PERSONALISATION IN TRAVEL: LEVERAGING DATA ANALYTICS FOR TAILORED GUEST EXPERIENCES

Abstract

Leveraging technologies such as AI, ML, data analytics, and IoT is the key to driving personalised travel services and customer delight. Leading players in the hospitality and travel sectors, including hotels, cruise liners, and airlines, are now utilising these technologies to gather insights into customer sentiment and preferences. By analysing this data, they can offer tailored services before customers even request them, enhancing satisfaction and delight. This proactive personalisation not only strengthens customer loyalty but also gives businesses a competitive edge in a highly dynamic market, ultimately driving growth and long-term success. While personalisation has proven to boost business growth, we must also examine the current challenges, such as privacy concerns, technology limitations, and ethical data use. Case studies and strategies demonstrate how businesses can successfully implement personalised services to meet evolving customer expectations and enhance overall travel experiences.

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Research by a leading management consulting company shows that businesses that provide personalised travel services achieve a 3-6% higher Compound Annual Growth Rate (CAGR) compared to their competitors. Customers in the travel industry look for personalised vacation experiences, and 61% of them are willing to pay a higher price for it.

However, only 40% of customers experience personalisation in travel and hospitality. This shows a high potential for revenue growth and better providing personalised experiences.

Travel and hospitality businesses have begun adopting personalisation technologies, and 62% of them report a better customer experience and loyalty.

Still, there is a vast scope for improvement because only 32% of travel and hospitality companies successfully implement travel personalisation strategies.

This article explains the changing customer preferences in personalisation, data sources, technologies, challenges, and case studies.

The changing customer preferences

Taking a vacation is an emotional decision, and most customers expect authentic, unique, and personalised experiences throughout the process. They expect hotels, airlines, travel companies, and everyone in the supply chain to treat them as top priorities. Some of the factors that influence changing customer preferences are:

Technology integration

Technology is steadily becoming a part of our daily lives, and it opens opportunities for hyper-personalised travel services. For example, contactless check-in and digital keyless locks have already replaced traditional locks and keys at hotels. Artificial intelligence and machine learning are helping hotels collect and analyse customers' behavioural data to personalise recommendations, adjust maintenance schedules, and set custom routines while anticipating their future requests.

Emphasis on sustainability

Hospitality and travel, like other industries, is under pressure to reduce its carbon footprint. Customers prefer hotels that honour eco-friendly practices.

The travel industry can use technology to make a customer's stay both comfortable and eco-friendly through intelligent systems with automatic lights, air conditioners, and heating. Another way to ensure eco-friendly hospitality is changing bed linen and towels after 3-4 days of continuous stay to conserve water.

Social media reviews

More than the star rating of hotels and a company's claims, customers trust online reviews. They give a higher preference to the ones on third-party platforms rather than those on the hotel's or airline's website. In an online survey, 54% of

respondents trusted online reviews and ratings compared to only 44% who trusted the star ratings.

These statistics inspire hotels, airlines, and tour operators to engage their audience and companies in authentic conversations and address their issues, providing personalised travel services.

Rising online bookings

Research shows that in 2023, 850 million people used a travel app to plan and book their entire holiday, from hotels to airlines. They no longer need to call or email the company to make reservations. Online bookings are convenient but limit the opportunities for hotels or

airlines to personalise the service. They can only ensure personalisation in travel through extra website functions and communication channels. For example, once the customer books an airline ticket, the platform also provides options to book hotel rooms and taxis in the city based on their earlier preferences.

Closing the gap between customer expectation and reality

While most hotels and airlines strive to close the gap between the customer's expectation and their experience, this does not always happen. This presents an opportunity for travel service providers to deliver high-quality personalised experiences to build loyalty. Here is what travel personalisation strategies look like in action:

Personalisation in air travel

In-flight personalisation starts with experiences that build stronger customer-airline relationships, driving loyalty. For example, the flight attendants of United Airlines use handheld devices to know the customer's information in real-time and tailor their experiences in flight.

This information may include but is not limited to the customer's connecting flights, frequent flyers, previous cancellations, and meal and entertainment preferences. This not only drives customer delight but also reduces expenditure and waste by loading only the necessary meals.

Personalisation in hospitality

According to a study, 90% of customers in travel and hospitality expect their businesses to know their needs. For example, at Mariott International Hotels, when a customer posted her photo with an engagement ring and tagged the hotel, the staff delivered a bottle of champagne branded with its name to the room. She further posted another image of the

bottle and glasses on social media driving the brand value among other potential customers.

Personalisation in sea voyages

To increase retention and revenue, cruise liners are shifting from a one-size-fits-all solution to personalised travel services. Customers who book a cruise liner can select their entertainment, meal, and beverage preferences before boarding the vessel. The WiFi-enabled wearable called OceanMedallion at Princess Cruises unlocks surprises, sets readymade and customised drinks at pools, and so on. It also acts as an easy payment method while continually giving the guest access to their itinerary and preferences.

Ways to introduce tailored experiences in the hospitality industry

The following techniques help you leverage technology and introduce tailored experiences in the hospitality industry:

1. Guest profiles: Hotels, airlines, and cruise liners collect customer preferences and build customer profiles. For example, whether the trip is for leisure or business, whether they prefer to dine in or outside, bed type, room temperature, etc.

2. Loyalty programs: Allow the customers to use the points they collect to get room and flight upgrades, late check-outs,

and early check-ins to encourage loyalty. Smaller hotels also use loyalty programs for customer delight.

3. Curated services and recommendations: Through customer profiles and digitalisation, restaurants and hotels can provide custom menus, wellness programs, entertainment choices, activities, and transportation services.

4. 360-degree services: By partnering with external parties, hotels can also provide a list of events in the city, such as music

shows, theatres, exhibitions, movies, etc. This saves the customer's time for research and boosts their experience with the hotel.

5. Celebrating special events: Special events such as birthdays, anniversaries, and engagements that customers mention on their booking forms are a great opportunity to offer a midnight cake, a free night at an event, or a spa package.

Leveraging technology for travel personalisation

According to a forecast, the global travel personalisation technology market is set to exceed USD 5 billion by 2030. Let us look at how these technologies work in travel and hospitality.

Artificial intelligence and machine learning

AI and ML assist marketing teams in analysing customer data and creating custom profiles by identifying patterns and highlighting details. AI chatbots provide 24/7 tailored assistance and recommendations in hotel rooms. For example, the guests can make reservations at the restaurant and plan trips within the city.

Data analytics

Analysis of data collected from different sources such as booking systems, social networks, websites, mobile applications, and online reviews helps you drive personalisation in travel. The data you collect builds guest profiles and personalised interaction techniques. For example, the loyalty program of Marriott BONVoY uses data analytics to provide benefits and drive loyalty.

Internet of Things

Edge computing and connected technologies allow customers to adjust thermostats, smart lights, and other room settings through IoT sensors. For example, Accor Hotels provides a wearable device that tailors experiences, such as the aroma, smart lights, and thermostat settings in the room before the guest arrives after a long day.

Travel personalisation challenges

Hotels, airlines, and travel companies must understand and deal with the challenges of personalisation to make it a seamless experience for the customer. Some of the challenges we see are:

Maintaining a balanced approach

Businesses walk a fine line when they ask customers for information. They must be careful not to scare them by asking too much. Rather than asking for everything upfront, do it in stages during the customer's pre- and post-booking journey.

Privacy and security

Customers may be cautious about sharing their personal data due to privacy and security concerns. The technology you use should comply with the necessary data protection standards to protect customer information.

Consent and opt-in

Hotels and airlines should get customer consent before collecting personal information and provide an option to opt out. They should also communicate the reason for collecting this information.

Data retention policy

Robust data retention policies ensure that you do not hold customer's information longer than necessary and delete it once the retention period is over. This assures the safety of the customer.

Ethical data use

The data usage policy must ensure that the staff and backend technology use the customer data ethically and avoid any manipulative practices that invade privacy.

Technology limitations

Hotels and airlines must upgrade their systems to keep them on par with cutting-edge technologies. This may present challenges such as integration with legacy systems, under-skilled staff, and a lack of qualified tech support. An experienced, third-party technology and support provider can help you fill this gap while you focus on your core business.

End note

Studies show that 75% of B2B and 57% of B2C clients prefer personalisation in travel. By courting the customers before, during, and after service delivery, hotels, cruise liners, and airlines meet their expectations and drive brand loyalty. A trusted and experienced third-party expert in travel and hospitality is the right way to approach travel personalisation strategies.

For a seamless customer experience, travel businesses must ensure access to cutting-edge technology that maintains data integrity and tethers it to a single profile, thus reducing duplicity. While the pre-booking stage presents key opportunities for data collection and personalisation in travel, the experience must continue during and after the service delivery.

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