



Rising to the challenge of digital transformation

**Exclusive travel sector research
for Sagittarius and Sitecore by Travolution**

Foreword



For over 20 years, Sagittarius has worked with many travel clients, supporting them on their journey to improved customer experience and digital greatness.

One thing that has become apparent in recent years is that while they all have their own individual business and digital challenges, there are a number of constant themes running through the industry.

After some reflection and discussion, we asked ourselves what were these challenges facing travel brands in the next 12-18 months?

How has GDPR affected the industry and how will the adoption of Live Chat, Machine Learning and AI impact the manual processes we all complete every day?

By working closely with our clients, we understand an element of these challenges, but we wanted a wider view of the industry.

Together with sponsor, Sitecore, we took this opportunity to commission a piece of research with leading publisher Travolution, to listen to voices in the industry and identify future opportunities where we can add value to brands.

More importantly, we wanted to help c-suite decision makers understand today's wider travel technology landscape and answer the most crucial boardroom questions.

The results of this have shown us far more than we hoped. The report identifies that there are some key common challenges facing the travel firms.

While individual and niche, brands share many of the same concerns and clearly have a strong appetite for digital customer centricity.

I'd like to extend a special thanks to our research sponsor Sitecore and I urge you to read this report while reflecting on your own business challenges, and exchange views with your peers in the travel sector as you take on the challenges of the future.

**Sarah Dennis,
Marketing Manager, Sagittarius**

Business challenges

Brexit dominates

The ongoing uncertainty over Brexit is not only dominating political life in the UK it is also a major concern for business and for the travel sector, our survey has found.

Brexit came out on top as the biggest challenge over the last 12 months and was comfortably the biggest issue looking ahead 12-24 months among our respondents.

W The delay to Brexit is good news, and it should give people total confidence to book their holidays or business travel plans, knowing that nothing will change in the short-term."

Abta chief executive Mark Tanzer
travelweekly.co.uk, April 11



This coincided with a front page article in The Times warning consumers to not book holidays for the summer period due to the original looming Brexit deadline of April 29.

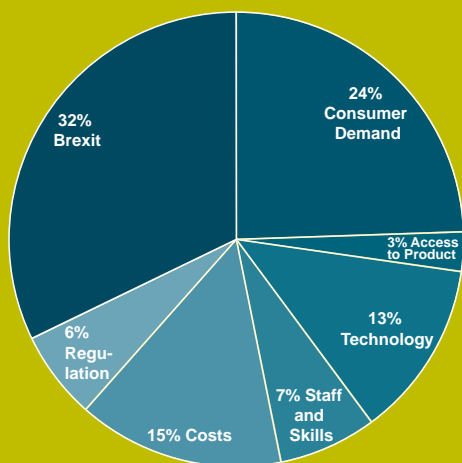
Consumer demand and costs in second and third reflects a general concern over the direction of the UK economy, which could itself be related to Brexit.

Official industry data from analyst GfK, which collects live booking data from a broad range of travel firms, showed a significant drop off in sales for Summer 2019 from last December.

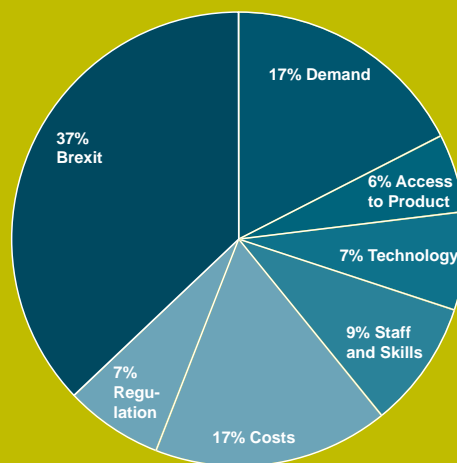
Week-on-week bookings growth fell into the negative after that but with a delay to Brexit now agreed to after the summer (October 31) there are hopes for a revival.

GfK recorded an 11% decline year-on-year in the week to April 13 for departures during Summer 2019 leaving overall bookings for the season flat.

What has been the biggest challenge to business success in the past 12 months?



What do you see as the biggest challenge facing your brand looking ahead to the next 12-24 months?



Paul Stephen, CEO at Sagittarius says

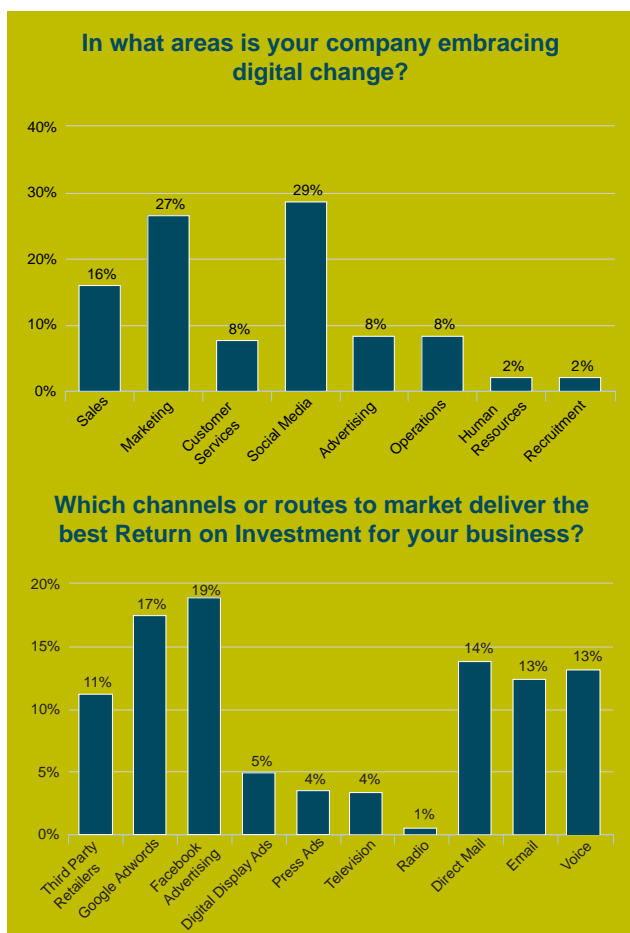
"Sales and rising costs are predictable challenges but this is nothing new. Brexit is a clear winner here, why? Aside from sales, I would expect operational challenges to be the most worrying issue for operators as customer demand will, inevitably, recover. We cannot ignore that rising costs are the next big issue. Clearly brands are feeling their margins being squeezed and are unable to inflate prices to reflect increased costs. Notably, tech staff and skills haven't been cited as major challenges to business success."

Digital transformation

Shift to social?

Two questions we asked indicated social is becoming entrenched as a key channel to market. Asked to pick out in what areas firms are embracing digital transformation, Social came out on top with almost a third of responses.

We also asked which routes to market are delivering the best return. Facebook Advertising beat Google Adwords to top spot. However, it wasn't all bad news for traditional methods with Direct Mail claiming third spot. Interestingly, voice, still an emerging channel, joined a two-way tie for fourth with the more tried-and-tested email ahead of third party retailers.



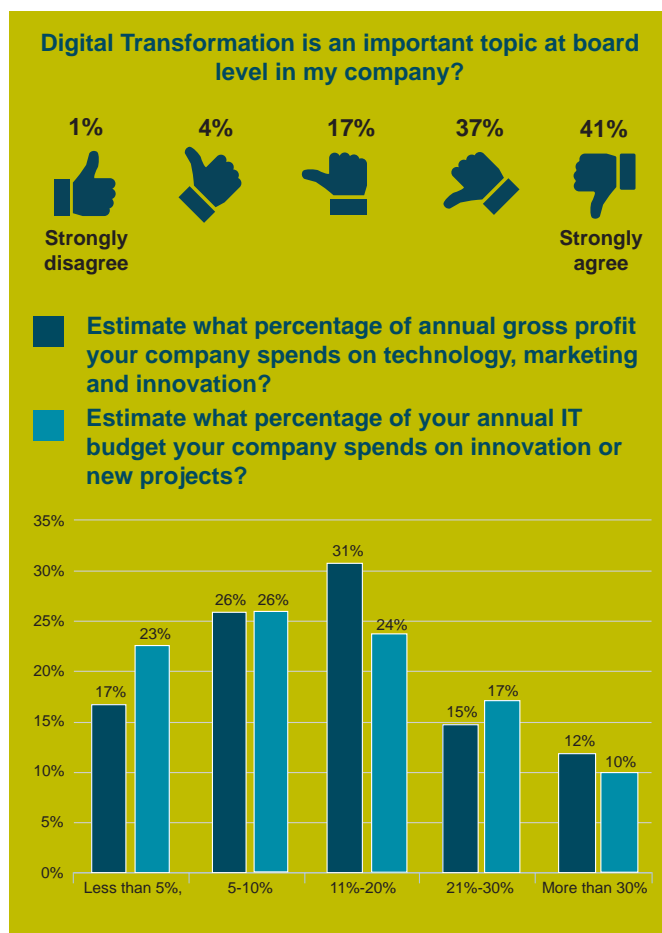
Paul Stephen, CEO at Sagittarius says

"It's interesting to see Facebook cited as delivering the best ROI above Google; especially when Google has the lion's share of spend. Maybe this will entice travel brands to acknowledge that a multi-channel strategy is required if they want to reach their key audiences. And whilst it's disappointing to see the likes of TV, Radio and Press floundering it's equally interesting to see Direct Mail beating eMail for delivering results."

Investing in innovation

Respondents were optimistic in their assessment of the extent to which their firms are embracing digital transformation. The vast majority (78%) either agreed or strongly agreed with the statement 'Digital Transformation is an important topic at board level in my company'.

But asked to estimate what firms are spending on technology and innovation and what percentage of IT budgets is going on new projects respondents were less positive. Just over a quarter said firms were spending more than 20% of gross profits on Tech, Marketing and Innovation and more than 20% of IT budgets on Innovation.



Dave Sayers, Director - Travel and Transport Industry, at Microsoft UK says

"We can see from the survey results that there is a huge appetite for digital transformation, but only a small proportion of IT budgets spent on new projects. The key is getting business buy-in to fund new projects to really drive that transformation and produce better customer experiences."

Digital marketing

Pursuing Personalisation

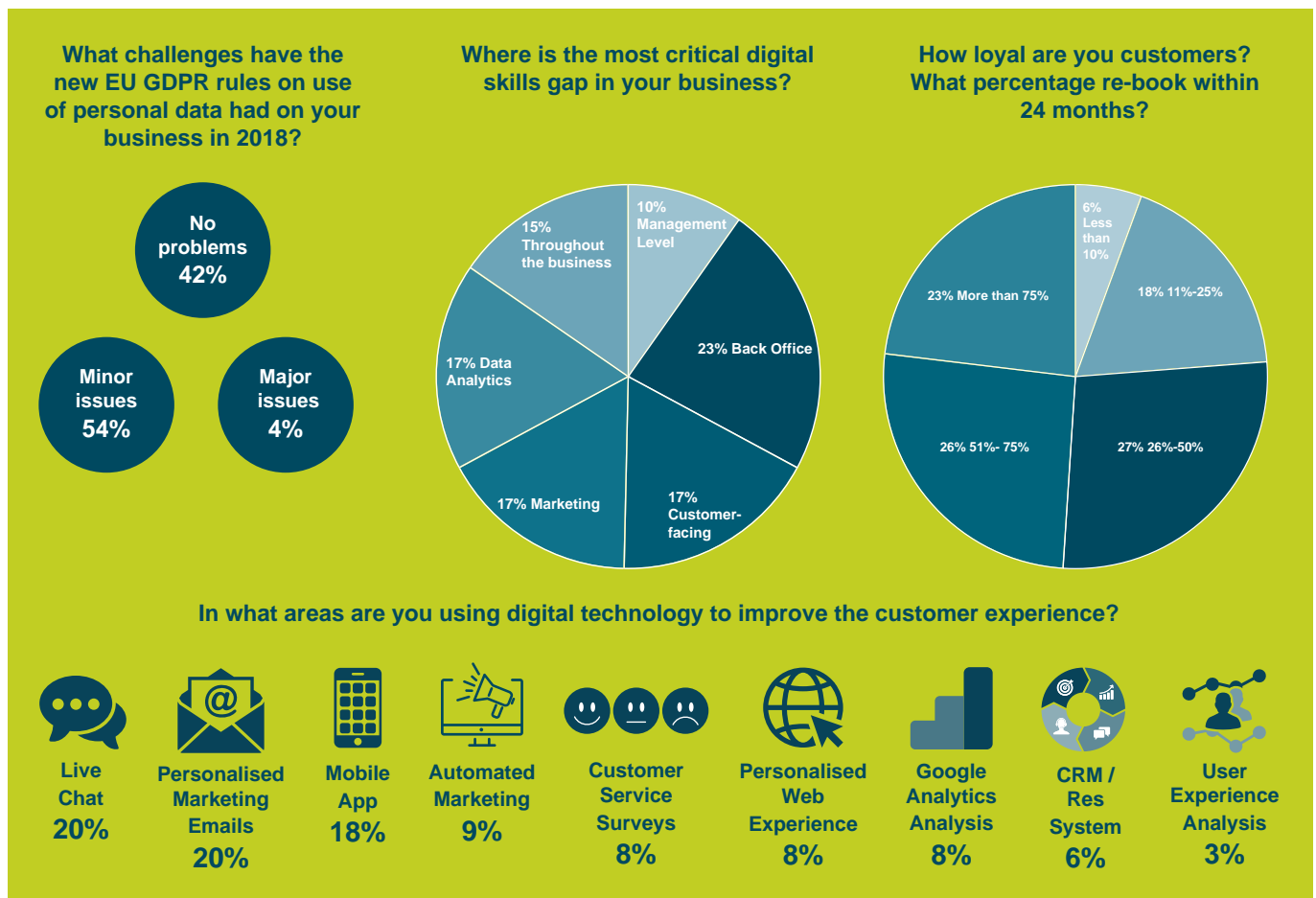
Optimism already noted about ROI for voice was reflected when we asked in what areas firms are improving customer experience. Live Chat was chosen by just over a fifth of respondents with mobile app and personalised emails in second and third places respectively.

This suggests travel firms are grasping the need to get closer to their customers by communicating with them in more engaging ways. Despite this, estimates of the level of customer loyalty were high given brands in travel tend to struggle to drive repeat business, particularly in the mainstream sector.

In terms of where firms have a skills gap, Back Office came top suggesting our B2B audience is being hampered by technology that prevents them effectively engaging with clients.

Finally, we asked respondents to provide an assessment about the impact of new EU General Data Protection Regulation (GDPR) data rules. Only 4% of respondents reported any major issues while over half (54%) said they had minor issues and 42% no issues at all.

Was fear about GDPR's implementation overblown, like with the 1999 Millennium Bug?



Paul Stephen, CEO at Sagittarius says

"Conversational interfaces have been an important development in the last 18 months with ML and AI becoming so easily accessible and cost effective; all travel brands should be harnessing its power. Personalised emails appear to be scoring highly too; reinforcing that joined up approach and good CRM/Res systems should be being used to improve the customer experience."

Sean Rusinko, Global Director, Business Optimisation, Strategy & Industries at Sitecore says

"The survey response showed just over 50% of brands have loyal customers who re-book within 24 months, and we know that customer loyalty is a hard-fought battle. But once brand-loyal, less than a third are willing to try new offerings. Data, machine learning and customer experience will be key to optimising customer lifetime value."



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About Sagittarius

Sagittarius is an award-winning digital agency that helps brands create conversations that drive conversions. The agency is home to more than 80 talented digital experts with a wide range of skills, including 15 certified Sitecore developers and four Sitecore MVPs. With five offices located across the UK, Sri Lanka and the Ukraine and a pool of talent, experience and knowledge, Sagittarius' widespread presence and multi-disciplinary team means they are expertly positioned to support digital transformation at globally competitive rates. The agency is a Microsoft Gold Cloud Solution Partner, offering cloud technology hosting solutions via the Azure platform, along with a variety of AI and ML services including tailored workshops to help businesses champion their brands and stay ahead of their competitors. Over the past 30 years, Sagittarius has tailored the services and solutions offered by tackling specific industry challenges and are now the go-to digital specialists in the Travel, Transport and Tourism Industries.

About Sitecore

Sitecore is the global leader in digital experience management software that combines content management, commerce, and customer insights. The Sitecore Experience Cloud™ empowers marketers to deliver personalised content in real time and at scale across every channel—before, during, and after a sale. More than 5,200 brands—including American Express, Carnival Cruise Lines, Kimberly-Clark, and L'Oréal—have trusted Sitecore to deliver the personalised interactions that delight audiences, build loyalty, and drive revenue.

About Travolution

Travolution is an online publication that has focussed on the digital and travel technology sectors for the past 13 years. It is a part of the Jacobs Media Group, Europe's biggest B2B travel publisher, and is a sister brand to the market leading Travel Weekly. Travolution runs an annual awards programme and day-long Summit in London.

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