the early days of the mid 1990s, OTAs were seen as a convenient distribution channel for hotels and airlines to sell 'extra or excess' inventory.

But in recent years, online distribution has exploded and the big players have grown as they continue to buy out smaller players, gain market share and revenues. The two largest OTA groups, Expedia and Priceline(including their booking.com brand in Europe), have grown through a number of mergers and acquisitions to now host of two thirds of all online room bookings via their platforms. However, they intermediate stock to many other smaller online players such as niche OTA's, itinerary planning platforms, airline & ferry partners, car hire companies etc. meaning the choice for consumers to book online is vast.

Businesses need to engage in OTA sales channels to compete to reach new International customers, accommodation, attractions and activities providers, they need to consider the benefits afforded by changing technologies that are shaping how and when customers buy the various elements of their holiday experience.

OTA sales in Europe grew by 16% in 2016 and continue to be strong generating over **€50 billion** in gross bookings.

Priceline and Expedia are currently the global leaders in OTA (online travel agency) for hotel business.

They individually sell more than **2 million and 12 million hotel room nights per month, respectively**.

Over the past few years, both have been busy acquiring their smaller competitors. This hasn't diminished the number of online intermediaries entering the market as mobile apps have paved the way for a multitude of travel planning companies and product or market specific OTA's.

For Irish industry, OTA's are a necessary part of the channel mix to reach international markets

OTA's combined **advertising spend is in excess of €5 billion annually** - as a result, their reach into mass market international travel is huge.

The growth of mobile (trend: mobile first) has transformed the visitor journey and is currently shaping the online travel market.

The **annual growth is between 7%-10%** in mobile bookings generating bookings of over **€100 billion in the US and Europe in 2016.**

OTA's were slow moving into the mobile space, due to the size/ complexity of their online platforms, but they have now caught up and powered ahead and will now start impacting the online activity planning phase.

ITINERARY PLANNING AND BOOKING

The fun of itinerary planning starts, with 81% using offline and 74% of visitors using online to find information once they are in Ireland[1]. Visitors will have already assured themselves that the destination is for them and offers lots of things to see and do. **Attractions, festivals and activity providers** must be easily found online in order to feature on proposed itineraries as 92% of visitors who continue to look up information online, while in-destination, will do so on their own tablet, laptop or smart phone (Figure 3). It is important that business offers and incentives are available online and through tour operator channels at this stage to ensure businesses feature on initial itineraries (trend: story seekers).

FIGURE 3: DEVICE USE TO LOOK UP ONLINE INFORMATION

(Base: All looked up online information since arriving to Ireland - 249)

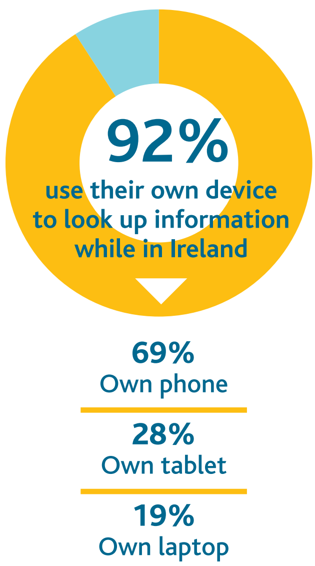
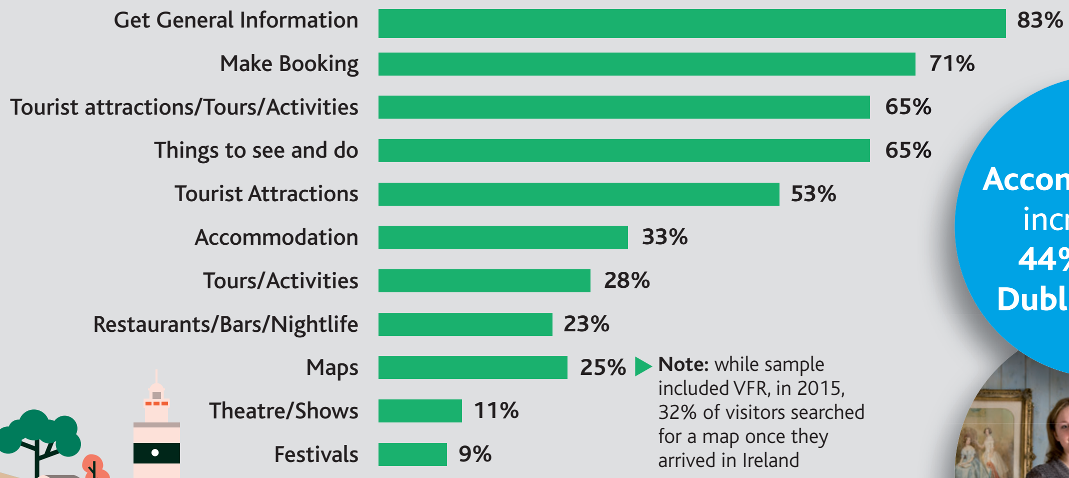
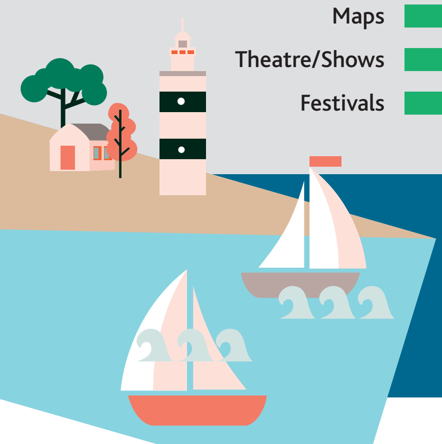


FIGURE 4: INFORMATION LOOKED UP SINCE ARRIVING TO IRELAND - SUMMARY

(Base: All have/will look up information in Ireland - 337)





Since arriving to Ireland, general information search remains number one need - but making a booking increases to 68% of which tourist attractions/sights to visits and things to do generally top the list.

IN DESTINATION

On arrival, the destination must work and live up to the promise. Businesses who work together, cross-sell and proactively work to ensure visitors have lots of choice and receive the very best destination experience will benefit most. Local accommodation providers, tourist offices, restaurants/bars, taxi drivers etc. should be an advocate for your business to ensure you capture business (Figure 4).

The Future ... how does OTA channels impact our attractions and activity providers?

The next big change in online travel will be in online activity planning. The movement of activities and attractions into real time online booking is only beginning and will take time, but its potential hasn't gone unnoticed by the big players. Both Expedia and Booking.com have been adding destination purchases at booking time to their platforms, as they continue to evolve into a more holistic travel booking experience, Stephen Kaufer, CEO of TripAdvisor said that **"in-destination purchases are the next big business"**.

IN-DESTINATION PURCHASES ARE THE NEXT BIG BUSINESS

POST-HOLIDAY

The post-holiday experience is often overlooked, even though this is an important opportunity to maintain a connection with the visitor for mutual benefit – their memories and choices are reinforced through word of mouth and your business experience is widely promoted.

IN SUMMARY:

- **Pre-holiday stages are characterised with inspiration for destinations, and the collection of ideas for holidays. The challenge here is to convert this into a purchase.**
- **When booking, impulsivity is a key consumer driver. Enabled by technology, consumers are able to make and change plans at the very last minute. Enabling this transaction, at the click of a button, or the tap of a smartphone screen, is essential to capture this fear of missing out (FOMO) mindset.**
- **At all stages of the journey, consumers enjoy being able to talk, in a conversational manner to brands.**
- **When on holiday, the desire for experiences to show off when on the move, on social media, gaining social capital is strong. Providing these shareable moments is important for travellers.**
- **Post- holiday is a time for reflection, and ratings. Communities are built around peer power, and the influence this can have on future visitor journeys.**

The table below depicts the visitor journey and maps the trends at each stage of this journey and how they impact the tourism industry and market segments.

THE VISITOR JOURNEY	TRENDS	INDUSTRY IMPACT	MARKET SEGMENT IMPACTED
HOLIDAY TRIGGER / DESTINATION CHOICE	**Wishlisting** - the discovery and collection of inspirational content and images.	**WISHLISTING**	
		Increasing presence on platforms that promote wishlisting such as Instagram and Pinterest is key.	Social Energisers
		Encouraging consumers to view and **share images** will promote and inspire consumers to travel to Ireland.	Culturally Curious
		Ensure the best images or experiences are present on local tourist boards websites and on offline sources.	Great Escapers
TRAVEL BOOKING	**Impulsive Existence** - last minute travel is becoming prevalent due to the rise of the tech-enabled sharing economy and deal-hunting via OTAs.	**IMPULSIVE EXISTENCE**	
		Lives are becoming more fluid and prone to last minute change as consumers attempt to capture every whim and always be in the right place, at the right time, with the right people on **Social Media** channels.	Social Energisers
		Fear Of Missing Out (FOMO) plays a role here, as consumers strive to make the most of their limited free time. Tapping into this FOMO is essential, as brands can position themselves.	
	Conversational Commerce - selling to consumers in a casual setting, at any time or place.	**CONVERSATIONAL COMMERCE**	
		Conversational Commerce via **instant messaging** provides a huge opportunity for a more personalised communication to sell to consumers in a casual setting, at any time or place.	Social Energisers
		Brands can interact with consumers informally and as frequently as they wish to encourage engagement and ultimately purchase. While consumers gain a convenient way to connect with brands as consumer expectations of speed and convenience are increasingly heightened.	
		Warmer **online interactions** equate to more love and loyalty towards brands, and provide a powerful way to cut through the noise and engage consumers.	
		Engage and target consumers with special offers.	Great Escapers
ITINERARY PLANNING & BOOKING	**Story Seekers** - the desire to enrich lives by experiencing something new and pursuing activities which deliver impressive stories to share.	**STORY SEEKERS**	
		The desire to enrich lives by experiencing something new and pursuing activities which deliver personal improvement, excitement and ultimately, impressive stories to share.	Social Energisers
		Brands should **craft stories** in order to impress and attract the attention of the story-seeking consumer. And those who can also provide experiences that help the consumer create their own status-boosting stories will win.	Culturally Curious Great Escapers
IN-DESTINATION	**Cashless Society** - Contactless credit or debit cards - cashless payments becoming increasingly common, they will become the norm.	**CASHLESS SOCIETY**	
		Contactless credit, debit cards, web-enabled phones and digital wallets continue to transform the future of payment methods and this will cause major implications for the way consumers will shop and interact with brands.	Social Energisers Culturally Curious Great Escapers
POST HOLIDAY	**The 5- Star Customer** - customers can now expect to be rated by companies and service providers.	**THE 5- STAR CUSTOMER**	
		Traditional travel and tourism brands can use **reciprocal rating systems** to incentivise 'good behaviour' from guests by offering favourable rates to highly rated customers or penalizing poorly rated ones.	Social Energisers Culturally Curious Great Escapers
		The "best" customers are lower risk and more likely to walk away satisfied: now that we know who they are, you can sell preferentially to them, offering them best service and possibly even a better price.	