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Mobile in Travel Report Series 2014

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In-depth analysis on mobile strategies to build a stronger user experience and improved brand experience

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Mobile in the OTA and Metasearch Industry, 2014

In-depth analysis on mobile strategies to build a stronger user experience and improved brand experience

Author

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Producer

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Welcome

Dear colleague,

Thank you for your interest in this EyeforTravel report on the impact of Mobile in the OTA and Metasearch Industry 2014. The travel industry as a whole is undergoing great disruption, brought about by technological innovations and shifting consumer demands. The full impact of mobile on the consumer research and booking funnels has yet to be determined, which means there is plenty of opportunity for new ways to delight customers and capture market share.

This report is a culmination of eight focused and semi-structured industry interviews, an industry-wide survey and insights from a global consumer study. It sheds light on recent trends and the way mobile creates a new channel that changes the future landscape of the travel multichannel and consumer interaction with travel brands.

This research work is the final installment of a three-part report series on Mobile in the Travel Industry. I hope that the analysis contained within the report will help you navigate the great changes occurring in the OTA and Metasearch industry and that you find the insights and data provided useful for your conversations with partners and internal teams.

Please feel free to get in touch if you have any questions; I look forward to speaking to you soon.

With very best wishes,

Ben Ziemke
Market and Business Intelligence Producer

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About EyeforTravel

EyeforTravel is a community where the world's online travel brands – from hotels to airlines, online travel agents, cruise, car hire firms and more – come to meet.

Established in 1997, by Tim Gunstone, we offer a diverse product portfolio including industry analysis, insights, research, webinars, reports and conferences to suit the needs of our clients.

No other online travel intelligence provider has been around for as long as us. We were here at the inception of online travel and we know the industry inside out. What's more, we're a small, friendly team. Forget impersonal hierarchies, we like to get to know our customers and work towards their exact needs.

Interested in learning more about what we can do for you? Get in touch!

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Acknowledgements

EyeforTravel would like to acknowledge, with great thanks, the contributions of our advisory panel of thought leaders and industry experts. Each named individual below provided insights and analysis to ensure the focus and quality of this report reflect the highest industry standards.

Eight executives and consultants contributed insights, analysis, and feedback to create this report. Please note, the list below does not represent all the industry leaders involved, however, as some sources preferred to remain anonymous.

Robert Brown | Chief Executive Officer & Co-Founder, **Options Away**

Tim Hentschel | Chief Executive Officer, **Hotel Planner**

Adam Jay | Senior Vice President, Product and Global Marketing Channels, **Hotels.com (Expedia)**

Lee McCabe | Global Head of Travel, Vertical Strategy, **Facebook**

Bob Rogers | Vice President, Mobile & On-Trip Services, **OneTwoTrip**

Rob Stross | Director, **Direct Flights**

Jesper With-Fogstrup | Managing Director, **The LateRooms Group**

Alex Zaretsky | Chief Executive Officer, **Travelata**

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- Over 90% of executives believe mobile is critical to growing their business and they will be increasing their investment in the channel over the next three months (from May 2014)
- The majority of executives believe growth in bookings from smartphones will exceed growth from tablet, but that these devices will jointly see more booking growth than desktop
- Tracking the customer journey across devices will allow OTAs and metasearch to continue their dialogue with customers without forcing them to begin searches from scratch which increases the possibility of 'dropped baskets'
- Mobile is sending increased traffic to call centres and email marketing, which is key to completing purchase
- Mobile grows booking volumes while actual bookings via device remain a smaller proportion than in other channels
- Booking via mobile device remains heavily skewed towards the last-minute segment
- Moving from being a purchase destination, mobile's role is increasingly important in growing customer loyalty and engagement post-purchase
- Mobile web remains more of a target for executives than apps, but the definition of what constitutes mobile web is still fluid
- Many consumers (69.2%) regularly use more than one device to research their trip but desktop retains the overall preference
- Companies need to recognize the opportunity presented by the majority of consumers (70.1%) taking a mobile device with them when they travel and 47.1% are willing to use data roaming
- Nearly half of consumers (48.3%) are willing to be contacted with information and deals while on their trip

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- The decision to follow an app or mobile web-based strategy is hotly debated between OTA and metasearch executives
- Mobile web is considered the best way to acquire new customers, while app strategies are most effective at growing loyalty and ongoing engagement
- Companies must move beyond being an information and search facility towards content-based resources if they are to grow long-term engagement
- Despite the importance of content, initial customer contact must make the mobile shopping experience as simple as possible, to allow the transactional phase to be swift and hassle-free
- Apps' USP is the ability to hold travel documentation and itineraries without mobile connectivity; high speed mobile internet and airline/hotel Wi-Fi may mean this will shortly cease to be an issue for mobile web, however
- Companies with limited marketing resources must prioritize spend between mobile web and applications to be able to compete with the larger brands. If in doubt, focus on mobile web
- Identify what specific need your customer has and act creatively to become known for serving that need really well via mobile i.e. in last-minute speed deals or competitions

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- More consumers are willing to use apps than there are OTA/metasearch apps available – the market is a long way from saturation
- Gamification extends customer engagement with travel apps beyond point of purchase and in-stay usage
- Target customers with promotional messages and deep link them to different parts of your mobile web or app depending on their stage in the customer journey - i.e., do not show loyalty schemes on a first visit
- Email is by far the preferred mode of contact for customers (55%) while on the trip, followed by push notifications through an app (30%)
- Mobile payments are watched with interest, however, the market is currently too fragmented for most executives to consider integrating them
- Unlike suppliers, intermediaries are purely digital entities, so 'tap and go' functionalities integrated in mobile payments make using mobile wallets even less of a strategic target
- Customers do not yet find inputting traditional payment details or logging on to secure payments areas onerous (41.3% are happy to use credit card details) however, companies who can make this efficient will see differentiation
- Companies must understand the degree of constant software engineering innovation required to stay current on mobile. This is an argument for focusing on mobile web which is more easily adaptable than apps

Chapter Three

- OTA and metasearch innovation targets will largely remain in managing increasing content demands and matching app updates to the growing variety of devices
- The ability to provide travel documentation seamlessly and virtually is a growing priority for intermediaries as well as suppliers: 51.2% of the former already supply it and 27.9% more expect to do so in the next year
- Customer retention and engagement will also continue to require innovation as 42.3% and 40.5% of executives respectively plan to introduced location-based information and deals over the next 12 months
- 66.4% of consumers want location-based information in stay, while 47.6% want notifications on discounts and last minute deals
- Innovation in hotel or airline check-ins is an area of interest for intermediaries but they may find themselves replicating or stepping on the toes of similar initiatives from suppliers
- The 'internet of things' is being watched with interest, but intermediary executives currently struggle to find applications that will add value to their offerings comparable with the investment required
- In-car telematics is one area where intermediaries can innovate to provide timely and location-relevant information
- Market disruptors, primarily from the 'sharing economy', may impact intermediaries through mobile; however, OTAs and metasearch may want to consider whether these new companies (Airbnb; Uber) serve customer segments that are generally less of a priority to the former anyway

Chapter Four

- Consumer confidence in using mobiles to transact in the travel sector is growing, and intermediaries look set to capitalize on this
- Mobile is gathering momentum, with the proportion of executives who state that they would invest more in mobile jumping from 53.3% in 2013 to 68.8% in 2014
- Growth for intermediaries will be found through trying to drive loyalty and frequency of purchase, primarily through strategies that move beyond purely transactional services
- Customers are increasingly looking for value-added services that increase their enjoyment and convenience while traveling; intermediaries are ideally placed to provide that, ultimately increasing their opportunities to up and cross-sell

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Introduction

The use of mobile to research travel has increased dramatically over the last year. What was previously seen as the last-minute booking heartland has now morphed into a multichannel experience, with consumers swapping between devices to begin their discovery phase, continue the research phase and ultimately book.

OTAs and Metasearch are rising to the challenge of meeting consumers' needs by recognizing that they no longer have to view mobile as a place to move distressed inventory or target the last-minute traveller. They see the channel as an opportunity to extend relationships beyond purchase into becoming a valuable in-stay resource, deepening engagement and extending loyalty.

For many executives interviewed for this report, this has meant revisiting their approach to the purchase funnel and therefore the extent of services they offer. They are moving beyond being simple aggregators of available rooms and flights into value-added content. Service comparisons that add value to the customer's travel experience offer intermediaries the opportunity to differentiate and diversify their offerings while the growth in location-based marketing, primarily through GPS, allows them to continue customer relationships in-stay.

The challenge for intermediaries, going forward, is to understand where best to invest. The value of interactions with customers on mobile web versus the use of native applications is hotly debated and an industry consensus has not yet been reached. Equally, their ability to measure mobile's role in the multichannel and the difference between its ability to grow booking volumes overall versus generate sales via device has yet to be fully understood.

This report details the various strategies intermediaries are adopting to attract, convert, engage and measure customer interactions on mobile, showing how the latest innovations in the internet of things and mobile payments is likely to affect their competitiveness over the next 12 months.

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1

The compelling case for mobile

Summary

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- Executives find it difficult to precisely measure mobile's contribution to bookings as part of the multichannel
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Through its interviews with executives and its wide-ranging executive and consumer surveys taking place over a number of years, EyeforTravel has seen an acceleration in the use of mobile in the online travel agent (OTA) and Metasearch verticals. Executives state that mobile is a vital channel to generate initial engagement as well as drive ongoing loyalty. Importantly, what was treated as an amorphous 'mobile' channel as little as a year ago is now becoming more precisely targeted as companies in these sectors target different customer segments at different stages in their purchase journey through differing platforms: tablet, mobile web and apps.

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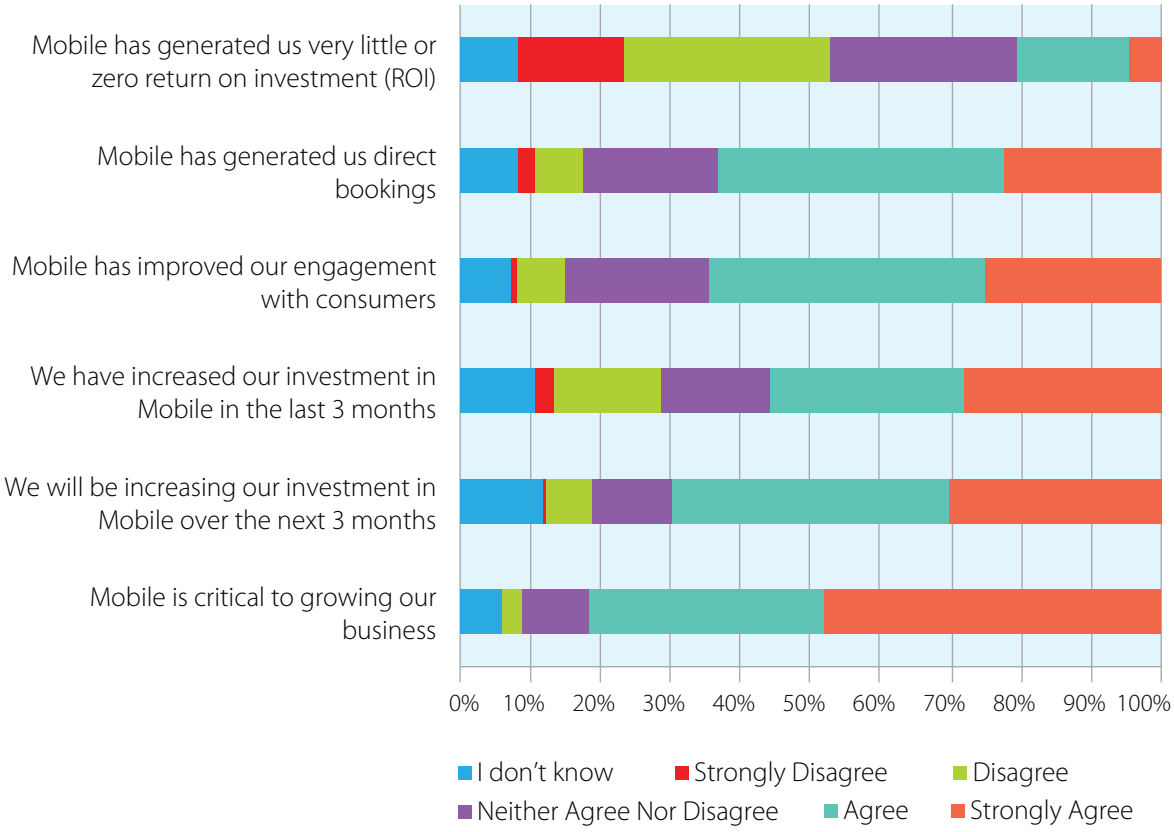
Figure 1: To what extent do you agree or disagree with the following statements?

Please indicate how much you agree or disagree with the following statements



Source: EyeforTravel, Mobile in travel 2014 survey: Q6 Please indicate to what extent you agree or disagree with the following statements.

Table 1: To what extent do you agree or disagree with the following statements?

	I don't know	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Agree Strongly	Response Count
Mobile has generated us very little or zero return on investment (ROI)	8.3%	15.1%	29.4%	26.6%	16.1%	4.6%	218
Mobile has generated us direct bookings	8.3%	2.3%	6.9%	19.3%	40.8%	22.5%	218
Mobile has improved our engagement with consumers	7.3%	0.9%	6.8%	20.5%	39.5%	25.0%	220

We have increased our investment in Mobile in the last 3 months	10.6%	2.8%	15.2%	15.7%	27.6%	28.1%	217
We will be increasing our investment in Mobile over the next 3 months	11.9%	0.5%	6.4%	11.5%	39.4%	30.3%	218
Mobile is critical to growing our business	6.0%	0.0%	2.8%	9.6%	33.5%	48.2%	218

Source: EyeforTravel, Mobile in travel 2014 survey: Please indicate to what extent you agree or disagree with the following statements.

1.1. Business returns through the mobile channel

Mobile's role as a whole for OTAs and Metasearch is currently focused on two defined strategic aims. The results of EyeforTravel's Mobile in Travel 2014 survey show that executives believe the channel has been most instrumental in driving engagement (64.5%), followed by generating direct bookings (63.3%) (see Figure 1).

That these figures sit around the halfway mark is not suggesting that only half of executives believe mobile to be central to their marketing, however. Interestingly, in the case of engagement, 7.3% of executives did not know if mobile drove engagement, while 8.3% did not know if it drove direct bookings.

Amongst the eight executives interviewed for this report, there was unanimous agreement that mobile was a vital engagement tool, and that their focus for the last 12 months and the year to follow would be greatest in the mobile channel. What the 'don't know' figures show is the difficulty in measuring mobile's contribution to bookings as part of the customer's multichannel journey.

"Mobile hasn't yet increased call center use [for example] but we're anticipating that it will," states OneTwoTrip's Rogers. One of the reasons is that people are hesitant about entering data or can't be bothered, so will complete their booking over the phone. We're looking at a VOIP solution that will make the experience better. It's a significant proportion of customers that do their shopping online but ultimately book offline."

Return on investment (ROI) through the mobile channel is definitely being proven however, as 44.5% of executives surveyed disagreed that it generated little or no return. Again, 8.3% stated that they did not know whether this was the case. This chimes with responses from interviewees who state that mobile is not considered a stand-alone channel that must pull its own weight. It has two defining characteristics:

- Mobile is where the customer is, and not to invest in mobile, regardless of whether it directly contributes to revenue, is a big business risk.
- Mobile is part of the multichannel, and simple models such as last-click attribution are poor methods of evaluating its contribution to overall sales.

Confidence in the channel is certainly high. Of those surveyed, only 2.8% did not agree that mobile was critical to growing their business, and 6.9% would not be increasing their investment in mobile over the next three months from the date of survey (May 2014).

In terms of final booking destinations (i.e. the device where the customer ultimately placed the booking), desktop remains king – but only just. While 50.2% of respondents felt that they would see the biggest growth in booking volumes from their websites, a further 46.4% felt they would see growth from smartphones and 27.5% expected it to come from tablets (see Figure 2).

This runs counter to the accepted wisdom that it is 'difficult' to make bookings via a small smartphone screen and that consumers are reluctant to spend large sums via this device. This latter statement holds true when examining consumer spending trends in the travel sector (see Section 1.2).

In the same survey, when airline and hotel suppliers were asked the same question, 37.2% and 40.7% respectively felt they would see bookings via smartphone. Only airlines saw a significant hike in the number of expected bookings via tablet at 37.2%. Overall through, for the joint tablet and smartphone mobile channel, growth in booking volumes looks set to exceed that of desktop at around 70.0%, as compared with the latter's

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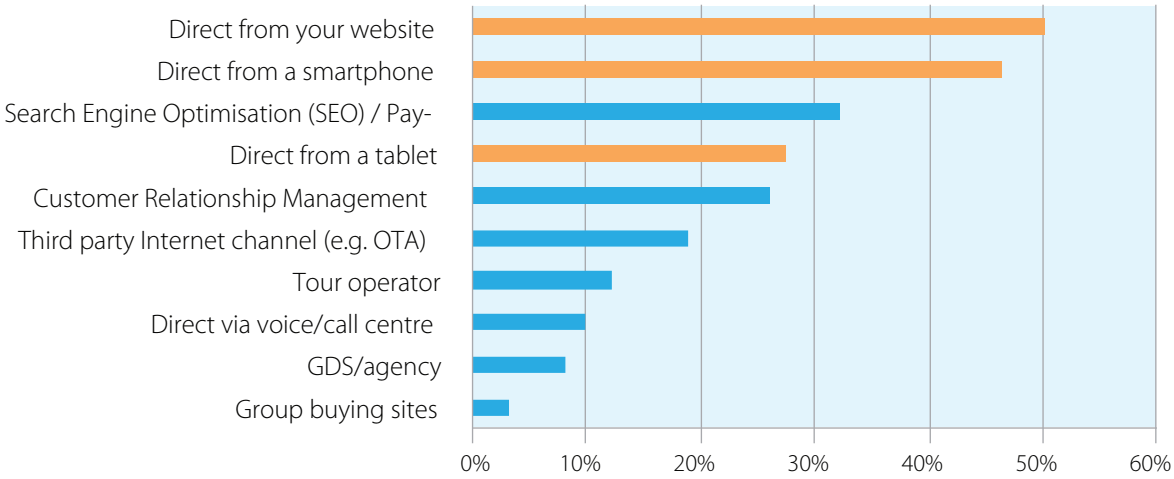
Figure 2: Which channels do you expect to yield the biggest growth in bookings for the coming 12 months?

Which channels do you expect to yield the biggest growth in booking (volumes) for the coming 12 months?



Source: EyeforTravel, Mobile in Travel 2014 survey: Which channels do you expect to yield the biggest growth in booking (volumes) for the coming 12 months?
NB: Three answers maximum

Table 2: Which channels do you expect to yield the biggest growth in bookings for the coming 12 months?

Which channels do you expect to yield the biggest growth in booking (volumes) for the coming 12 months?		
Answer Options	**Response Percent**	**Response Count**
Direct from your website	50.2%	106
Direct from a smartphone	46.4%	98
Search Engine Optimisation (SEO) / Pay-Per-Click Advertising	32.2%	68
Direct from a tablet	27.5%	58
Customer Relationship Management (CRM)	26.1%	55
Third party Internet channel (e.g. OTA)	19.0%	40
Tour operator	12.3%	26
Direct via voice/call centre	10.0%	21
GDS/agency	8.1%	17
Group buying sites	3.3%	7
Total number of respondents		211

Source: EyeforTravel, Mobile in Travel 2014 survey: Which channels do you expect to yield the biggest growth in booking (volumes) for the coming 12 months?
NB: Three answers maximum

50%+ average across airline, hotel and OTA/Metasearch.

"Conversion on anyone's mobile site is lower than on the desktop sites, but we are absolutely fine with that. We are trying to measure the conversion of the customer, not the conversion on device," notes Hotels.com's senior vice president, product and global marketing channels, Adam Jay.

"It's about delivering relevance," states Jesper With-Fogstrup, managing director, The LateRooms Group. "There's clearly a shift from desktop to mobile. Part of it is a change in use behavior, and for others it is convenience or a lower cost of entry."

What With-Fogstrup is referring to here is the tendency of certain customer segments whose whole computing power is driven through phone (smartphone or feature phone) or tablet, and who do not own a desktop in any form. This is particularly true of the Asian market, which EyeforTravel's Mobile in the Airtravel Industry, 2014 report noted was a burgeoning market significantly dependent on mobile as the only way to access the consumer.

Interestingly, the BRIC results around preferring to research travel on a laptop rather than smartphone or tablet mirrored the preferences of Europe or North American audiences which, despite being equally as evolved in terms of ownership, are nowhere near as reliant on mobile as Asian nations (see Figure 5).

His prediction, however, is simple: "desktop will die"; he estimates this will occur sometime around 2017.

1.1.1. Mobile in the multichannel

As stated above, one of the reasons for around a seventh of industry executives not knowing what impact their mobile strategy would have on ROI was the suggestion that executives may be uncertain about what particular impact mobile is having in the multichannel.

"One of the ongoing challenges is having a sophisticated tracking tool to measure customer interactions across channels, and no-one has cracked it yet. We're investing a lot of time and energy making the cross-device experience seamless," Jay insists. "We want the customer to be able to pick up the same search whatever device they're on."

This is essential for companies to be able to retarget 'dropped baskets', even before the customer has got to the checkout stage. Hotels.com's Jay notes that if a customer has abandoned a search and the company can track what they were looking at, it is able to send them an e-mail that will allow them to pick that search up again. Timing, he notes, is everything:

"We do that in near real-time, within a couple of hours. We optimize the lag between the sessions ending and sending the abandoned email. We know that a lot of emails are opened on a mobile device, so having mobile-optimized email and then a great experience on click through is vital."

"Consumer behavior has changed," With-Fogstrup notes. "A previous pattern might have been to search on desktop and make purchases during office hours, at work. Now a lot of inspirational searching is done outside office hours. People are hitting us more than they did before, which pushes down conversion - so how do you show them something that is relevant across the devices and stitch together those sessions?"

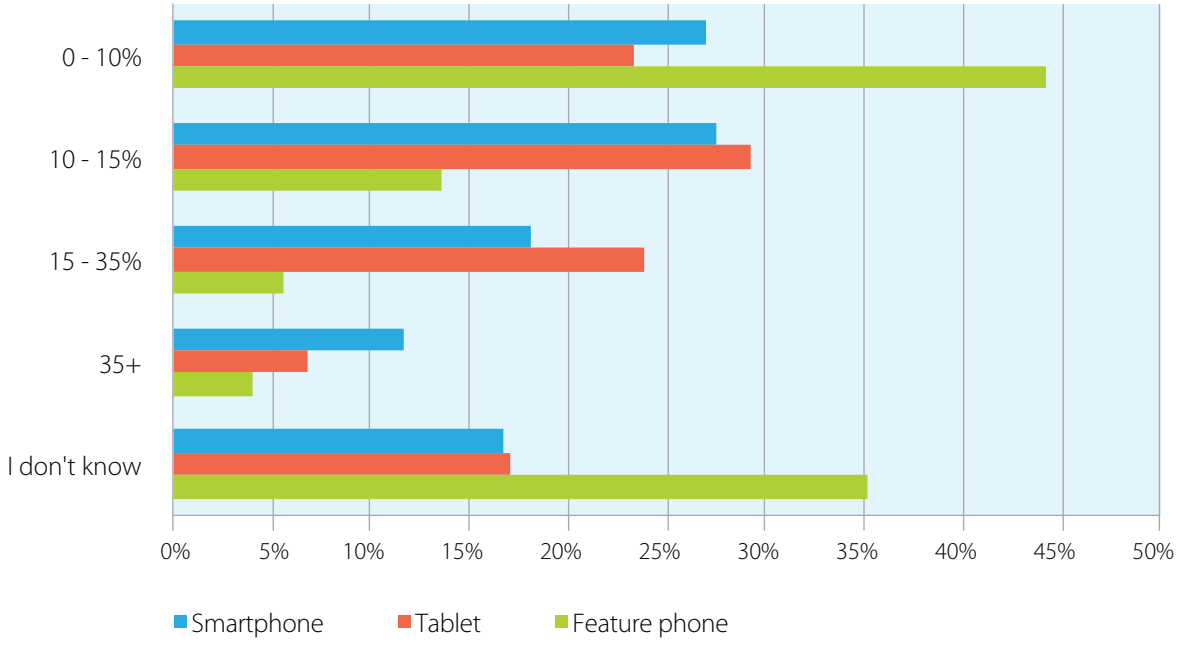
He describes multiscreen behavior as "one of the great opportunities - and the most infuriating." With many people 'second screening' or watching TV while swiping a tablet, the Marcomms landscape is shifting. "You could argue that the value of offline ads is changing from the call to action to more about brand building. There is a shift in how we want to engage the consumer in different scenarios."

Interestingly, mobile has bred resurgence in two channels that many marketers thought were receding gently into the night. As mobile has become the channel of choice for consumers to access their email (51% of all emails are read on a mobile phone (email-center, 2014)), marketers are increasing their activity. 57% of marketers plan to increase the number of emails they send out in 2014, and 49% plan to send more than half a million (Forbes, 2014), while further research from j2Global suggests 28% of email recipients go on to make a purchase via mobile (j2Global, 2014).

This, in turn, has driven greater volumes of traffic to the call center than has been seen in several years. This is particularly important when one considers that user experience across mobile web in the travel sector is far from uniformly good. Directing the consumer from email to a call center is a way of ensuring a good customer experience across the purchase journey.

Figure 3: What share of your overall bookings do you expect to come from mobile devices in the coming 12 months?

What share of your overall booking (volumes) do you expect to come from mobile devices in the coming 12 months?



Source: EyeforTravel Mobile in travel 2014 survey: What share of your overall booking (volumes) do you expect to come from mobile devices in the coming 12 months?

Table 3: What share of your overall bookings do you expect to come from mobile devices in the coming 12 months?

	0 - 10%	10 - 15%	15 - 35%	35+%	I don't know	Response Count
Smartphone	27.0%	27.4%	18.1%	11.6%	16.7%	215
Tablet	23.4%	29.3%	23.9%	6.8%	17.1%	205
Feature phone	44.2%	13.6%	5.5%	4.0%	35.2%	199

Source: EyeforTravel Mobile in travel 2014: OTA/Metasearch Q8 What share of your overall booking (volumes) do you expect to come from mobile devices in the coming 12 months?

"The call center has seen a huge resurgence [due to] mobile because the customer starts their search, progresses through and ultimately wants to confirm with a person and it's just a touch of a button on a phone," states Hotelplanner CEO, Tim Henschel. It is something to be particularly aware of in international markets where customers' desire for the human touch varies. In China, notes OneTwoTrip's vice president, mobile and on-trip services, Bob Rogers, 80% of customers who shop either on mobile or a desktop end up converting via phone.

"Our roadmap contains training for call centers. The cool thing about VOIP is that you can send other information, not just a phone call. This makes the call center's job easier because they know more about the customer," he adds.

Rob Stross, director, Direct Flights adds: "Click to call is working well, and is particularly useful for flights, - especially complex ones with several stop overs. There comes a point where you need to speak to someone and we're deriving a lot of revenue from this channel."

While mobile is therefore expected to play a large role in growing booking volumes, the actual number of bookings coming through this channel relative to the total number as a whole is still expected to be a small proportion in the next 12 months. Around a quarter of respondents believe 0-10% of booking volume will come through smartphones or tablets (see Figure 3), and only a little over a tenth (11.6%) believe that more than 35% of bookings will be made on smartphone. A significant minority (around a seventh) state that they simply do not know.

"Mobile has grown explosively, [and] brought in significant volumes of incremental sales as well as a significant displacement of traffic from desktop. But most importantly it has brought whole new ways to engage with consumers not just at the point of booking but pre-trip, on trip and post-trip," insists Hotels.com's Jay.

1.1.2. Mature mobile strategy

OTAs and Metasearch are certainly moving into a period where mobile is becoming an important cog in the multichannel marketing machine across the purchase journey and beyond. Since as recently as 12 months ago, when executives in this vertical recognized the channel as primarily catering to the last minute customer segment, the market has changed dramatically.

Many of the executives interviewed for this report noted mobile's potential for interaction post-purchase and post-trip.

"One of the advantages of mobile apps is the ability to follow up with customers post-purchase. After they have bought you can add additional services that increase their loyalty. When we sell package deals we provide all the travel documents 48 hours before departure. All this information can be located within the mobile app – on or offline – so there is no need to print out paperwork. Sometimes charter flights change departure time or even airport so it's ideal to be able to update the customer via mobile. It's how you keep the customer in the loop," states Russian package tour OTA, Travelrata's CEO, Alex Zaretsky.

The LateRooms Group's With-Fogstrup agrees that there has to be some added value component to grow loyalty beyond the transaction. "There are lots of opportunities post-purchase, some of which are still in our roadmap. It's obvious that collecting reviews is better to do when the customer has just had the experience rather than several days after they return home," he reveals.

"Where mobile is most valuable hasn't been anywhere near enough exploited yet. The big companies are focusing on the booking element but they're not doing anything while that person is on the trip. We are definitely working on that," teases OneTwoTrip's Rogers.

In section 2.1.4., the issue of apps versus mobile web is discussed in greater detail, with a surprising number of executives stating passionately that one or the other can (and will) triumph in the battle for the consumer, but not both.

However, OTAs ignore the last minute heartland at their peril. "The profile of mobile bookers is fundamentally different from other channels and is heavily skewed to last minute. Well over 60% are same or next day, which creates unique user experience opportunities - such as the ability to surface the right hotels in the right way," Jay notes, singling out its peer, Hotels Tonight, for praise in targeting this segment well.

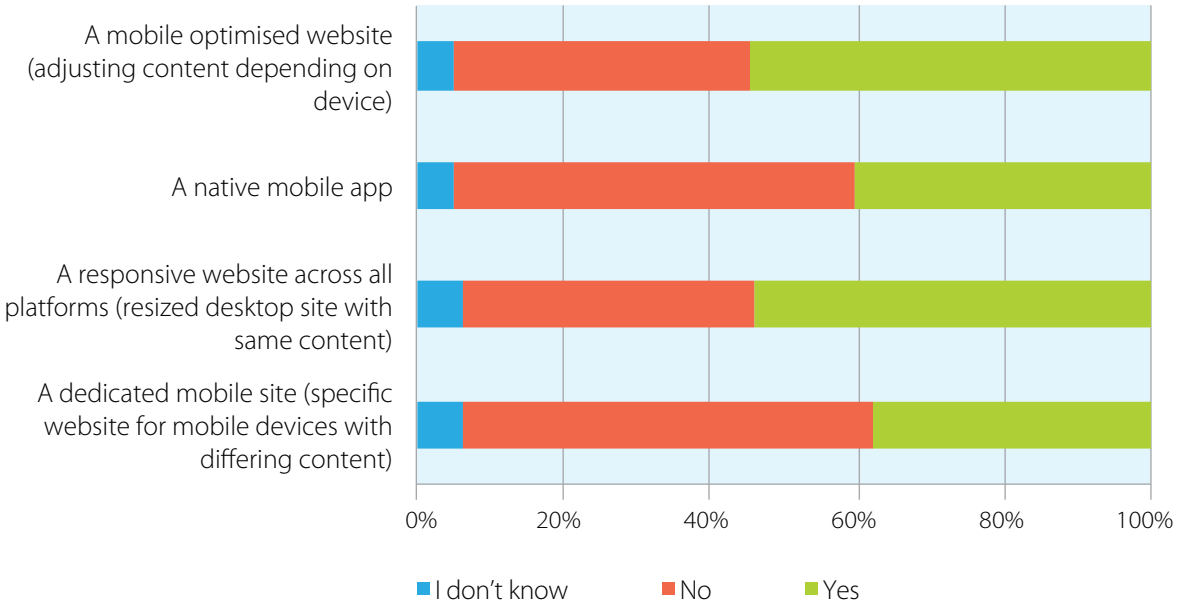
One thing that is quickly becoming clear is that wherever executives' priorities lie, they cannot afford to ignore the basic mobile hygiene factors (i.e. the bare minimum of service and functionality the customer expects through this channel), and the bar for these is being raised every day.

"As a Metasearch company, working with partners who can deliver product at the right price is only part of the journey. We need to make sure that the customer experience - when they leave us to go to the partner site to complete the transaction - is as seamless and good an experience as possible. We just won't work with guys who provide a poor service or where they leave our mobile site and land on a partner's desktop site that is rendered directly onto a mobile device," Direct Flights' Stross insists.

That said, there remains a lack of consensus over how best to deliver that seamless experience in terms of the technology available. As will be seen later, there is a degree of intense enthusiasm expressed by some executives over the potential of the app. A walled garden that can be as creatively populated as budget or brand will allow for a continuous brand experience while on trip, but it still has some drawbacks.

Figure 4: Does your company have any of the following?

Does your company have any of the following?



Source: EyeforTravel, Mobile in Travel 2014 survey: Does your company have any of the following?

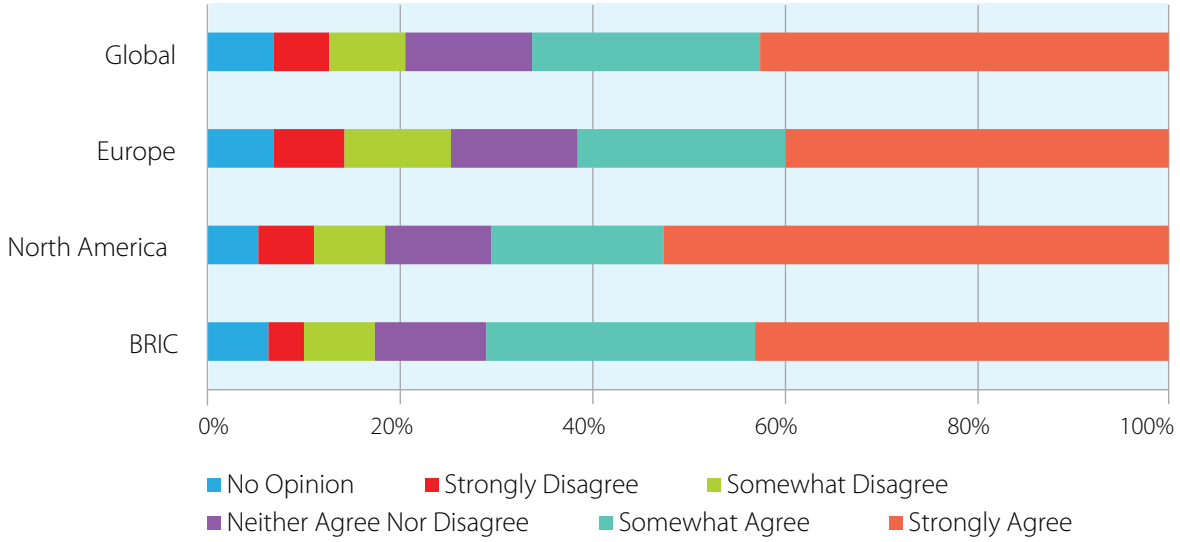
Table 4: Does your company have any of the following?

	Yes	No	I don't know	Response Count
A mobile optimised website (adjusting content depending on device)	54.6%	40.4%	5.0%	218
A native mobile app	40.2%	54.5%	5.3%	209
A responsive website across all platforms (resized desktop site with same content)	54.0%	39.3%	6.6%	211
A dedicated mobile site (specific website for mobile devices with differing content)	38.0%	55.8%	6.3%	208

Source: EyeforTravel, Mobile in Travel 2014 survey: Does your company have any of the following?

Figure 5: I feel more comfortable researching my travel arrangements on a desktop or laptop than on a mobile or tablet device.

I feel more comfortable researching my travel arrangements on a desktop or laptop than on a mobile or tablet device.



Source: EyeforTravel/WAYN survey: I feel more comfortable researching my travel arrangements on a desktop or laptop than on a mobile or tablet device.

Table 5: I feel more comfortable researching my travel arrangements on a desktop or laptop than on a mobile or tablet device.

	No Opinion	Strongly Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Strongly Agree	Number of Respondents
Global	7.0%	5.8%	7.6%	13.1%	24.1%	42.4%	2,175
Europe	6.9%	7.4%	11.1%	13.1%	21.9%	39.7%	406
North America	5.5%	5.5%	7.7%	11.1%	17.9%	52.3%	235
BRIC	6.2%	3.8%	7.2%	11.7%	28.2%	42.8%	418

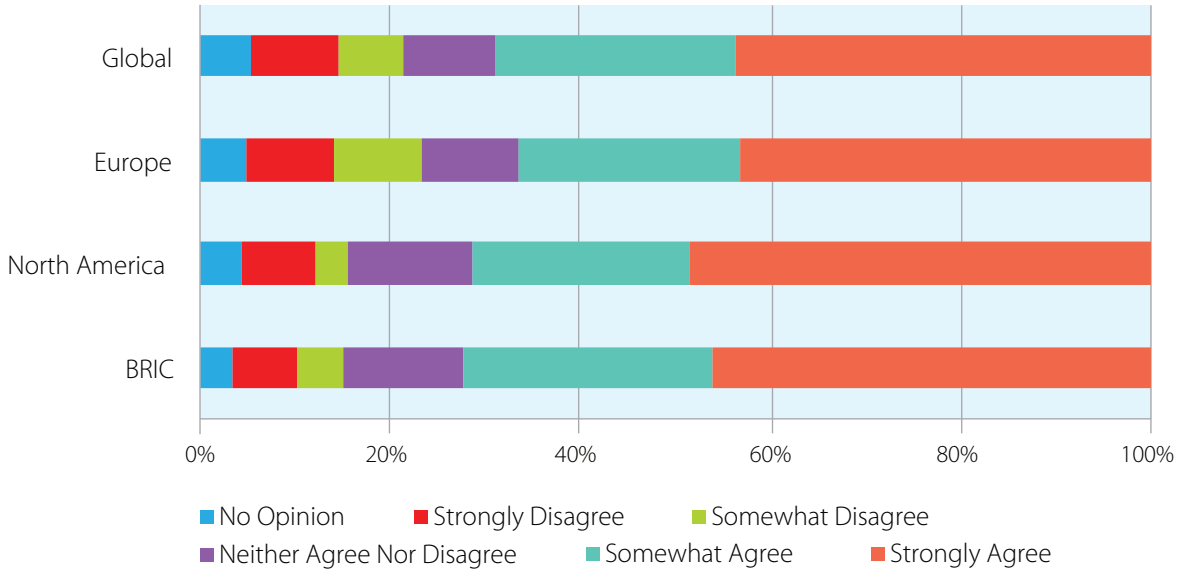
Source: EyeforTravel/WAYN Q4 I feel more comfortable researching my travel arrangements on a desktop or laptop than on a mobile or tablet device.

Apps are felt to be a secondary marketing effort, being hard to get buy-in from the consumer and difficult to maintain interaction outside the purchase cycle, ultimately lacking engagement. They also require a lot of development investment, with many updates required for changing mobile OS platforms and new devices coming online almost daily. This may explain why fewer than half (40.2%) of respondents stated they had an app (see Figure 4).

A dedicated mobile site received even fewer votes (38.0%) reflecting a view echoed by most interviewees who felt that a mobile optimized version of their desktop site was most appropriate (54.6%). A similar if slightly lower figure for responsive website may not mean that the industry is split 50/50 on how best to render mobile web; interviewees across this vertical, as well as in the hotel and airtravel suppliers verticals, all acknowledge that there is no real consensus across the

Figure 6: When planning travel, I use various devices (e.g. desktop, laptop, mobile, tablet) to research my trip.

When planning travel, I use various devices (e.g. desktop, laptop, mobile, tablet) to research my trip.



Source: EyeforTravel/WAYN survey: When planning travel I use various devices (e.g. desktop, laptop, mobile, tablet) to research my trip.

Table 6: When planning travel, I use various devices (e.g. desktop, laptop, mobile, tablet) to research my trip.

	No Opinion	Strongly Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Strongly Agree	Total Number Of Respondents
Global	5.4%	8.9%	6.9%	9.7%	25.3%	43.9%	2,175
Europe	4.7%	9.4%	9.1%	10.6%	23.2%	43.1%	406
North America	4.3%	7.7%	3.4%	13.2%	23.0%	48.5%	235
BRIC	3.6%	6.7%	4.8%	12.7%	26.3%	45.9%	418

Source: EyeforTravel/WAYN Q4 When planning travel I use various devices (e.g. desktop, laptop, mobile, tablet) to research my trip.

travel industry as to what constituted optimized versus responsive. In our survey we define the latter as simply resized for device screen, while 'optimized' is repurposed for device but it is often open to interpretation and will remain so for some time.

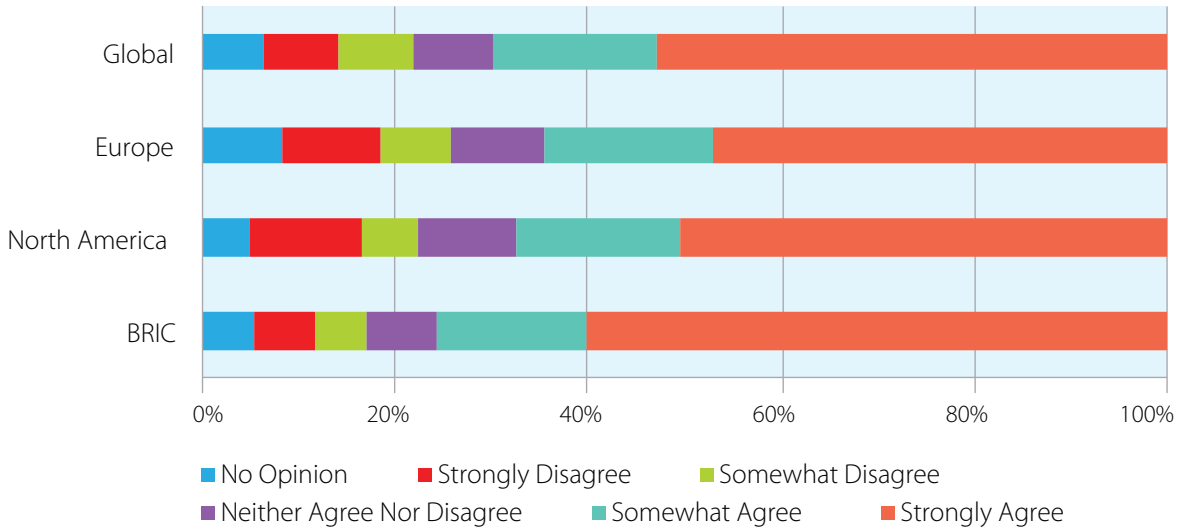
1.2. Consumer mobile use

Executives in the OTA/Metasearch sector have clearly grasped that mobile is a rapidly growing channel with the ability to engage with customers wherever they are. But are they assuming that customers are more 'mobile first' than they really are? EyeforTravel's exclusive 2014 consumer survey reveals some interesting habits.

As noted above, consumers remain more comfortable researching travel arrangements on desktops or laptops than through the mobile channel, with consumers

Figure 7: I usually take a mobile device like a smartphone or tablet with me when traveling.

I usually take a mobile device like a smartphone or tablet with me when travelling.



Source: EyeforTravel/WAYN survey: I usually take a mobile device like a smartphone or tablet with me when traveling.

Table 7: I usually take a mobile device like a smartphone or tablet with me when traveling.

	No Opinion	Strongly Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Strongly Agree	Number of Respondents
Global	6.2%	8.0%	7.7%	8.1%	17.1%	53.0%	2,175
Europe	8.4%	10.1%	7.1%	9.6%	17.5%	47.3%	406
North America	5.1%	11.5%	6.0%	10.2%	16.6%	50.6%	235
BRIC	5.3%	6.2%	5.5%	7.4%	15.3%	60.3%	418

Source: EyeforTravel/WAYN survey: I usually take a mobile device like a smartphone or tablet with me when traveling.

in North America being most reticent (see Figure 5). However, they are comfortable overall with using tablets and smartphones while traveling to research and receive information: 69.2% of respondents noted that they were happy using various devices to research their trip (see Figure 6).

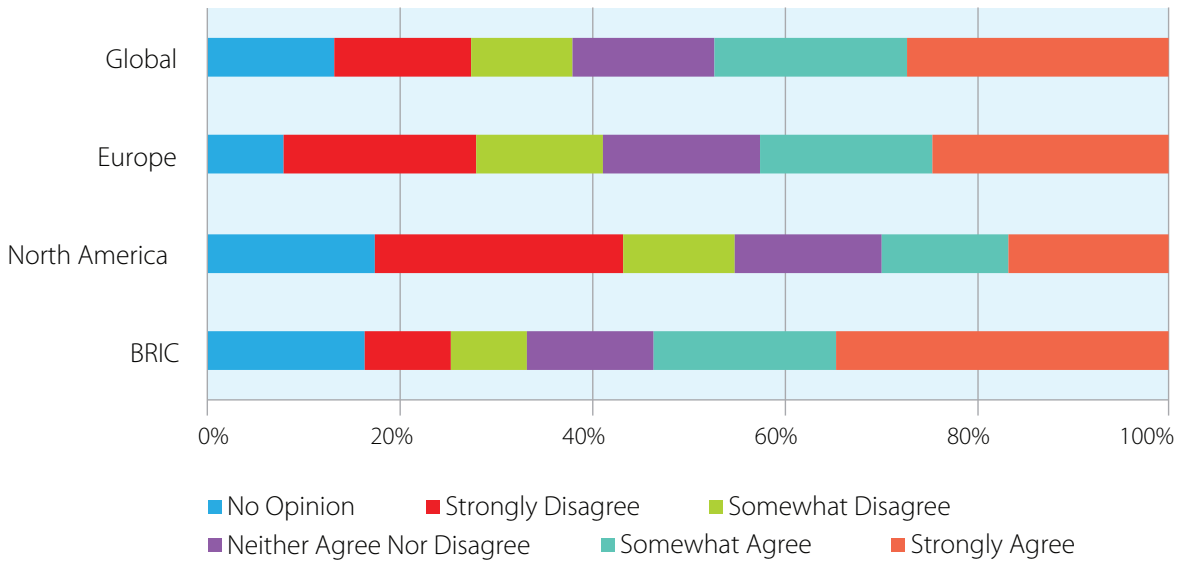
Clearly, no travel company can afford to ignore any channel – or its contribution to the whole customer journey – when marketing to customers.

The opportunities to remain in contact with travelers once they have begun their journey are very open, with 70.1% usually taking a smartphone or tablet with them on their journey and 47.1% using data roaming while abroad (see Figures 7 and 8). With OTAs and Metasearch considering how to maintain the relationship with consumers once the financial transaction is complete, knowing that consumers have the potential to be in regular contact with the brand is an opportunity worth exploiting – and to mutual benefit.

"Apps are incredibly useful for ongoing interaction throughout the traveler's stay. Requesting reviews in

Figure 8: When I travel abroad, I usually use data roaming on my mobile device.

When I travel abroad, I usually use data roaming on my mobile device.



Source: EyeforTravel/WAYN survey: When I travel abroad, I usually use data roaming on my mobile device.

Table 8: When I travel abroad, I usually use data roaming on my mobile device.

	No Opinion	Strongly Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Strongly Agree	Number of Respondents
Global	13.0%	14.5%	10.7%	14.7%	20.0%	27.1%	2,175
Europe	8.1%	20.0%	13.3%	16.3%	17.7%	24.6%	406
North America	17.4%	26.0%	11.5%	15.3%	13.2%	16.6%	235
BRIC	16.5%	8.6%	8.4%	13.2%	18.7%	34.7%	418

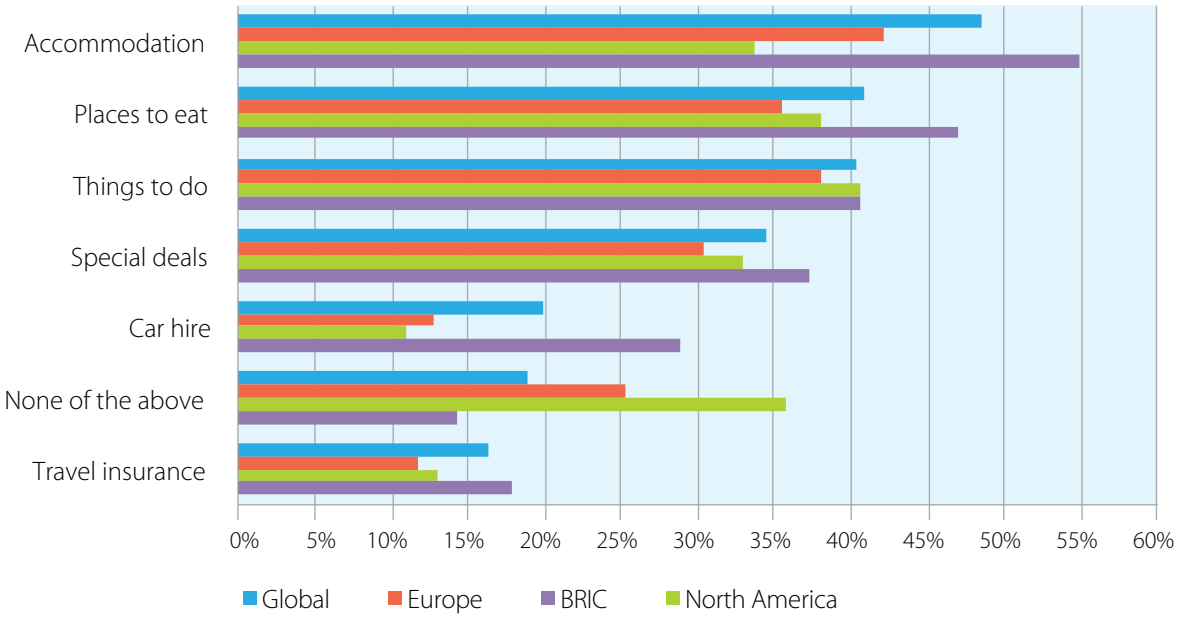
Source: EyeforTravel/WAYN survey: When I travel abroad, I usually use data roaming on my mobile device.

stay, posting photos and videos is an opportunity to keep the interaction going. Push notifications can be sent that are geofenced for when the customer arrives at the hotel and we can ask 'is everything OK? Call us now,'" Hotels.com's Jay adds.

Jay's view is mirrored by consumers' responses to the prompt "I would welcome advice on the following travel products via my smartphone on my trip": 'accommodation' was most valued, with 48.3% of respondents willing to receive it. 'Places to eat' and 'things to do' came a close second and third, while 'special deals' are attractive to around a third (34.4%) of respondents (see Figure 9).

Figure 9: I would welcome advice on the following travel products via my Smartphone on my trip:

I would welcome advice on the following travel products via my Smartphone on my trip:



Source: EyeforTravel/WAYN survey: I would welcome advice on the following travel products via my Smartphone on my trip.

Table 9: I would welcome advice on the following travel products via my Smartphone on my trip:

		Responses by region		
Travel products	**Global**	**Europe**	**North America**	**BRIC**
Accommodation	48.3%	42.0%	33.7%	54.7%
Places to eat	40.8%	35.4%	38.0%	47.0%
Things to do	40.2%	38.0%	40.4%	40.5%
Special deals	34.4%	30.4%	32.9%	37.2%
Car hire	19.9%	12.7%	11.0%	28.7%
None of the above	18.8%	25.3%	35.7%	14.1%
Travel insurance	16.3%	11.6%	12.9%	17.7%
Number of respondents	2533	474	255	481

Source: EyeforTravel/WAYN survey: I would welcome advice on the following travel products via my Smartphone on my trip.

eyefor travel
BUSINESS INTELLIGENCE

2

Current mobile best practice in OTA/Metasearch

Summary

- The decision to follow an app or mobile web-based strategy is hotly debated between OTA and metasearch executives
- Mobile web is considered the best way to acquire new customers, while app strategies are most effective at growing loyalty and ongoing engagement
- Companies must move beyond being an information and search facility towards content-based resources if they are to grow long-term engagement
- Despite the importance of content, initial customer contact must make the mobile shopping experience as simple as possible, to allow the transactional phase to be swift and hassle-free
- Apps' USP is the ability to hold travel documentation and itineraries without mobile connectivity; high speed mobile internet and airline/hotel Wi-Fi may mean this will shortly cease to be an issue for mobile web, however
- Companies with limited marketing resources must prioritize spend between mobile web and applications to be able to compete with the larger brands. If in doubt, focus on mobile web
- Identify what specific need your customer has and act creatively to become known for serving that need really well via mobile i.e. in last-minute speed deals or competitions
- More consumers are willing to use apps than there are OTA/metasearch apps available – the market is a long way from saturation
- Gamification extends customer engagement with travel apps beyond point of purchase and in-stay usage
- Target customers with promotional messages and deep link them to different parts of your mobile web or app depending on their stage in the customer journey - i.e., don't show loyalty schemes on a first visit
- Email is by far the preferred mode of contact for customers (55%) while on the trip, followed by push notifications through an app (30%)
- Mobile payments are watched with interest, however, the market is currently too fragmented for most executives to consider integrating them

- Unlike suppliers, intermediaries are purely digital entities, so 'tap and go' functionalities integrated in mobile payments make using mobile wallets even less of a strategic target
- Customers do not yet find inputting traditional payment details or logging on to secure payments areas onerous (41.3% are happy to use credit card details) however, companies who can make this efficient will see differentiation
- Companies must understand the degree of constant software engineering innovation required to stay current on mobile. This is an argument for focusing on mobile web which is more easily adaptable than apps

The OTA and Metasearch approach to mobile varies widely from a customer engagement tool to an app-driven loyalty strategy or a mobile web-based information tool. From interviews across a broad range of executives in both OTA and Metasearch, it is clear that both verticals have advanced beyond initial test-and-learn phases and are moving into second and sometimes third iterations of their mobile strategy.

For some, this is creating a quandary as to which mobile path to follow. "There's a lot of internet research showing that mobile web is fundamentally a great channel for attracting new customers and apps are a fantastic way to engage with existing ones. There's a strong distinction, but we're all learning," Hotels.com's Jay notes.

Critically, customers do not see mobile as a 'special' channel: just 'another' channel. Therefore, the expectation is that they should find the same brand experience on mobile as through any other channel, and that any optimizations should be covert, not overt.

"Mobile websites should not be significantly different in terms of the services they provide because people expect to access those same services, just through a different interface," states Travelrata's Zaretsky.

2.1. Which mobile?

Deciding what mobile presence to have is dependent on a number of factors. Choosing apps gives brands the most control over their content as well as the opportunity to refine the experience. However, it is also a marketing challenge in itself to gain real estate on customers' phones.

Whichever mobile format companies choose, in many cases there is a hair's breadth separating them in terms of what they can achieve for the customer in terms of finding a hotel or a flight. Being 'mobile' is also no longer a point of differentiation itself. Content is king. Even those OTAs and Metasearch engines with the most narrow of tasks must build an experience that is mobile-friendly.

"We need to work to find a way to get customers to use us on a regular basis, and our strategy is to broaden both our product [the company has introduced hotel Metasearch which Stross admits, given the URL directflights.com, is going to be a challenge] but our USP," states Direct Flights' Stross.

In this case, Stross aims to create a mobile smartstore. Comparison sites for utilities and car buying – to cite just two examples – are commonplace, but there are a growing number of sites serving a similar purpose, such as seatguru.com. Stross aims to integrate this into Metasearch as a one-stop travel comparison. "We're trying to provide as much information for the consumer within the mobile platform that enables them to make informed decisions. No other Metasearch is doing that. We'll work out what aircraft, who's operating, has it got a personal screen, Wi-Fi and seat pitch and what you'll pay for extra legroom. The next step on from there will be to be able to customize it based on your personal needs and have the site or app remember your settings for the next search," Stross adds.

2.1.1. Mobile optimization

"Everything was moving towards apps for a long time, but mobile web will become more the norm again. Larger devices and constant connectivity will be more efficient for mobile web," states Options Away CEO Rob Brown.

"I've noticed a couple of travel companies that seem over-invested in native development," he adds. "It's not to say that it's not important, but if you do a reality check, most of the business you can expect to be doing will be coming through mobile web. That's how people

are discovering you. Before, you throw money into an app with bells and whistles. [Now] step back and say: 'Most of our business is coming medium to long term from the mobile website'."

Hotels.com has both mobile web and one of the most downloaded (25 million + downloads) travel apps, and Jay is evangelical about the app's potential. However, he insists that mobile web must also be seamless:

"We need to make sure that we are relevant and well-positioned in third party channels when we start search such as Google or Metasearch. Of course we hope the customer types 'Hotels.com', but that is not typically the way we acquire a first time customer. It's about having good quality product, being smart about how we position our bids and having an SEO-optimized web experience.

"Then, the shopping experience has to be great so they can find what they need straight away, followed by a frictionless buying process. On mobile, this is fundamentally harder, so take out anything that is hindering you from getting to that point of booking," Jay reveals.

Apps' initial surge in the travel sector was due to their ability to hold search details, travel documents and destination information while the user was offline. This was particularly important while data roaming charges remain high and connectivity in airports and hotels was low.

However, 4G LTE high-speed wide-coverage networks are growing, and in-flight Wi-Fi is much more common. "The concept of not being connected is going away. I'm connected when I'm on airplanes now. I don't even have music on my phone any more because I stream everything. The concept is that you are always connected, so we're working on initiatives that are more mobile web based," claims Options Away's Brown.

It is of course arguable that with the marketing might of Expedia behind Hotels.com, the company can afford to ensure that both its mobile web and apps are market-leading – in fact, it would probably be incredibly damaging to the brand as a whole if this were not the case.

2.1.2. Apps

While Brown is convinced that the mobile phone is essentially one big browser, other executives argue passionately in favor of converting customers to apps wherever possible.

Despite Zaretsky's assertion (see above) that mobile services must meet consumers' expectations created by the desktop site, he also believes it is inadequate to create superficial differentiation.

"People like to have services that are on mobile but they need to be tailored to specific needs. It's not enough just to replicate what's on the site. You need to find an angle with your customer base." Zaretsky says.

He reveals that in the first two weeks of the app's launch in June/July 2014, there have already been 20,000 downloads. In an sector (package tours) that is currently least mobile, he believes it is his specific 'angle' that has driven adoption.

"It's up to your creativity. You have to find the angle that works with your customer base. In our case we sell last minute deals, and because they come and go really fast you have to book them within the hour. Since mobile is always on you, you're more likely to book here than go to the web," he states.

"It's one thing having an app installed on the customer's phone; it's another being relevant. Customers only interact with a handful of apps – how do you make sure you're one of those?" With-Fogstrup challenges. "Some [interaction] is location-specific; some is value specific. It's important to me if I feel I'm getting something out of it."

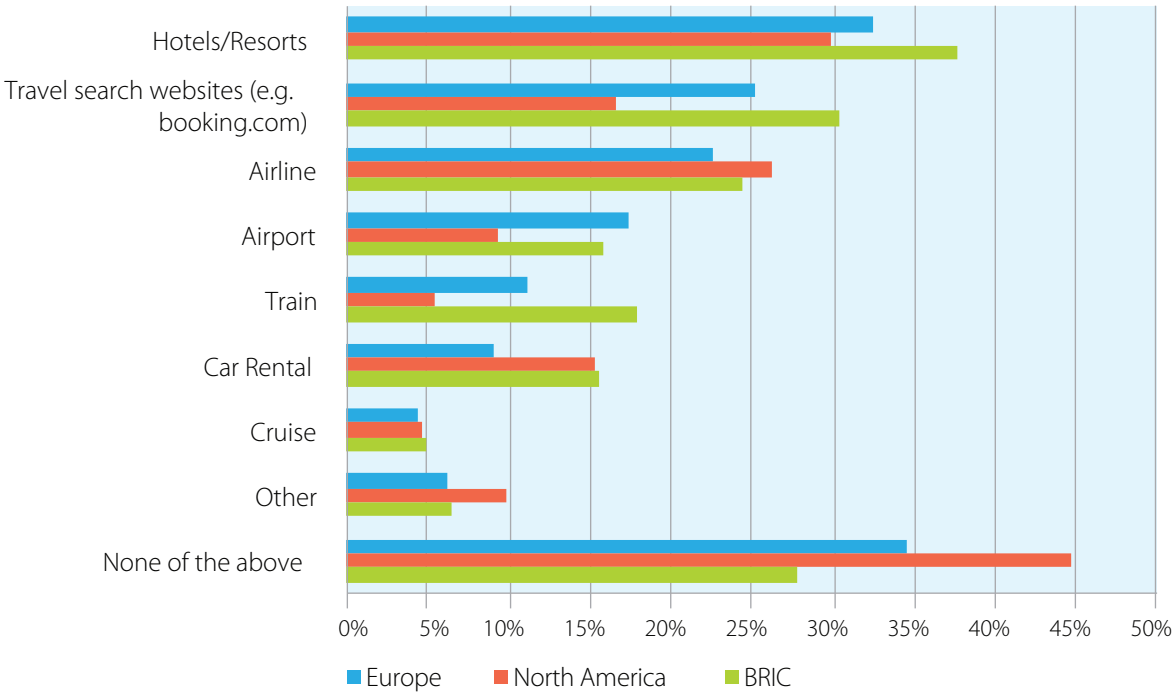
Around a third of consumers surveyed for this report claimed to use dedicated apps for hotels or resorts (see Figure 10), while slightly less (quite a lot less in the case of North America, at only a little more than half as many) used OTA or Metasearch apps. Airline and airport apps sat around the one-fifth level of adoption on average.

Lee McCabe, Facebook's global head of travel, vertical strategies, notes: "Right now, 20% of all time spent on mobile is on Facebook. We're working with travel companies on Mobile App Installation and engagement strategies. There is a huge window of opportunity in mobile. It's imperative that travel companies develop good apps and then make sure they drive wide installation and engagement. Our key mobile app solutions allow companies to drive app installs and usage efficiently and effectively. It's working incredibly well."

It is still important to note from the consumer survey that between 34% - 45% of consumers (notably a higher percentage in North America and a lower than average percentage in BRIC) do not use any form of app at all.

Figure 10: Do you use dedicated mobile apps from any of the following travel providers?

Do you use dedicated mobile apps from any of the following travel providers?



Source: EyeforTravel/WAYN survey: Do you use dedicated mobile apps from any of the following travel providers? NB: Multiple answers possible

Table 10: Do you use dedicated mobile apps from any of the following travel providers?

	Europe	North America	BRIC
Hotels/Resorts	32.4%	29.8%	37.7%
Travel search websites (e.g. booking.com)	25.2%	16.5%	30.4%
Airline	22.5%	26.3%	24.4%
Airport	17.4%	9.4%	15.7%
Train	11.1%	5.5%	18.0%
Car Rental	9.0%	15.3%	15.5%
Cruise	4.4%	4.7%	5.0%
Other	6.1%	9.8%	6.4%
None of the above	34.5%	44.7%	27.7%
Number of responses	474	255	481

Source: EyeforTravel/WAYN survey: Do you use dedicated mobile apps from any of the following travel providers? NB: Multiple answers possible

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BUSINESS INTELLIGENCE

Case study: Apps and Gamification – Hotelplanner.com

Trying to find a relevant way to continue the conversation with your customer post-stay is leading many OTA brands towards a content-led or gamification experience. Finding relevant touchpoints that keep the brand 'live' in consumers' minds encourages the all-important 'habit' (see section 2.1.3) that gives the app its raison d'être for occupying limited smartphone real estate.

Hotelplanner.com capitalizes on its relationship with various sporting properties to remain relevant while also rewarding loyal customers. For the last four years, the company has run weekly (sometimes bi-weekly) prize draws where the first to enter are able to snare one of the $500 hotel night giveaways. These are often linked to sporting events to create a celebratory buzz, as well as giving the event relevance.

Customers signed up both to the group booking site's app as well as the registered in the competition itself can receive mobile alerts that a special code has been released and it's time to ping it back to the company: first past the post wins. Sometimes this is just a single prize, but when the brand links it to one of its sporting properties (such as the NBA's Los Angeles Clippers basketball team), the company offers a $500 giveaway every time the team dunks the ball. With the potential for 20-30 dunks in a game, it's a not inconsequential prize pot.

The company was led to run this campaign with loyal customers (i.e. those who have purchased once and have downloaded the app) purely on mobile after it was coincidentally 'pushed' to do so.

Initially, the campaign ran on Facebook to its 57,000 fans. However, Facebook's policy changed, limiting companies to targeting 20% of their fan base before a charge was levied. While this has been a shrewd revenue generator for the social media site, it is also designed to protect users from a constant barrage of corporate messaging.

Initially, Henschel sounded irritated by the site's move to a 'pay per play' stance. "With social media you are building a fan base on sites where you are dependent – on Twitter or Facebook for example – and the rules they started out with can be changed at any time. This is what has happened with targeting Facebook fans."

He points out that now being able to access only 20% of fans before paying is not only less financially viable, but also limits the feasibility of the competition. "The two digit number is time-dependent. The 20% who get the first announcement will win every time, because by the time the 'promoted' announcement is made, it's too late."

With hindsight, Henschel has determined that he is able to build a relationship directly with customers through mobile, in a similar way to using social media but without the intermediary. "AT&T isn't implicating my direct relationship with customers and we should have just put all those dollars into expanding the mobile fan base so we don't need to worry about a platform," Henschel concludes.

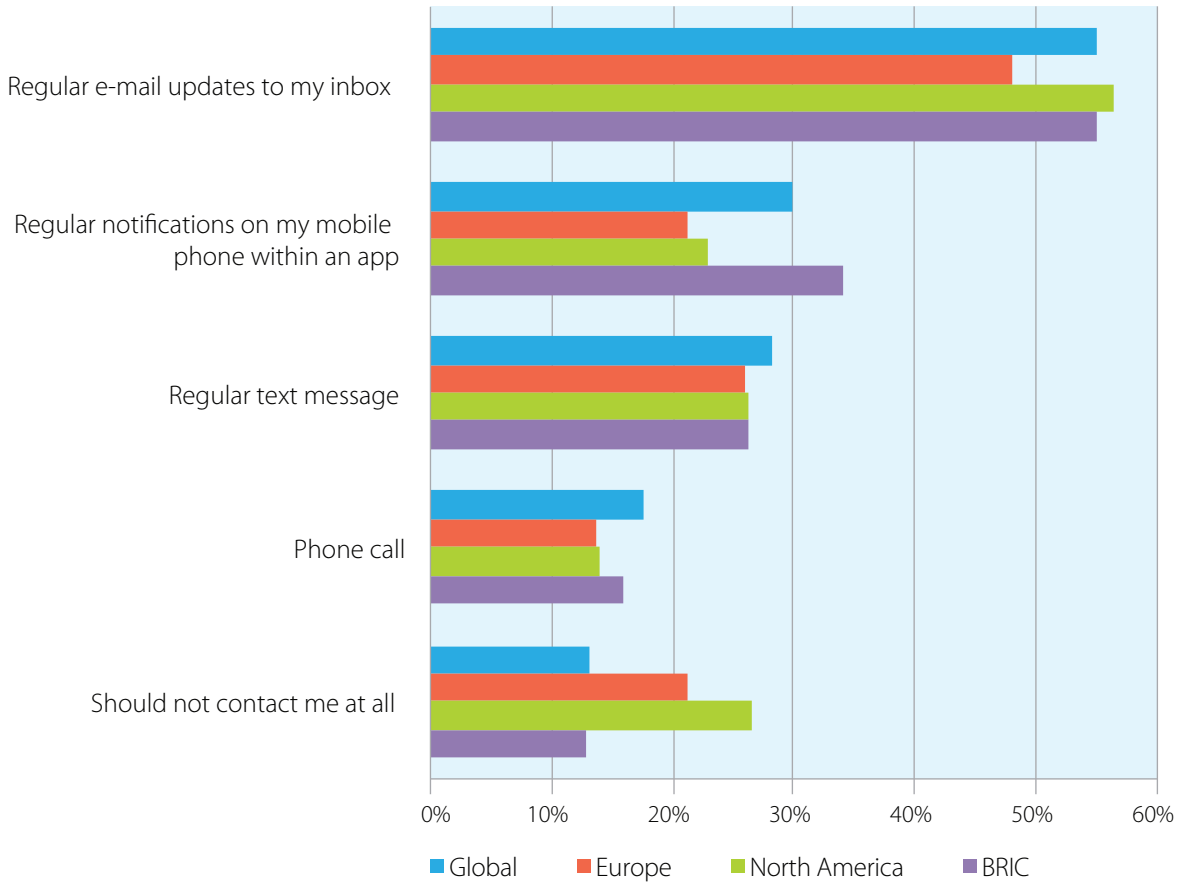
While such a high number is not yet a ringing endorsement for applications you could argue that between the 40% of OTAs who provide a native app and the 60-70% of consumers who use one in some form (only between 17-30% of consumers use OTA/Metasearch sites but app use in general is accepted by the majority) – there is a gap waiting to be filled.

EyeforTravel's Mobile in Travel 2014 OTA/Metasearch executive survey noted that over half of those surveyed already had a native app in place, although their attitudes to what they should provide varied widely (see Figure 11).

An analysis of executives' comments around the seemingly inconclusive results of the survey would suggest that mobile web is the basis upon which mobile strategy should be built. It is the first point of contact for new consumers – 'you never get a second chance to make a first impression' – and for many will remain so as the mobile phone becomes the 'browser' as Rogers suggests.

Figure 11: How should travel brands interact with you during your trip?

How should travel brands interact with you during your trip?



Source: EyeforTravel consumer survey 2014: How should travel brands interact with you during your trip?

Table 11: How should travel brands interact with you during your trip?

How travel brands should interact with you during your trip?	Global	Responses by region		
		Europe	North America	BRIC
Regular e-mail updates to my inbox	55.0%	47.9%	56.3%	55.0%
Regular notifications on my mobile phone within an app	30.0%	21.3%	23.0%	34.0%
Regular text message	28.3%	26.0%	26.3%	26.2%
Phone call	17.7%	13.6%	14.1%	15.9%
Should not contact me at all	13.0%	21.3%	26.6%	12.9%
Number of respondents	1,907	361	213	371

Source: EyeforTravel consumer survey 2014: How should travel brands interact with you during your trip?

However, it is an increasingly crowded and competitive sector, and while initial acquisition may be based on the most seamless mobile to multichannel experience, retention is founded on the added-value services that make travel apps habit-forming, engaging and loyalty-forming experiences.

2.1.3. Mobile and customer experience

Much thought has gone into the customer experience on mobile, with many executives building up a functional approach into a property that offers much more beyond search and transactional operations. OTAs and Metasearch occupy an interesting space that is not mirrored in supplier strategies.

While frequent travelers – arguably all those outside the business travel space as well as many within it – do not necessarily stay at the same hotel property, use the same airline or even visit the same destination several times in a single year, they have the opportunity to use the same OTA or Metasearch brand over and over again.

"We try to be very smart about doing the right things at the right time. When we can see new customers on home page, they're looking for a hotel. They don't want to know about the app or loyalty, but once they have made the commitment, different things come into play, so we push the app post booking. And on confirmation we can push the loyalty scheme," states Hotels.com's Jay.

"A lot of what we're seeing with mobile is people focusing on last-minute. They're starting mobile and finishing on a tablet or a PC. We're starting to see mobile becoming more integrated with other devices. Consumers won't see them as being that different," Brown adds. "Now we can engage with the customer at very early stages of planning, right up to last-minute, distressed inventory."

Gaining the ability to remain in contact with customers post-purchase - which many executives interviewed identified as being critical to loyalty - should not be too challenging, according to the results of the EyeforTravel consumer survey.

Only 13% of those surveyed said they should not be contacted at all, while 55% were happy to receive an email. Nearly a third (28.8%) were happy to be contacted by text message, while 30% would like a notification from their app (see Figure 11).

App notifications are something that executives are understandably wary of as they try to tread the fine line between being useful and being invasive.
"If the user has a GPS function enabled in the app that allows it to find hotels near them, to be walking around a city sightseeing with their mobile constantly buzzing is simply really irritating. Apps that are turned on and off when customers want to see relevant, local information makes sense," suggests HotelPlanner's Henschel.

2.1.4. Mobile and payments

Because of the sheer variety of ways to pay through OTAs and Metasearch, the concept of the mobile payment is least exploited in this vertical. That said, it is something that the majority of executives interviewed for this report are keeping a watchful eye on.

"We're not using any mobile payments right now, and while eventually they will be a given, it's a very complicated playing field… we're waiting to see what the norm is," states Options Away's Brown.

The LateRooms Group's With-Fogstrup echoes the position of many OTAs: "This is what consumers prefer."

Interestingly, the pre-versus-post-pay model is changing towards favoring the latter and, HotelPlanner's Henschel suggests, the consumer is unwittingly sleepwalking towards the less favorable option.

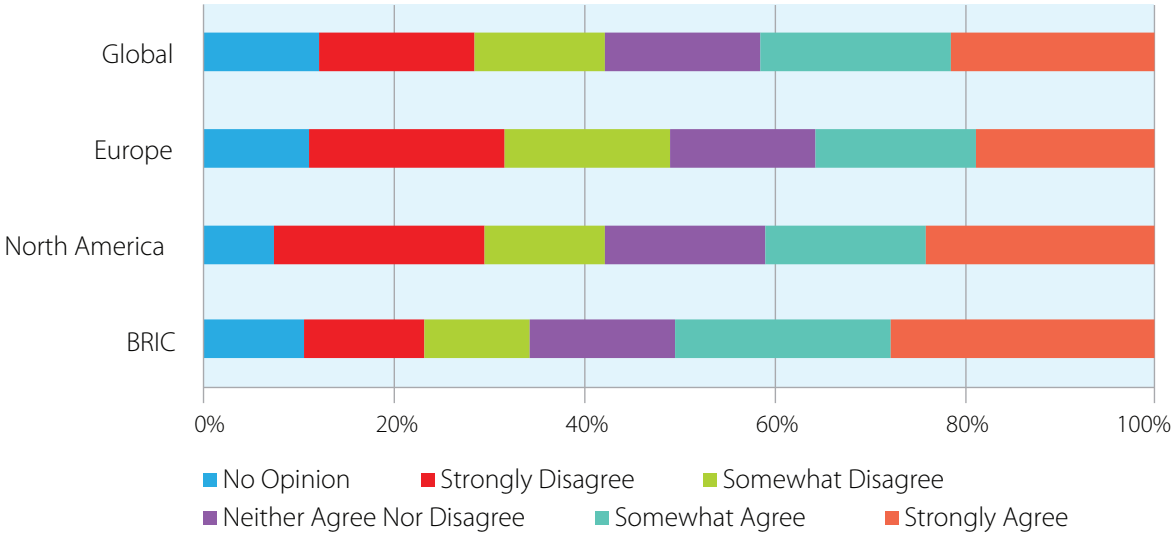
"We've seen a market shift in the US from being mainly pre-pay to 50/50, and there is strong demand surging for post-pay. A lot of the time pre-pay is cheaper - and they still go with post-pay." This trend may be consumers taking out 'insurance' against a change in travel plans, as most pre-pay hotel rooms are non-refundable.

However, Henschel suggests that travelers may not realize that pre-pay will also protect them in the eventuality that the hotel oversells its rooms. Those that have paid in full, in advance, are guaranteed their rooms while post-payers are not. If this were more widely known, there may be more demand for pre-pay and OTA mobile payment strategies might have to be revised to suit.

With significant OTA and Metasearch booking activity purely over mobile (as opposed to mobile's contribution to the purchase process as an element of the multichannel) being in the last-minute segment (see

Figure 12: I'm happy to use my credit card to book travel products on a mobile device (e.g. smartphone, tablet).

I'm happy to use my credit card to book travel products on a mobile device (e.g. smartphone, tablet).



Source: EyeforTravel/WAYN survey: I'm happy to use my credit card to book travel products on a mobile device (e.g. smartphone, tablet).

Table 12: I'm happy to use my credit card to book travel products on a mobile device (e.g. smartphone, tablet).

	No Opinion	Strongly Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Strongly Agree	Number of Respondents
Global	12.3%	16.0%	13.8%	16.5%	20.1%	21.3%	2,175
Europe	11.1%	20.7%	17.2%	15.5%	16.7%	18.7%	406
North America	7.7%	22.1%	12.3%	17.0%	16.6%	24.3%	235
BRIC	10.8%	12.2%	11.5%	15.3%	22.2%	28.0%	418

Source: EyeforTravel/WAYN survey: I'm happy to use my credit card to book travel products on a mobile device (e.g. smartphone, tablet).

Hotels.com's Jay statement that 60% of their mobile business is here), the convenience of being able to find a good deal within hours of traveling outweighs any data inputting inconvenience.

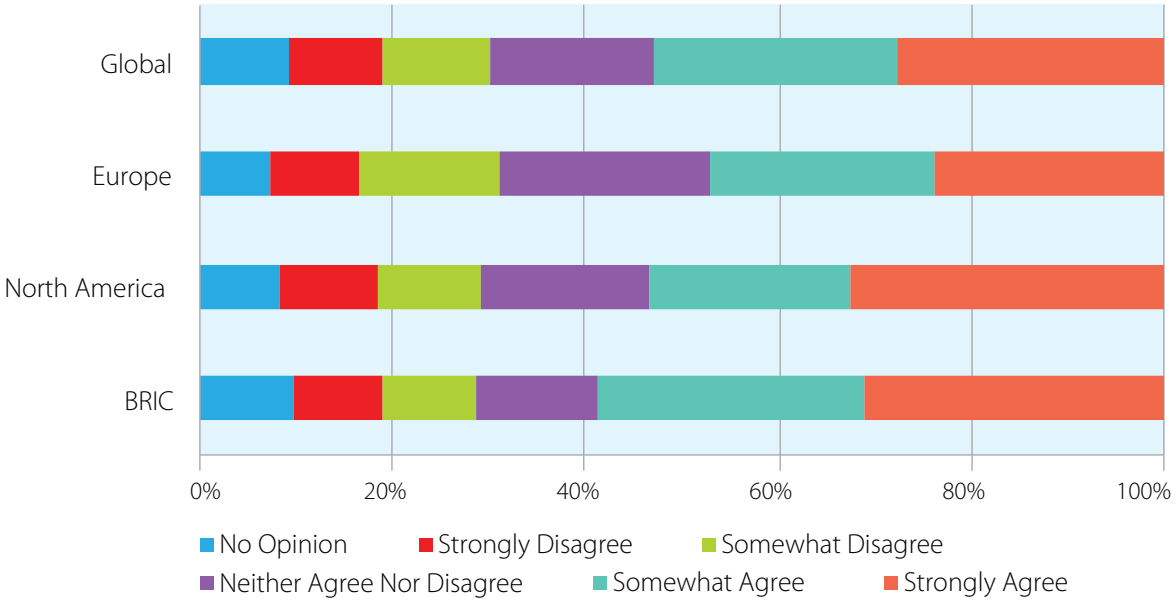
Overall, however, consumers seem largely happy with current payment arrangements as long as travel brands demonstrate adequate stewardship of their personal information.

Just over half of consumers (52.7%) interviewed for the EyeforTravel consumer survey felt they were concerned about their privacy when using a smartphone – a key consideration factor when transferring critical bank information either over the internet or via another contactless method (see Figure 13).

Equally, consumers remain largely unbothered by the need to input security information using mobile. Over half (54.3%) stated that they did not mind using email

Figure 13: I am worried about my privacy when I use a smartphone.

I am worried about my privacy when I use a smartphone.



Source: EyeforTravel/WAYN survey: I am worried about my privacy when I use a smartphone.

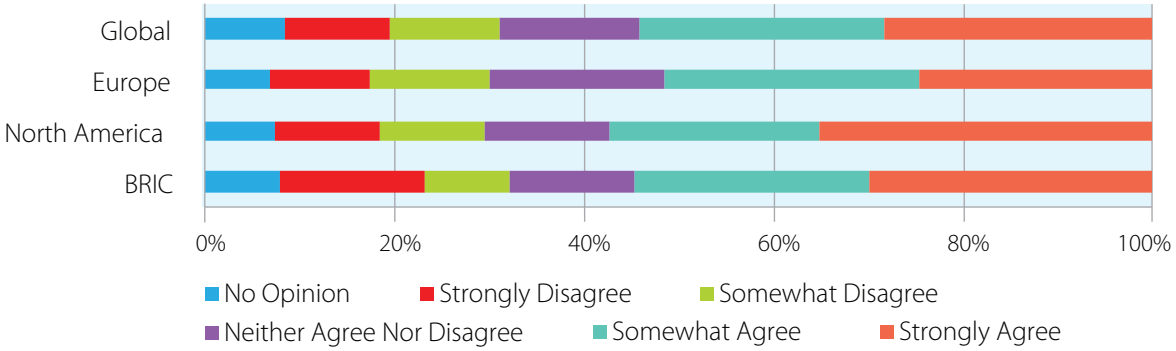
Table 13: I am worried about my privacy when I use a smartphone.

	No Opinion	Strongly Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Strongly Agree	Number of Respondents
Global	9.0%	9.7%	11.4%	17.2%	25.1%	27.6%	2,175
Europe	7.1%	9.4%	14.8%	21.7%	23.2%	23.9%	406
North America	8.5%	9.8%	10.6%	17.4%	20.9%	32.8%	235
BRIC	9.6%	9.6%	9.3%	12.9%	27.5%	31.1%	418

Source: EyeforTravel/WAYN survey:I am worried about my privacy when I use a smartphone.

Figure 14: I don't mind logging-in on multiple devices with email and password.

I don't mind logging-in on multiple devices (e.g. desktop, laptop, mobile, tablet) with e-mail and password.



Source: EyeforTravel/WAYN survey: I don't mind logging in on multiple devices (e.g. desktop, laptop, mobile, tablet) with email and password.

Table 14: I don't mind logging-in on multiple devices with email and password.

	No Opinion	Strongly Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Strongly Agree	Number of Respondents
Global	8.4%	11.3%	11.6%	14.4%	26.2%	28.1%	2,175
Europe	6.9%	10.6%	12.8%	18.5%	26.6%	24.6%	406
North America	7.2%	11.5%	11.1%	13.2%	22.1%	34.9%	235
BRIC	8.1%	14.8%	9.1%	13.2%	25.1%	29.7%	418

Source: EyeforTravel/WAYN survey: I don't mind logging in on multiple devices (e.g. desktop, laptop, mobile, tablet) with email and password.

and password combinations over mobile (see Figure 14). The key proposition from the majority of mobile wallets to date is the single inconvenience factor of doing this - so it may be some time before they see widespread adoption, the wide variety of largely incompatible variants such as Google Wallet, V.me, Pingit and others notwithstanding.

"It's an efficiency thing. We've scaled down our mobile app payment page to be the card number, CVV code and name. There's no other information required. Some companies are trying to speed things up by allowing photo card recognition but [that is] still not efficient," Brown notes. He cites the Amazon 1-click concept as a leader of payments efficiency and notes that his use of another sector disruptor – Uber – has seen him link his PayPal to his Uber account for similar simplicity.

With-Fogstrup also cites Amazon as an inspiration because it spans across platforms, offering good integration including in shipments.

A standard challenge to the future of mobile payments is the simple fact that customers do not find current payment methods overly burdensome. It is not an issue limited to the travel industry, but until the convenience factor of mobile overrides the current lack of pain points over paying by credit card, take up is expected to be slow. As Figure 12 demonstrates, 41.4% of consumers are still happy to use their credit card to book on a smartphone, while a further 16.5% are unbothered one way or the other.

This may signal a lack of early adoption in the mobile payments space, however it is encouraging for OTA brands in particular (Metasearch rarely become involved

in the payment process) keen to migrate customers to transacting via mobile as it indicates a general degree of comfort in doing so.

2.2. Organizational change

Unlike the case with suppliers, there are few adaptations to be made by OTAs and Metasearch companies to bring mobile into the multichannel. This is almost certainly a virtue of the fact that these companies were already 'digital first', while both hotels and airlines were built, organizationally, along analogue lines.

That is not to say these companies do not face internal challenges in bringing mobile into existing strategies.

"We have to build a culture within the business that's really open and challenges what we do," insists The LateRooms Group's With-Fogstrup. "We have innovation labs and our own open culture, spending a lot of time with consumers in both formal and informal settings."

He adds that to build an understanding of the continually-evolving mobile market, the company has given devices away to consumers to understand how they interact and manage "this humungous mountain of choice that's available and get the mobile presence into a format that's relevant to each consumer."

One significant challenge is the emergence of Google as a major player not just as a search provider – its position in that respect is arguably unassailable – but in booking and developing ongoing relationships with consumers. None of the interviewed executives talked about the influence of Google Flight Search and future iterations of that service might have on their businesses, but there is a sense that their silence was deafening. Google is very much a large, multi-colored elephant in the OTA and Metasearch room.

Google Flight Explorer already allows consumers to connect directly with airlines, bypassing OTAs. The company has also explored building direct relationships with airlines such as Ryanair through its booking system, thus turning into a form of Metasearch.

Google's business is not primarily travel; it is in data and advertising; its presence in Virgin Atlantic's Upper Class check-in at Heathrow gives it yet more hyper-relevant traveler data to formulate future innovations.
Google is not expected to try and compete with OTAs and Metasearch. Travel is one of the search engine's biggest spenders. Priceline is expected to spend $1.5bn on Google in 2014 alone (Wall Street Journal, 2014). However, as Hotels.com's Jay notes, searches (and almost certainly those are conducted through Google) are where consumers first discover OTAs and Metasearch brands. It is then up to these companies to dissuade customers from going back through the search starting gate again.

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Innovations in the mobile channel in OTA and Metasearch

Summary

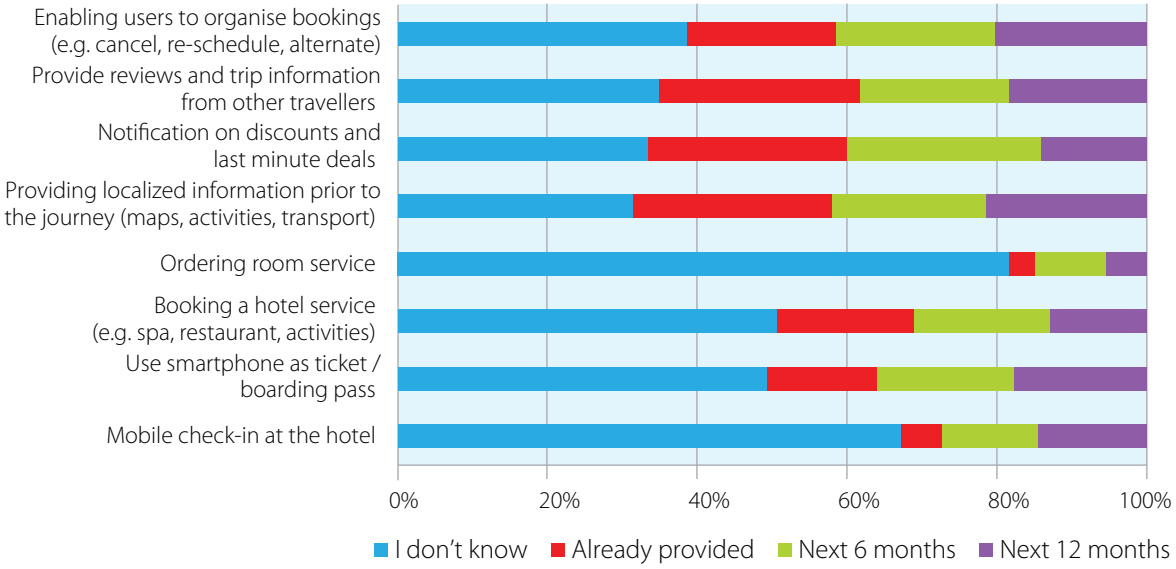
- OTA and metasearch innovation targets will largely remain in managing increasing content demands and matching app updates to the growing variety of devices
- The ability to provide travel documentation seamlessly and virtually is a growing priority for intermediaries as well as suppliers: 51.2% of the former already supply it and 27.9% more expect to do so in the next year
- Customer retention and engagement will also continue to require innovation as 42.3% and 40.5% of executives respectively plan to introduced location-based information and deals over the next 12 months
- 66.4% of consumers want location-based information in stay, while 47.6% want notifications on discounts and last minute deals
- Innovation in hotel or airline check-ins is an area of interest for intermediaries but they may find themselves replicating or stepping on the toes of similar initiatives from suppliers
- The 'internet of things' is being watched with interest, but intermediary executives currently struggle to find applications that will add value to their offerings comparable with the investment required
- In-car telematics is one area where intermediaries can innovate to provide timely and location-relevant information
- Market disruptors, primarily from the 'sharing economy', may impact intermediaries through mobile; however, OTAs and metasearch may want to consider whether these new companies (Airbnb; Uber) serve customer segments that are generally less of a priority to the former anyway

Mobile is an area where innovation happens weekly, rather than yearly. New hardware is released regularly; new software and operating system updates keep developers on their toes. It has already been remarked upon that one of the great drawbacks from a company perspective is the need to constantly reiterate applications for an expanding range of non-compatible devices such as iPhone, Android, Windows Phone, Blackberry and so on.

Consumer needs move on, however, and having seen the potential for mobiles to make their lives easier in other lifestyle sectors, there is a natural expectation that this should extend to travel. Ticketing, in particular, is playing to mobile's particular strength and is already being widely adopted by airlines and OTA/Metasearch companies who are delivering travel documents direct to phones; if not through apps then at least stored via email.

Figure 15: What mobile functionality do you already provide or plan to provide to customers over the coming 12 months?

What mobile functionality do you already provide or plan to provide to customers over the coming 12 months?



Source: EyeforTravel Mobile in travel, 2014 survey: What mobile functionality do you already provide or plan to provide to customers over the coming 12 months?

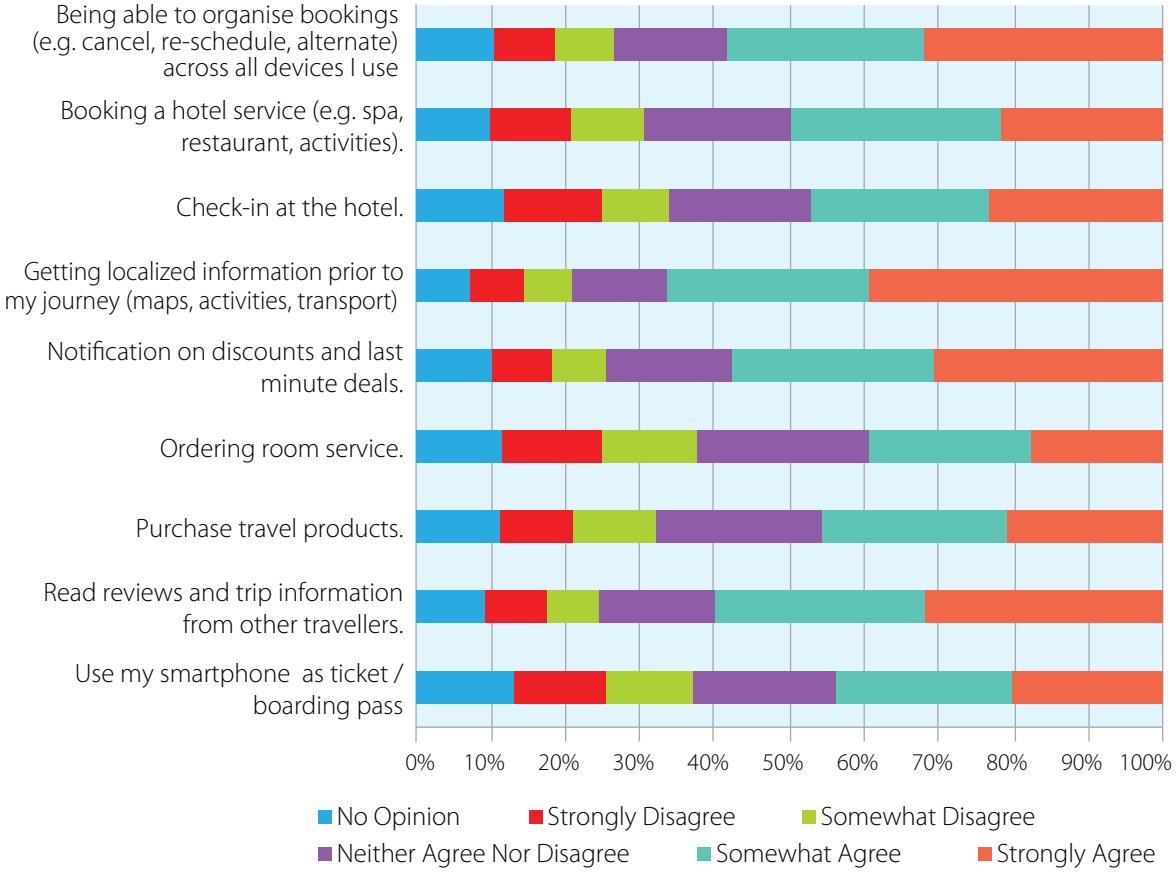
Table 15: What mobile functionality do you already provide or plan to provide to customers over the coming 12 months?

	I don't know	Already provided	Next 6 months	Next 12 months	Response Count
Mobile check-in at the hotel	67.2%	5.5%	12.9%	14.4%	201
Use smartphone as ticket / boarding pass	49.5%	14.9%	18.3%	17.8%	208
Booking a hotel service (e.g. spa, restaurant, activities)	51.2%	18.4%	18.4%	13.0%	207
Ordering room service	82.4%	3.5%	9.5%	5.5%	199
Providing localized information prior to the journey (maps, activities, transport)	31.5%	26.8%	20.7%	21.6%	213
Notification on discounts and last minute deals	33.8%	26.7%	26.2%	14.3%	210
Provide reviews and trip information from other travellers	35.0%	27.1%	20.1%	18.7%	214
Enabling users to organise bookings (e.g. cancel, re-schedule, alternate)	38.9%	19.9%	21.3%	20.4%	211

Source: EyeforTravel Mobile in travel, 2014 survey: What mobile functionality do you already provide or plan to provide to customers over the coming 12 months?

Figure 16: During my trip I want to use a mobile to:

I want to use my mobile for the following functions:



Source: EyeforTravel/WAYN survey: I want to use my mobile for the following functions. 1,983 respondents

Table 16: During my trip I want to use a mobile to:

	No Opinion	Strongly Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Strongly Agree
Being able to organise bookings (e.g. cancel, re-schedule, alternate) across all devices I use	10.4%	8.3%	7.6%	15.3%	26.5%	31.9%
Booking a hotel service (e.g. spa, restaurant, activities)	10.0%	10.8%	9.8%	19.7%	28.0%	21.7%
Check-in at the hotel	11.8%	13.1%	9.0%	19.0%	23.9%	23.2%
Getting localized information prior to my journey (maps, activities, transport)	7.2%	7.3%	6.4%	12.7%	27.1%	39.3%

Notification on discounts and last minute deals	10.2%	8.1%	7.2%	17.0%	27.0%	30.6%
Ordering room service	11.6%	13.3%	12.8%	23.0%	21.7%	17.6%
Purchase travel products	11.2%	9.9%	11.1%	22.1%	24.9%	20.8%
Read reviews and trip information from other travellers	9.2%	8.4%	6.9%	15.6%	28.0%	31.8%
Use my smartphone as ticket / boarding pass	13.1%	12.4%	11.7%	19.1%	23.6%	20.2%

Source: EyeforTravel/WAYN survey: I want to use my mobile for the following functions. 1,983 respondents

Executives already recognize the efficiencies of using smartphones as a ticket or boarding pass, with 14.9% of respondents in the EyeforTravel Mobile in Travel 2014 survey stating they already provided it, and a further 36.1% expecting to do so over the coming year (to June 2015). Booking organization is also important, with 39.5% of brands surveyed already providing it, and 46.5% expecting to do so in the next 12 months.

Deals and localized information (such as maps and transport) are also high on the agenda, with 26.7% and 26.8% respectively already providing these services and a further 40.5% and 42.3% respectively planning to do so within the year.

Facebook's McCabe notes: "Location technologies are interesting. They're perfect for targeting the traveler while in market. If a company can target me while on vacation with the things I want to do, that's a great service. It's ALL about targeting. There's no point in showing me irrelevant messages and products. I want context and convenience. Context – you know that I'm in NY and I like comedy clubs. Convenience – make the purchase easy. Deep link me into your app and allow me to checkout in a few clicks. Companies working with Facebook will be able to target people effectively, displaying super relevant ads and with deep deeplinking allowing an easy purchase."

These forthcoming services reflect the results of our consumer survey (see Figure 16), which show that deals and things to do were high on the list of consumer 'wants' from mobile services.

OTAs and Metasearch acknowledge that while they are able to provide added-value content in terms of trip organization, customers may also have apps from the airline or hotel property that can also serve these needs. They need to know how to differentiate without competing on a like-for-like basis.

"There are hotels who will be more willing to partner with third parties to engage in things like electronic check-in although hotels will absolutely see this as their domain. It will be an interesting segment to watch as it evolves," notes Hotels.com's Jay.

3.1. Internet of things

The concept of the 'internet of things' (including wearables, iBeacons and more experimental technologies such as Google Glass) is one that OTAs and Metasearch are watching with interest – but, according to executive interviews, the majority have yet to see what the tangible application could be.

"Large companies can invest more quickly in these technologies. Anyone that wants to be competitive has to look into these things and invest in them but they are resource heavy versus return. If Google Glass has even a 5% market share, for a company like Booking.com that can mean a million more bookings. We're not that size. Being in a niche we could be talking about 10,000 bookings, so it's harder. But, each incremental booking does count. Glass has a lot of potential, but it's at such an early stage we'll hold out for a year at least," advises Hotel Planner's Henschel.

"We're reviewing the internet of things," notes Direct Flights' Stross. "But our strategy is to get right what we're doing at the moment and keep an eye on emerging trends and products. I'd question if Google Glass is limited in adding value to the customer experience."

Case Study: Mobile in real time with hotels.com

While mobile has moved very far beyond the realm of the last-minute, integrating into consumers''mobile life' can provide significant competitive advantage. The advances in in-car systems, backed by telematics functionality, is bringing an increasing number of lifestyle brands into the vehicle.

While many of these are based on traditional in-car services such as Sat Nav, radio and safety, complimentary applications are proving popular, including social media and news alerts. Travel is taking advantages of these synergies, and Hotels.com is the first hotel and travel app to be available for Ford's in-car telematics service, SYNC (Hotels.com, 2013).

Drivers will have access to the 290,000 bookable properties within the app and 20,000 last-minute mobile exclusive deals. The app has been available in Ford EcoSport SUVs through Ford SYNC AppLink since early 2014. Giving an idea of the potential size of the market for Hotels.com, more than one million Ford vehicles are already equipped with SYNC in North America.

"This is our first foray into the internet of things and it will be interesting to see how it plays out. It's not a big channel for us but we want to understand it and the technological demands it makes," Hotels.com's Jay states.

For Options Away's Brown, mobile in itself is the ultimate convenience factor: "For us it's not so much about the QR codes and iBeacons. Customers have phones on them 24 hours a day. Mobile is about the 'anytime, anywhere' efficiency."

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Future growth potential

Summary

- Consumer confidence in using mobiles to transact in the travel sector is growing, and intermediaries look set to capitalize on this
- Mobile is gathering momentum, with the proportion of executives who state that they would invest more in mobile jumping from 53.3% in 2013 to 68.8% in 2014
- Growth for intermediaries will be found through trying to drive loyalty and frequency of purchase, primarily through strategies that move beyond purely transactional services
- Customers are increasingly looking for value-added services that increase their enjoyment and convenience while traveling; intermediaries are ideally placed to provide that, ultimately increasing their opportunities to up and cross-sell

According to EyeforTravel's ongoing travel barometer survey that has been in-train since 2011, the anticipation of increased investment in mobile grew slowly until June 2013. In the subsequent 12 months, those stating that they would increase their investment in mobile leapt 15 percentage points from 53.3% to 68.8%. Overall, the number looking to increase future investment in mobile has increased 20 percentage points since 2011.

Growth potential in the mobile channel is being driven by a number of factors. As we have seen from the consumer behavior section of this report (Section 2), confidence in using mobiles to transact, physically pay for and organize travel is reaching levels where it becomes a competitive disadvantage for OTA and Metasearch not to engage in a 'mobile first' mentality.

While suppliers can focus on mobile to deliver service-relevant added value such as in-stay bookings, mobile payments and location-based services, OTAs and Metasearch will find growth through using mobile to engage more frequently and long-term with customers.

This may be through the gamification of applications encouraging more habitual use or a way to notify users of value added benefits (such as the ability to exchange loyalty points for non-travel products or enter competitions). What is clear is that these companies need to work hard on extending their reach beyond the transaction into in-stay and post-stay interactions to remain relevant and top of the consumer's mind.

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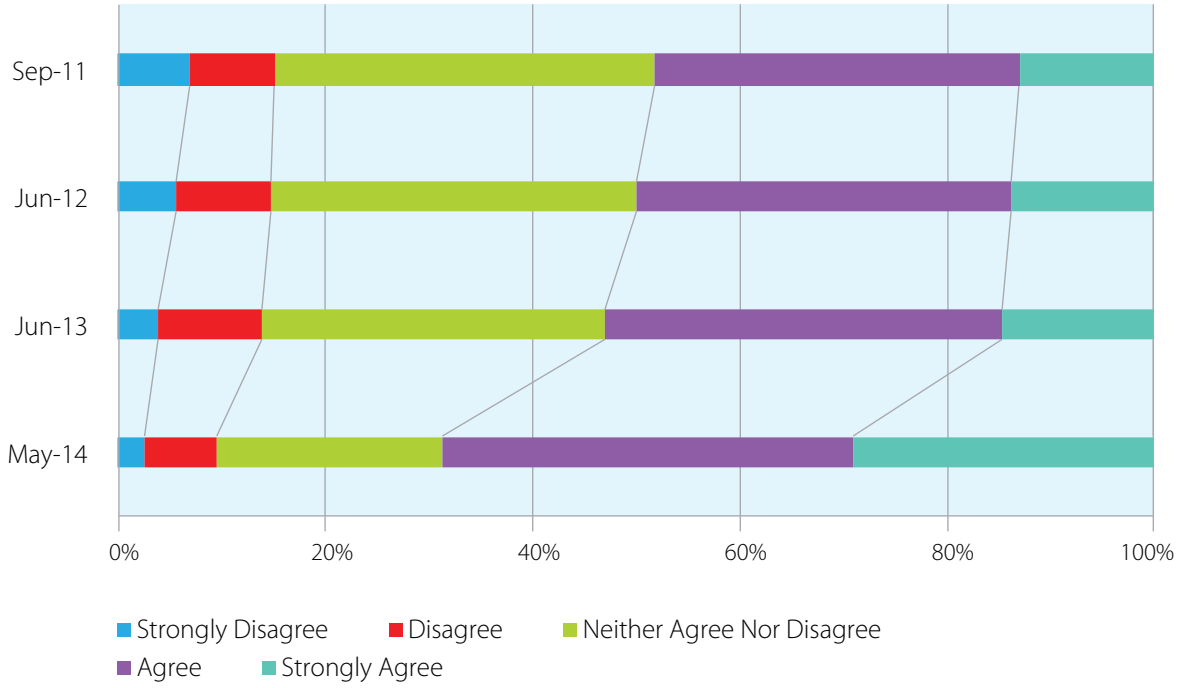
Figure 17: We will increase our investment in mobile in the next 3 months

We will increase our investment in mobile in the next 3 months.



Source: EyeforTravel Intermediary and Supplier barometer, 2011- 2013: "Below are a number of statements regarding attitudes towards Mobile. Please read each one and indicate to what extent you agree or disagree." EyeforTravel Mobile in the travel industry, 2014. 740 respondents.

Table 17: We will increase our investment in mobile in the next 3 months

	Disagree Strongly	Disagree	Neither agree nor disagree	Agree	Agree Strongly	Totals agreeing	Percentage point change per year	Percentage point change since 2011
Sep-11	7.0%	8.0%	37.0%	35.0%	13.0%	48.0%	-	-
Jun-12	5.5%	9.3%	35.2%	36.3%	13.8%	50.1%	2.1	-
Jun-13	3.7%	10.2%	33.0%	38.7%	14.6%	53.3%	3.2	-
May-14	2.6%	6.8%	21.8%	39.8%	29.1%	68.8%	15.6	20.8

Source: EyeforTravel Intermediary and Supplier barometer, 2011- 2013: "Below are a number of statements regarding attitudes towards Mobile. Please read each one and indicate to what extent you agree or disagree." EyeforTravel Mobile in the travel industry, 2014. 740 respondents.

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Methodology

EyeforTravel conducted eight focused, in-depth, and semi-structured interviews across leading executives in the travel industry and conducted two detailed surveys. This report encompasses EyeforTravel's Mobile in Travel 2014 survey across around 230 online travel agents (OTAs), Metasearch, tour operators and other intermediaries as well as a consumer survey in partnership with WAYN covering 2,000 travel users globally, to discover mobile's role in air travel in 2014.

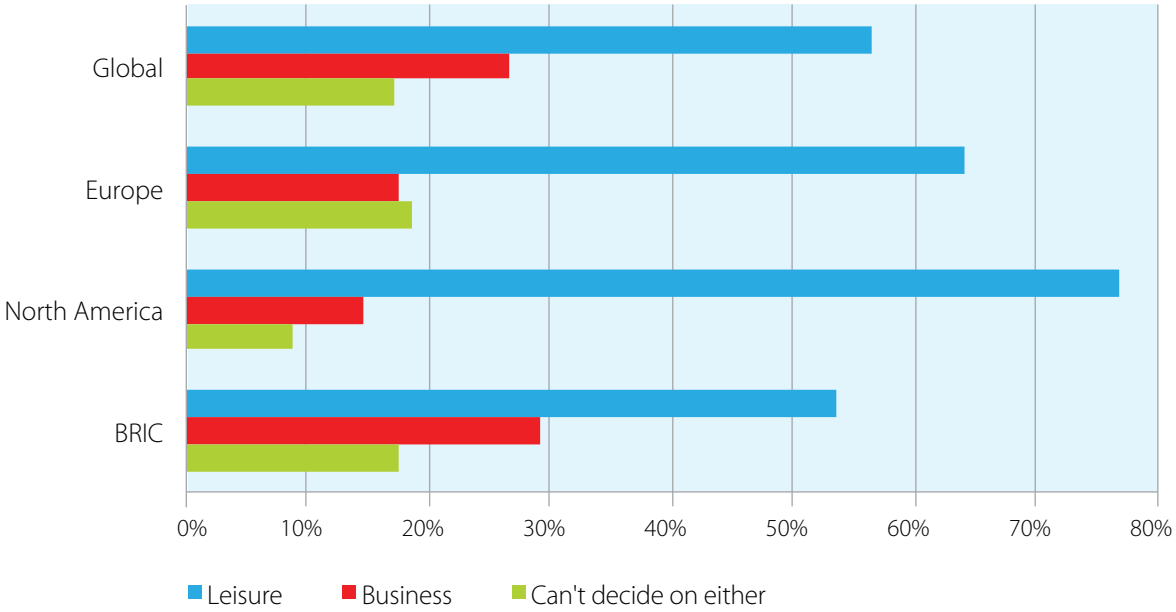
The majority of respondents to the consumer survey indicated that their travel purchases were leisure-driven; however, a significant minority indicated that they traveled for business (see Figure 16).

The majority of respondents in EyeforTravel's Mobile in Travel 2014 survey were from either marketing, C-level management or business development functions (see Figure 19).

The majority of respondents stated a vested interest in either Asia Pacific, European or Global regions in relation to their mobile marketing strategies and come mostly from large corporations (see Figures 20 and 21).

Figure 18: Please indicate what best describes most of your travel activities:

Please indicate what best describes most of your travel activities:



Source: EyeforTravel/WAYN survey: Please indicate what best describes most of your travel activities

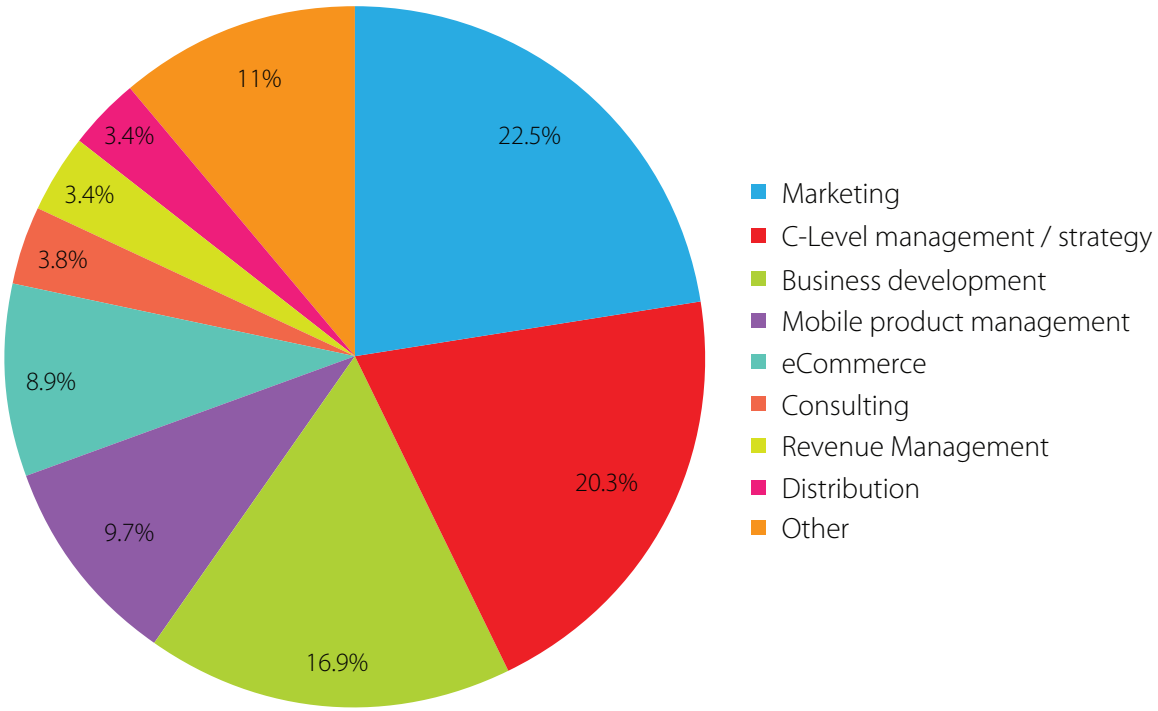
Table 18: Please indicate what best describes most of your travel activities:

	Global	Europe	North America	BRIC
Leisure	56.4%	64.1%	76.9%	53.4%
Business	26.5%	17.4%	14.5%	29.0%
Can't decide on either	17.2%	18.5%	8.6%	17.6%
Response Count	2,537	476	255	483

Source: EyeforTravel/WAYN survey: Please indicate what best describes most of your travel activities

Figure 19: What best describes your job function within your organization?

What best describes your job function within your organization?



Source: EyeforTravel, 2014, survey: What best describes your job function within your organization?

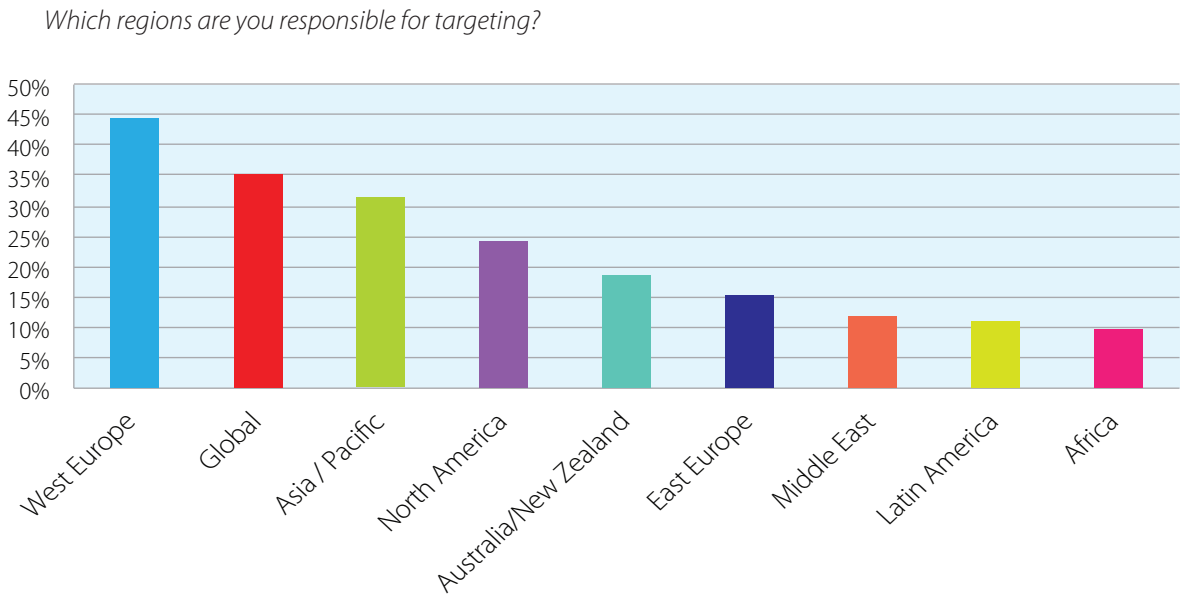
Table 19: What best describes your job function within your organization?

What best describes your job function within your organization?	
Answer Options	**Response Percent**
Marketing	22.5%
C-Level Management / Strategy	20.3%
Business development	16.9%
Mobile product management	9.7%
eCommerce	8.9%
Consulting	3.8%

Revenue Management	3.4%
Distribution	3.4%
Other	11.0%
Number of respondents	236

Source: EyeforTravel, 2014, survey: What best describes your job function within your organization?

Figure 20: Which regions are you responsible for targeting?



Source: EyeforTravel, 2014, survey: Which regions are you responsible for targeting? 236 respondents

Table 20: Which regions are you responsible for targeting?

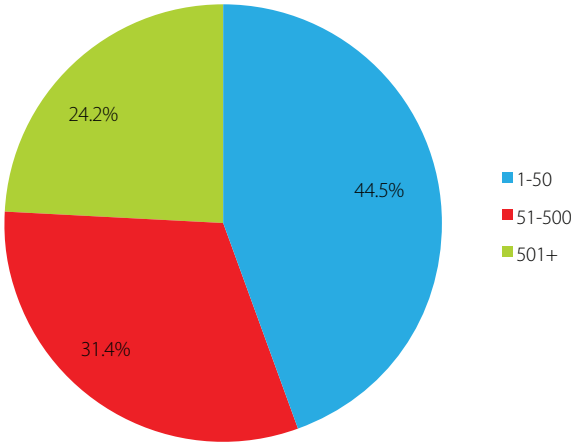
Which regions are you responsible for targeting? (Please select all that apply)	
	Response Percent
West Europe	44.5%
Global	35.2%
Asia / Pacific	31.4%
North America	24.2%

East Europe	18.6%
Australia/New Zealand	15.3%
Middle East	11.9%
Latin America	11.0%
Africa	9.7%
Number of respondents	236

Source: EyeforTravel, 2014, survey: Which regions are you responsible for targeting? 236 respondents.

Figure 21: How many employees does your company have globally?

How many employees does your company have globally?



Source: EyeforTravel, 2014, survey: How many employees does your company have globally? 236 respondents.

Table 21: How many employees does your company have globally?

How many employees does your company have globally?	
	Response Percent
1 - 50	44.5%
51 - 500	31.4%
501 +	24.2%
Number of respondents	236

Source: EyeforTravel, 2014, survey: How many employees does your company have globally?

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Abbreviations

BRIC Brazil, Russia, India & China

OTA Online Travel Agent

VOIP Voice Over Internet Protocol

VP Vice President

WAYN Where Are You Now? (travel survey organization)

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