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LIFESTYLE TRENDS & TOURISM

HOW CHANGING CONSUMER BEHAVIOUR IMPACTS TRAVEL TO EUROPE

CONTENTS

LIFESTYLE TRENDS & TOURISM

HOW CHANGING CONSUMER BEHAVIOUR IMPACTS TRAVEL TO EUROPE

A report produced by the
European Travel Commission
and Future Foundation,
in a series of five
trends-based sections.

THE END OF ADVENTURE?
CONSTRUCTIVE TOURISM
SOCIAL LIVING
PERSONALITY WITHOUT PEOPLE
NO ESCAPE

Brussels, May 2016

Lifestyle Trends & Tourism – How changing consumer behaviour impacts travel to Europe

Data sources: This report is based on research conducted by Future Foundation (www.futurefoundation.net) and should be interpreted by users according to their needs

Published by the European Travel Commission
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The European Travel Commission thanks all contributors, especially Emöke Halassy, Hungarian Tourism Ltd., Helena Varona and Cristina Salsinha, Turismo de Portugal, of the ETC Market Intelligence Committee.

Cover: Global Shares Trends Ideas Sales Solution Expertise Concept ©Rawpixel.com

ISBN: 978-92-95107-06-9

FOREWORD

In today's volatile economic climate, changing consumer behaviours have an increasing impact on global commerce. The speed of consumer change, the blurring of traditional demographic boundaries, the growing power of the consumer through technology and the nature of globalisation are making trend determination and their adequate exploitation essential for success. This is particularly important in the tourism sector, where the traveller's selection of goods and services is instrumental for living an experience. Shifts in consumers' travel attitudes and behaviour in terms of experiences sought and responses to marketing messages will ultimately impact their travel product and destination choices.

The European Travel Commission (ETC) has a long history of gathering intelligence on Europe's key overseas travel markets. However, travellers' choices are changing rapidly. Acknowledging the need to capitalise on long-term behavioural and attitudinal consumer lifestyle trends, ETC commissioned Future Foundation to gather new and meaningful insights on opportunities in long-haul markets suitable for action in the European tourism sector.

This report aims to provide meaningful information to ETC members, the 32 National Tourism Organisations of Europe, and contributes to better adapting to consumer needs in long-haul markets. Results are also meant to feed into ETC's promotion of the VisitEurope.com portal and its long-term strategy 'Destination Europe 2020'.

Dr. Peter De Wilde
President
European Travel Commission

INTRODUCTION

Consumers around the world are changing rapidly, in all kinds of ways, and the ways in which marketers attempt to communicate with them is having to change to keep up. They are, for example, becoming more and more demanding of the products and services they buy, more and more tech-enabled and more time pressured. They have less and less time in which to make decisions but higher and higher expectations that those decisions will prove to have been the right ones.

The moments when consumers have the time or inclination to engage with advertising are evolving. No longer do they only take in the home but, instead, can take place anytime or anywhere where there is a decent internet connection, placing ever greater pressure on marketers to ensure that their message is neither skipped altogether nor disregarded.

Additionally, the tools via which consumers engage with advertising and their expectations of what advertising can do for them, are placing more and more pressure on marketers to come up with innovative ways to get their messages across and an ever-increasing need to focus marketing content on the specific needs and interests of the individual, instead of marketing to segments or mass populations.

As is the case for marketers across all product sectors, national tourism organisations (NTOs) face significant challenges to their activities. NTOs within Europe have signalled their commitment to, first, understanding, and secondly, to responding to these consumer changes with new tools, messages and usage of new channels.

Personality Without People is the first of five Consumer Lifestyle Trends which together form the core of the **Lifestyle Trends & Tourism Report** – a comprehensive research project that provides a future-facing summary of the most important consumer changes impacting travel to Europe, particularly from the key markets of China, Brazil, the USA and Canada. The full report has been produced following a detailed programme of both primary and secondary research; further details of the research methodology are included in the Appendix.

Whilst the report is intended to form one cohesive body of work – including an opening chapter on contextual drivers – each individual Trend Chapter offers its own data analysis, qualitative research, case studies of how changes are being leveraged within the travel industry, and recommendations for how NTOs and destination marketers should respond.

Here, **Personality Without People** is presented on its own. In this chapter, we look at the slow but sure march of depopulated services from self-service machines to budding artificial intelligence – but crucially, look to explore evolving consumer attitudes towards this new world. We identify where enthusiasm and resistance lie respectively in human-free services, as well as where demand for technological prowess may soon prove to outpace supply.

Please note that page and heading numbers have been preserved to reflect this chapter's original place in the full report.

5. PERSONALITY WITHOUT PEOPLE

Digitisation and automation are inevitable in the long-term - but how are consumer attitudes affecting uptake of these services? Where do mentalities today stand around online remote service? In-person automation? And what are their resounding reservations?

We look at how consumer appetite for such services are warming - but slowly. Delving deeper, we see an underlying need for emotional understanding and security alongside the growing need for efficiency and immediacy that both stem from the consumer's control-seeking. This reveals three trends in two areas around the consumer response to digitised services:

5.1 **Depop!**, which shows just how strong appetite for automated services in the real world are between generations and regions - but more importantly, in which contexts there is a growing expectation for automation. We then bring special focus to a key area that exmplifies this challenge for the immediate future:

5.1.i **Cashless Society**, which focuses in on new payments innovations from around the world that inbound travellers to Europe will increasingly expect as standard - as well as what mentalities consumers particularly in the USA and Asia are beginning to hold around paying for purchases both on and offline.

5.2 **Computers Learn Human**, on the other hand, explores the many reservations still remaining about automated services from all markets - but also why this may change soon. We delve deeper into how consumers are responding to services that truly bring a human touch to machines, and why these innovations hold the strongest opportunity levels through two trends:

5.2.i **Emojinal Intelligence**, which explores the consumer need for emotional expression in a digital world - resulting of course in the huge proliferation of emoji usage seen in 2015, but also in wider overtures towards providing emotionally responsive channels online.

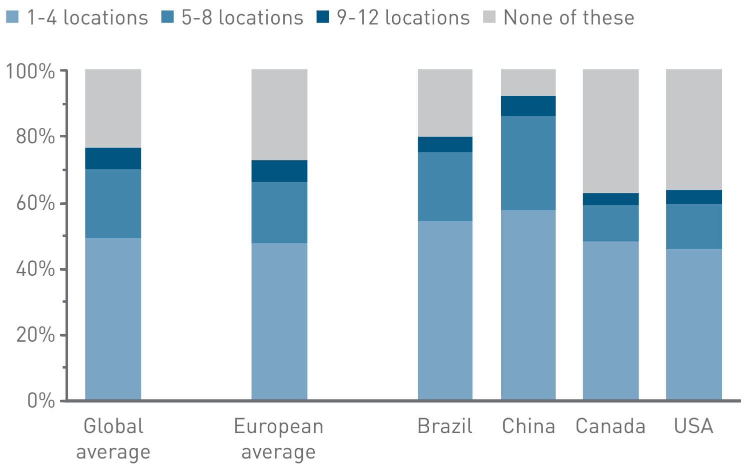
5.2.ii **Conversational Commerce**, which showcases a budding trend that seeks to combine emotion-led communication - the consumer's native language - with the emotion-led medium of the instant messaging platform, which proves to be increasingly the consumer's native habitat.

5.1 DEPOP!

From self check-in at the airport to self-service terminals at McDonalds, we see automated services slowly but surely making their way into an increased number of contexts. And whilst there is an ongoing dialogue about the merits of this so-called "depopulation" of services, we measure a global acceptance of these services in at least some locations:

In our research, we measured volumes of those who would prefer automated service to human service in a list of twelve settings and found that 1 in 2 global respondents would prefer automation in one to four different locations listed:

"In which of the following locations would you generally prefer to use self-service technologies (e.g. self-service check-outs or payment kiosks) instead of being served by a shop assistant/ worker?" (respondents allowed to select multiple options) | % selecting each number of different locations out of a list of 12 | 2015



Source: nVision Research | Base: 1000-5000 online respondents per country aged 16-64 (Indonesia & S. Africa 16-54), 2015 February

RESEARCH METHODOLOGY:

Respondents were offered the following list of 12 locations and asked where they would prefer to use self-service:

- Banks
- Supermarkets
- Pharmacies
- Airports
- Train stations
- Post offices
- High street clothes stores
- Department stores
- D.I.Y / Furniture stores
- Electronic goods stores
- Pub/bars
- Fast food restaurants

Whilst few would prefer self-service in all of the contexts above, it is a majority that would prefer self-service in at least 1 to 4 of these contexts.

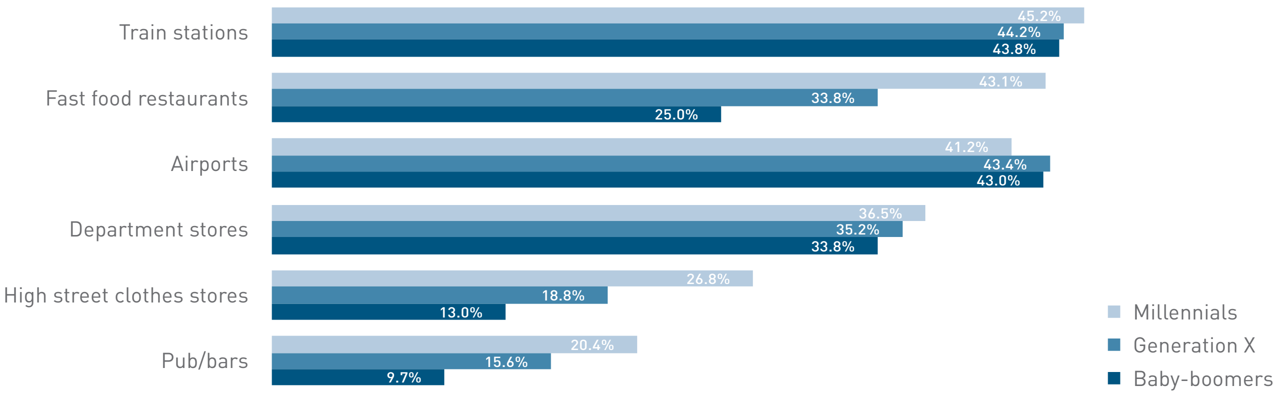
We can see that acceptance is much higher in Brazil and China; whilst part of this is due to our samples from these regions being relatively urban (particularly in China), it's also the case that urban areas in both countries have much higher levels of automation present already.

When we observe where self-service would actually be preferred, we find that banks and supermarkets are overwhelmingly majority choices - the first indicator that it is a coveted option during day-to-day contexts where familiarity levels are high and convenience is paramount. Following them are train stations and airports, where familiarity levels may not be so high, but where time-saving convenience is clearly a pressing demand.We see that overwhelmingly, automation is associated with efficiency. Whilst only 13% of global respondents would prefer self-service at a pub, 28% would do so at a fast food restaurant.

Looking at the pool of respondents who would prefer self-service in at least one of the twelve locations listed, we highlight preference for self-service in a selection of location options that are more relevant for travel. There are clear generational differences; however, the ranking order of locations between markets may prove more interesting.

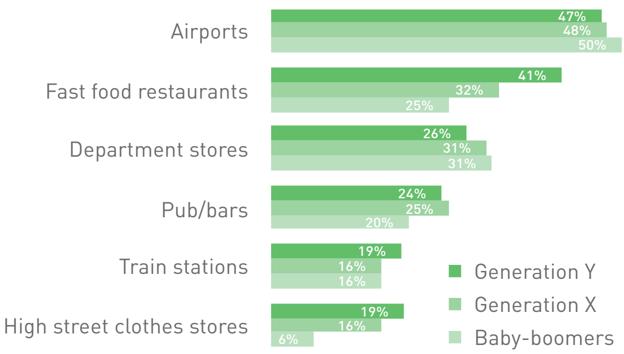
PREFERENCE FOR SELF-SERVICE IN VARIOUS LOCATIONS

"In which of the following locations would you generally prefer to use self-service technologies (e.g. self-service check-outs / digital information or payment kiosks) instead of being served by a shop assistant/worker?" | % of those who would prefer self-service in at least one location who would prefer it in each location below | 2015

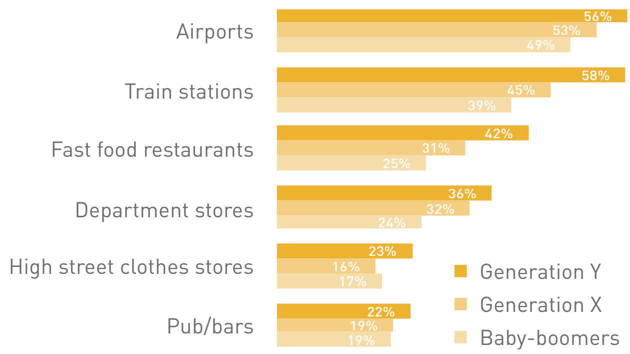


Source: nVision Research | Base: 25,258 online respondents who have used self-service technologies aged 16-64 (Indonesia & S. Africa 16-54), 2015 February

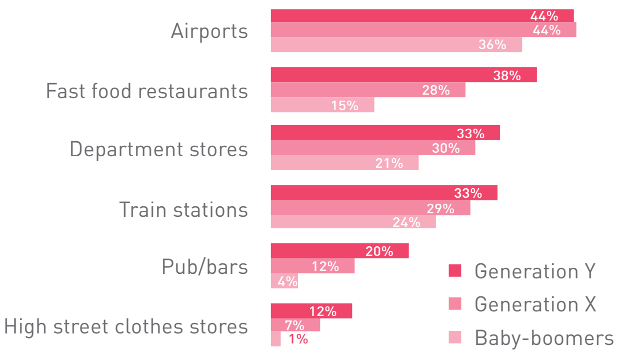
BRAZIL



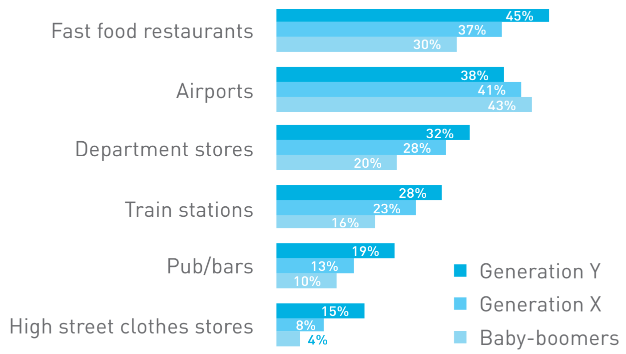
CHINA



CANADA



USA



Source: nVision Research | Base: 588 – 2968 online respondents who have used self-service technologies aged 16-64 (Indonesia & S. Africa 16-54), 2015 February

CASE STUDY: BLIP

BLIP beacon technology was installed in JFK airport to improve passenger flow using real time foot traffic information.

Beacons uses Wi-Fi or Bluetooth signals to detect footfall and provide information to passengers. Across the airport 13 monitors have been installed, from security to taxi queues, giving estimates of waiting periods for travellers.

NOTEWORTHY STRATEGY?

The goal was to inform travellers about how long their wait is expected to be, and use this information to control crowd agitation.

Staff are also alerted of when extra manpower is necessary to help avoid bottlenecks. The technology gives the airport the ability to plan effectively and efficiently optimize operations and the consumers journey and experience, all based no real-time statistics.

"It continuously updates. People like to know how long they are going to wait in queues. Nobody likes to wait in lines and signage helps to manage expectations."

DARYL JAMESON, VICE PRESIDENT OF JFKIAT, WHICH RUNS TERMINAL 4

"We're probably reaching 19.5 million passengers this year in total. It's a big operation, which is why we're introducing innovations to enhance the operations of the building. This new system will help us manage and eliminate problem spots within the facility, and sharing the processing time with our travellers will provide them with peace of mind so they may continue to expect a pleasant travel experience. Additionally, data from travellers' phones could eventually influence future airport design."

GERT-JAN DE GRAAFF, PRESIDENT AND CEO OF JFKIAT

"For too long, passengers were left on long lines at the airport, with no information. Countdown clocks at JFK Terminal 4, however, are the kind of modern technology that infinitely improves the passenger experience and helps advance the airport into the 21st century. Now, it is time for the other NY and NJ terminals to bring this critical amenity to their passengers."

JOE SITT OF THE GLOBAL GATEWAY ALLIANCE

It is clear that the biggest selling point of automated service is the efficiency - no surprise, given the levels of control-seeking we are seeing from consumers.

We posit that in future, heightened expectations for automated services will reign. Particularly from those markets with consumers whom are well-adjusted to the presence of humanless services, we predict that demand for automation to speed up banal processes will increase - and that eventually, the absence of automated efficiency will become a very real pain point in many contexts.

This is particularly relevant to travel as these contexts are often journey-related: airports, trains, underground transportation, and so-on. In future, there will be even fewer limitations; we expect a similar level of automation to infiltrate efficiency-based queries in less efficiency-based contects such as hotels and attractions as well.

But even more than that, we see that the long-haul travel industry may be the first to be expected to engage with leading technologies by nature of it being a global industry in a demand-based economy; disparities between markets when it comes to levels of technological advancement will hit inter-market travel far harder.

This poses a unique challenge to Europe in particular - especially with the forecast rise of travellers coming from East Asia and the USA, where much of this technology is at its most advanced. Wherever they are perceived to have power, local authorities in charge of infrastructure will be held responsible for the absence of maglev trains or driverless cars; world-leading hotels will be questioned for lack of robotised concierge service.

Qualitative research reveals that inefficiency as a pain point may be not so far off as well - particularly from China, where there is a clear perception that technologies abroad are often lacking in accommodations to Chinese consumers. But even from other markets, there is a clear sense of growing expectation which will need strong management in future.

"The Asian market is leading the way in technology. The challenge is to make it relevant to international travel. ... For example, while on international travels, we need easy access to all Chinese banks, to our Chinese apps, etc ...."

XIAOLEI, SHANGHAI

"I've heard about these robots they have in hotels and they sound pretty good to me. Having to deal with tipping people for bringing towels to your room can just be annoying."

MALE, 29, USA

"With simpler functions or tasks, it's definitely easier to deal with a machine than a person who may still turn out to be unhelpful. The more technology expands, the faster and easier it's becoming for machines to troubleshoot and answer any questions or problems consumers have."

SAHRISH, TORONTO

"[When] I deal with automated systems, I would rather cut to the chase, get my business done and move on with my day."

KELLY, SAN FRANCISCO

IMPLICATIONS: IN-DESTINATION

Some hotels are already beginning to test semi-automated service - and crucially, we see that it tends to be for rote requests such as needed fresh towels or ordering room service.

This indicates that whilst depopulation will not occur throughout all levels of the service industry - at least for the foreseeable future - it will begin to address some elements of it. Providers must remember that as automation is able to provide more efficiency to consumers, consumers will expect to see it even in unfamiliar contexts.

CASE STUDY: Virgin Hotel Chicago

Virgin Hotels opened its first branch in Chicago together with the launch of its new concierge app, called Lucy, which aims to integrate guests' mobile devices into their hotel experience.

Lucy acts as a personal hotel assistant who, when you ask it to, will arrange a multitude of different things, from spa reservations, to extra pillows, to a valet service, all without you having to talk to anybody. The app can also provide sightseeing advice, as well as consumers being able to stream personal content and control their rooms thermostat all with the help of Lucy.

NOTEWORTHY STRATEGY?

If desired, consumer can link Lucy to the hotels 'preference program', which asks customers to answer a few questions to ensure the experience is tailored and customised to their likes. An example being, they stock the minibar with guests' favourite drink.

The app works as a one stop place for visitors to contact any of the hotels services, with it functioning as a human, who answers all of your needs.

Our mobile app Lucy, will put guests in the captain's chair. The technology will be smart and intuitive, and light the way to a more immersive experience within the hotel. We can't wait to build upon the platform as the brand and our guests' needs grow.

Lucy makes the guest feel like they're dealing with someone rather than a piece of technology. Live Chat, for example, really doesn't change what we do. It changes things on the guest side. You don't have to wait for someone to pick up the phone, and some people will still be more comfortable picking up the phone. Now, you can order room service on your way to the hotel too without having to call someone. We're looking to grow the app and the services it provides as the devices and way guests use them change."

DOUG CARRILLO, VICE PRESIDENT OF SALES AND MARKETING, VIRGIN HOTELS

For all of the modern consumer's mobile control tendencies, these control habits ultimately depend on elements outside of their control - from signal failure to plug socket incompatibility.

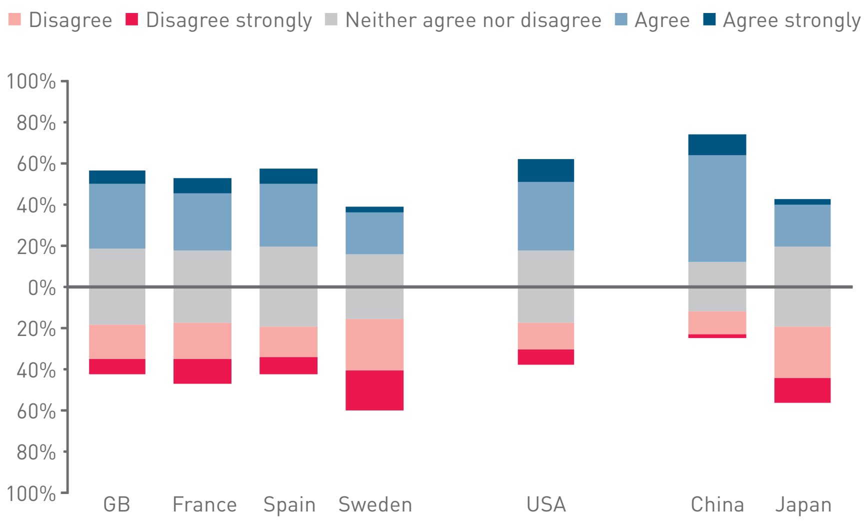
Tomorrow's consumers will almost certainly demand a much more complex, nuanced portrait of convenience than before - and that their local technologies be accommodated abroad. Immediacy will become an expectation rather than a benefit, and increasingly there will be added demands surrounding seamlessness and simplicity. This gap between inbound expectation and present reality within European destinations is a recurring theme throughout this section.

5.1.1 CASHLESS SOCIETY

On a global scale, NFC-driven payments - often known as "contactless" - are the most established of the emerging technologies in this chapter. The complex territory of payment is undeniably creating real waves in how consumers are perceiving immediacy and convenience; the challenge, however, comes from the fact that disparity between regions is large.

We first start where there is the most common ground: the world of e-commerce. Innovation has been relatively balanced across markets due to the advent of global e-commerce. We can see a baseline desire for extremely high-level convenience from a significant minority of consumers when it comes to paying for their their online shopping:

"How strongly do you agree or disagree with the following statements? I would like to be able to pay for things online with just one click" | 2015



Source: nVision Research | Base: Global average (1000-5000 online respondents per country) aged 16-64, 2015 February

REGIONAL DIFFERENTIATION

It is only Sweden and Japan who show strong levels of disinterest here. Notably, the two most enthusiastic markets sampled are indeed focus markets: the USA, with approximately 45% who either agree or agree strongly; and China, where not only is this proportion as high as 2 in 3, but where only 12% disagree and a further 2% disagree strongly.

This has implications for booking and planning - where particularly after they have spent so much effort in the research phase, consumers will be loathe to run into difficulty when it comes to payment.

IMPLICATIONS: BOOKING & PLANNING

Of course, almost all booking is cashless already - and has been for some time. But this has only heightened consumer demand for increased convenience, as services worldwide are allowing customers to split payments across different methods or between different people.

This could be a future challenge from markets like China and the USA - China having a very advanced payment industry, the USA showing signs of developing one, and both whom are simply behemoth countries in their own right with plenty of local travel options that feel long-haul enough. The inavailability of flexible payment options from European destinations in tandem with local innovation that does allow it for domestic travel options - this could be enough of a detractor to deter or delay prospective long-haul tourists.

"Many people now get their flight tickets, accommodation etc online, where they can pay by card or using other cashless methods."

CARRIE, SHANGHAI

"indications of this trend catching on can be seen with the popularity of apps like Venmo [a free money transfer app to split bills between users] or services like Uber, which are both incredibly easy to use and popular."

KELLY, SAN FRANCISCO

E-commerce will continue to balloon, with higher sales volumes reported as being made online every year; meanwhile, a huge diversity of everyday consumption categories are "naturalising" online - even ones which once felt intuitively physical such as food grocery. And from the consumer's individual perspective, an increasingly significant proportion of transactions that they make will simply no longer involve cash - driving a sense of clunkiness and backwardsness in cash even amongst those who may not have had strong aversions to it.

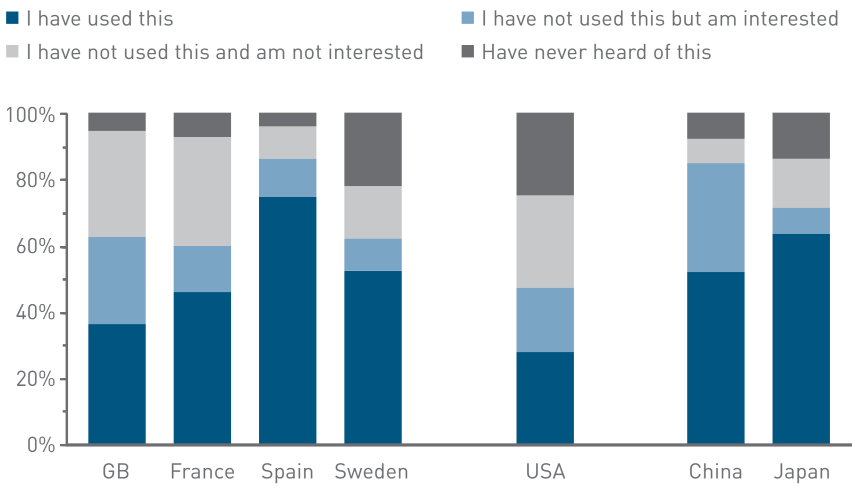
What this means, however, is that tomorrow's consumers will almost certainly demand a much more complex, nuanced portrait of convenience than before now that payment is simply a short tap away - and that their local technologies be accommodated abroad. Immediacy will become an expectation rather than a benefit, and increasingly there will be added demands surrounding seamlessness and simplicity.

On top of this, currency conversion is seeing a quiet upheaval as well. New services such as **TransferWire are** not only saving consumers pennies across the globe, but perhaps more crucially are alerting them to the fact they were missing in the first place. Demand for cheaper, quicker and easier cash conversion will also grow in coming years.

Of course, from the industry's perspective, making this upgrade is not quite so simple. So far, payment networks and methods alike have largely been determined by purchase context and infrastructure. Innovations have largely been controlled by behemoth industry players; comprehensive understanding of how electronic payments work has been nil. Mired by infrastructural challenges, international incompatibilities and other supply-side factors, the world of cashless payments is often largely outside of the control of business practicioners and governments themselves.

But it is physical-world innovations that have truly accelerated cashless expectations, and which will present the biggest challenges to tourist boards and travel providers. Contactless card payments are a method with which we see the largest gaps in uptake between countries:

"Which of the following payment methods have you ever used and which would you be interested in using in the future? Used a contactless card" | 2015



Source: nVision Research | Base: 1000-2000 online respondents per country aged 16+ (China 16-64), 2015 September

REGIONAL DIFFERENTIATION

Across different markets, there is a considerable amount of variation.

There are plenty of implications here for managing consumer expectation. From a foreign consumer's standpoint, assuming that different countries within Europe might have different systems available could be unintuitive - particularly given the unified currency in many cases.

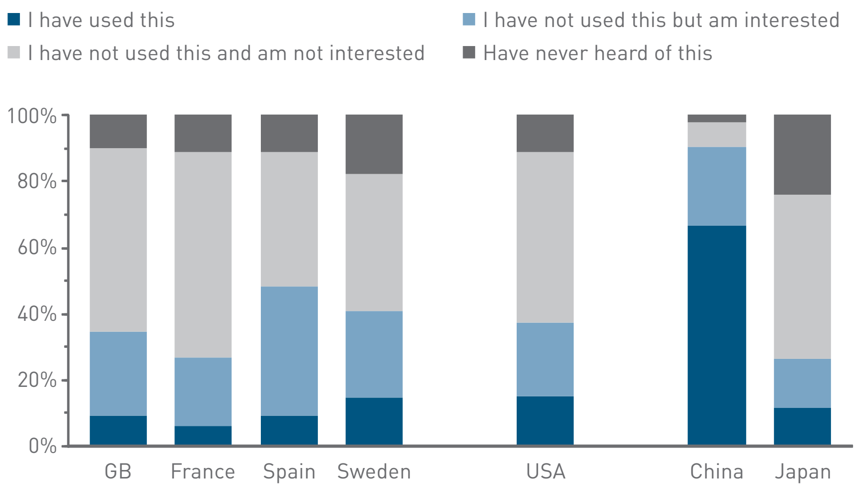
It must be noted that Brazil is an exception. According to qualitative findings, there is availability but low uptake, and that this may primarily be a question of security:

"Why would I want a debit card free of password in a country where mugging is part of our daily routine? Someone could just snap it out of my hands, go on a contactless buying spree before I could have the chance to cancel the card. I read that contacless has been available to Brazilian customers of the biggest national banks since 2013, but I never once saw anyone using this technology anywhere."

TIAGO, SAO PAOLO

However, looking towards the future, we see that the rise of mobile payment technology in China and increasingly in the USA may present the biggest challenge to Europe.

"Which of the following payment methods have you ever used and which would you be interested in using in the future? Swiping your mobile phone to pay" | 2015



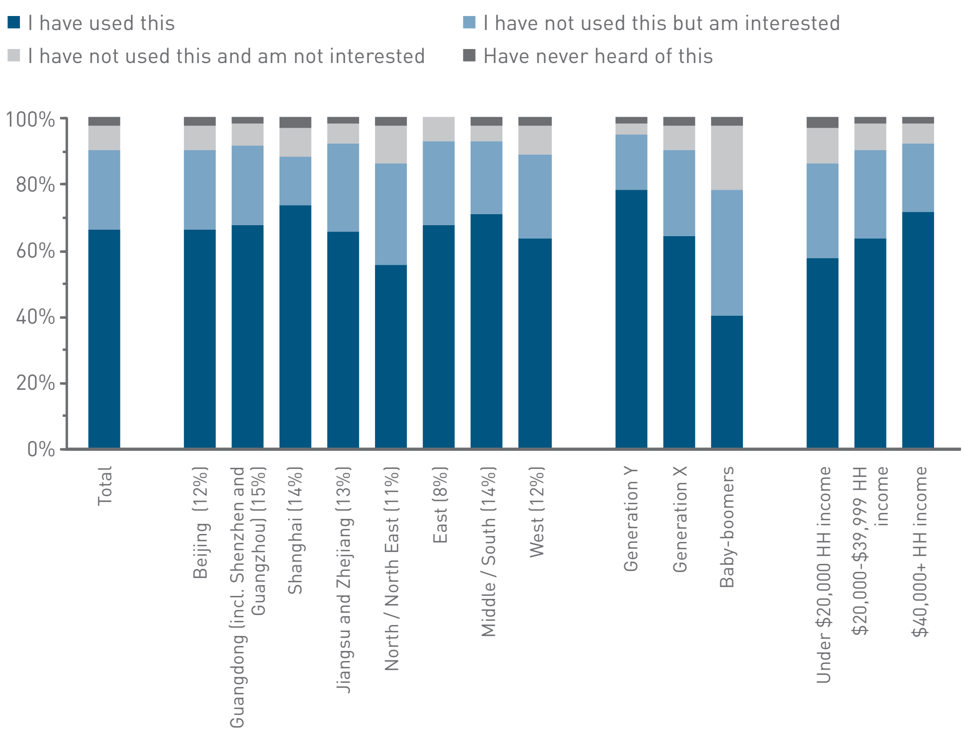
Source: nVision Research | Base: 1000-2000 online respondents per country aged 16+ (China 16-64), 2015 September

REGIONAL DIFFERENTIATION:

China's high uptake here cannot be underestimated. Particularly from affluent urban areas - areas with high volumes of long-haul travellers - it is entirely normal for middle-class consumers to pay for restaurant bills and personal shopping alike using WeChat.

Particularly in China - where digital wallets were introduced by **AliPay** a distant 12 years ago, and where dominating social media behemoth **WeChat** released its own app-based mobile payment system in early 2013 - the ability to pay with a mobile phone is one that has been embraced by virtually all citizens with smartphones regardless of age group or demographic.

"How strongly do you agree or disagree with the following statements? I find it hard to clear my mind of thoughts and concentrate on the present" | 2015



Source: nVision Research | Base: Global average (1000-5000 online respondents per country) aged 16-64, 2015 February

FOCUS ON: CHINA

We can see that uptake is huge in China - largely irrespective of region, age or income. Lower uptake figures are only found in the oldest consumers, but even then there are high interest levels. Meanwhile, 2 in 3 coming from China's most affluent cities have done this already.

Overall, only 2% of respondents had not heard of this method of payment.

"The Cashless Society trend is very established in China. Nowadays you can pay with mobile devices for almost everything through AliPay, WeChat etc."

XIAOLEI, SHANGHAI

"Thanks to Alibaba, Chinese people have been used to AliPay for 12 years. WeChat started WeChat Payment 2 years ago."

CARRIE, SHANGHAI

Fluid mPos terminals - mobile payment acceptance terminals that could turn any shopkeeper's own smartphone into a payment acquiring device - became common in even the smallest of corner shops by 2014 as NFC-enabled phones became popular. As a result, WeChat Pay has become so normalised that Chinese consumers are more likely to have used their mobile phone to pay for something than a contactless card; at the time of writing, WeChat's parent company Tencent Holdings reported in a financial review that bank handling fees related to WeChat Pay amounted to over 41M Euro just in the month of January 2016.

So far, **Cashless Society** has not posed a threat so much as a missed opportunity to the European travel sector. Whilst some of our previously seen qualitative findings have suggested that there is a level of impatience with lack of accommodation for Chinese systems abroad, this feeling is currently very limited; a similar level to the annoyance around the inevitable need to exchange currency.

And from the industry's perspective, making this upgrade in Europe is not quite so simple. So far, payment networks and methods alike have largely been determined by purchase context and infrastructure. Innovations have largely been controlled by behemoth industry players like Visa or SagePay. Meanwhile, European regulation is significantly different to that of American and Chinese counterparts, with many more requirements for authentication security; for European tourist organisations, this may be an important regulatory debate to keep pulse on.

However, two significant plays from the private sector may change this on two fronts: by expanding the market of expectant cashless consumers, and also deepening this expectation from Chinese consumers. As a result, anything tourist boards can do to facilitate local uptake will likely be an important step this year.

With the former, we see that the launch of Apple Pay last year has helped build global momentum around this trend. In large part because of recebnt innovation from Apple Pay, PayPal and Google Wallet, we saw notable mention of the trend from our American respondents:

"We have been a market moving towards a cashless society for some time, with online shopping growing increasingly popular and the ability to pay over apps with the touch of a thumb making things much easier and quicker than they used to be. Also, the US market is constantly moving in the direction of automation, rapidly replacing humans with computers who can do their jobs better, cutting back on costs and keeping things online. US consumers want things to be easy and pain free, and they want to be able to get it done on-the-go. It's all about wireless connectivity."

ANNABELLE, NEW YORK CITY

"I like the idea of being able to travel without any cash. It seems like there'll be way safer ways to travel in future."

FEMALE, 26, USA

Meanwhile, a full-scale mobile payments revolution may erupt into the travel industry in 2016: off the back of Apple Pay launching across the world, WeChat declared in February that it is moving to collaborate with overseas providers to capture Chinese tourist purchases by issuing foreign vendor accounts. This initial launch has support for nine currencies, including British Pounds Sterling and the Euro - allowing Chinese tourists to pay instantaneously in that currency from their WeChat Pay accounts without having to exchange, and allowing foreign vendors trading in GBP or the Euro to accept payments in Chinese Renminbi or Hong Kong Dollars.

If uptake is inconsistent, **Cashless Society** may well become a force to contend with from Chinese travellers who will come to expect more and more.

Wherever possible, European travel providers ought to help enable new payment services in order to give local providers a cutting edge - bearing in mind that cashless expectations will only get more and more intense as time goes on.

1. 2016 Tencent Holdings Ltd, http://www.tencent.com/en-us/content/ir/an/2016/attachments/20160317.pdf

IMPLICATIONS: JOURNEY

Airports are amongst the most popular options for automated services, as we have already seen in **Depop!** - interestingly, airports also show the least amount of Millennial skew of all the locational options. Many airports already have some levels of automation at check-in; meanwhile, further innovation is being tested as we have seen in the previous case study.

This suggests that airports could be an excellent target for primary installation of cashless services, as it might be a setting where providers could avoid alienating a single demographic group by accident. On top of this, there is already an established precedent of airports being the hub for dealing with all things international payment-related from currency exchange to tax reclaim.

Given the considerable amount of commerce already present in international airports but also the barriers sometimes caused by the natural time pressures present, we also see that a considerable amount of commerce could be enabled by allowing for faster payment mechanisms such as contactless or mobile.

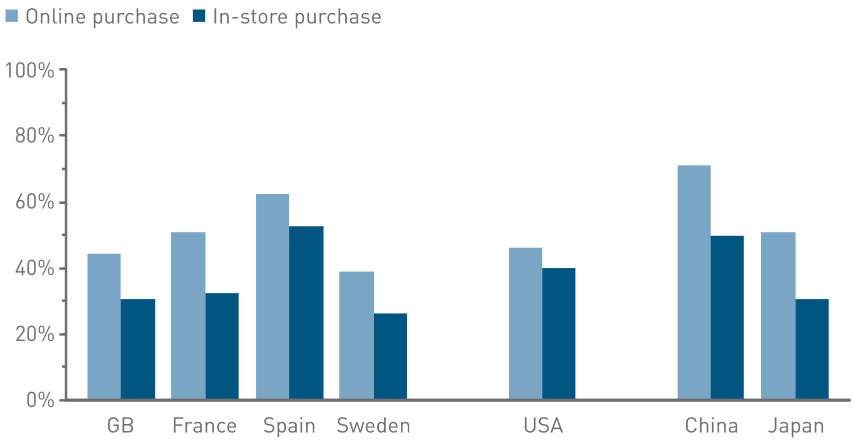
5.2 COMPUTERS LEARN HUMAN

But for all of the technological innovation available to us, there is still quite a long way for automation to come before it truly competes with human service. Nevertheless, attitudes are shifting as innovation slowly continues to pick up pace - attitudes which are in turn shaping and accelerating innovation itself.

In this second area of **Personality Without People**, we look at where existing attitudes are limited in patience for automated services - but also where demand is clearly rising for computers to indeed "learn human".

This is particularly important for the research and booking stage. In this area, there is plenty of new opportunity for brands to further energise an already crucially successful online world - with potential not only to convert more click-throughs, but also to better merge discovery and booking together in a way that could seriously benefit tomorrow's world of complex, stressed but control-prioritising consumers.

"Have you ever started buying something online but then given up in the last six months? (E.g. started an online payment process but did not finish it)" | "Have you ever given up on buying something while shopping in a store in the last six months?" | Within those who have made online purchases | 2015



Source: nVision Research | Base: 5667 online respondents (have purchased something online in the last 6 months) aged 16+ (China 16-64), 2015 September

DEEPER DIVE:

Of course, there are plenty of reasons why there is a disparity here; the world of e-commerce has fewer pressures to buy and intrinsically is easier to walk away from.

We followed this by asking why they gave up on purchases. The most popular single option in both online and offline purchases was "I changed my mind". But whilst 15% changed their mind in-store about a purchase, it was 20% who did so online - perhaps speaking to the power of human service.

We begin by observing above that the volume of those who have quit mid- purchase is higher online than in person. Notably, the sample shown is already of those who have made online purchases; when looking at the total sample, the proportion who have quit mid-purchase in-store is even lower in all countries.

When looking at why respondents gave up online purchases, we found that technological difficulty did amount to a fair volume of the reasons.

“Thinking about the last time you started buying something but gave up, why did you do this?” | % who select each, amongst those who have given up on a purchase before either online or in-store | 2015

		GB	France	Spain	Sweden	USA	China	Japan
I changed my mind about what I was buying	Online	35%	33%	31%	25%	41%	41%	47%
	In-store	33%	47%	48%	27%	47%	33%	48%
I decided to see if I could get the product at a better price elsewhere	Online	24%	28%	27%	20%	31%	33%	33%
	In-store	20%	27%	27%	22%	30%	37%	34%
I couldn’t find an answer to a question I wanted to ask before buying	Online	10%	10%	10%	8%	11%	16%	10%
	In-store	8%	6%	6%	5%	9%	10%	12%
Preferred payment method unavailable / payment couldn’t be processed	Online	12%	17%	20%	29%	17%	18%	20%
	In-store	8%	8%	7%	7%	12%	13%	4%

Source: nVision Research | Base: 1000-2000 online respondents per country aged 16+ (China 16-64), 2015 September

We see that some issues impacting click-through are ones that were likely to have simply been too complex to be solved without human assistance.

Our qualitative research confirms this, with consumers from around the world describing a similar theme of pain points:

“A human being is always more reliable than a robot. They might become part of the offerings of hotels, museums and other tourist venues, but I don’t think it would be a huge selling point.”

CARRIE, SHANGHAI

“I still don’t really trust computers to do what humans can do, to be honest. It worries me. But I love the automated check-in at the airport!”

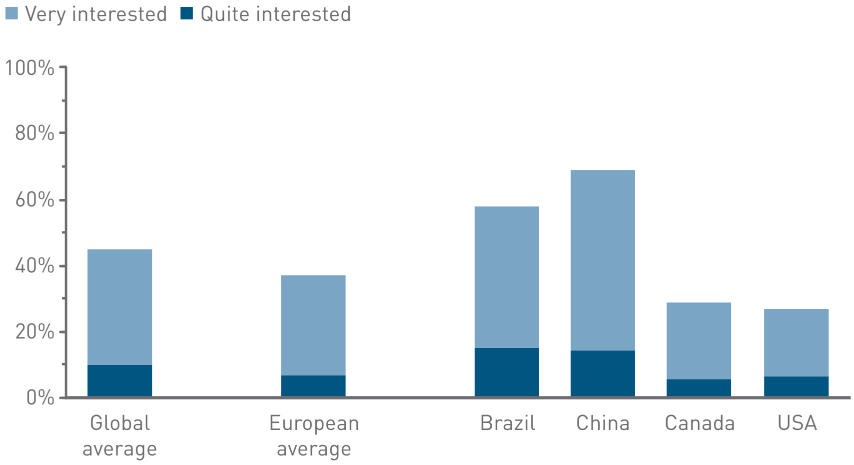
FEMALE, 29, USA

“There are certain improvements related to these trends, for example checking in online before a flight, booking tickets to an attraction on the internet ahead of time, making restaurant reservations on OpenTable... but any type of pre-paid booking that may need adjustment is such a hassle and the [automation] in any of these situations is plain frustrating.”

KELLY, SAN FRANCISCO

Unsurprisingly, the demand for more fluent and complex service provision in the online space is felt across markets, with a global average of just under 1 in 2 reporting interest in intelligent online shop assistance:

“How interested would you be in any of the following services? An online shop assistant that I could talk to for advice as I was browsing products online” | % who are very interested or quite interested | 2015



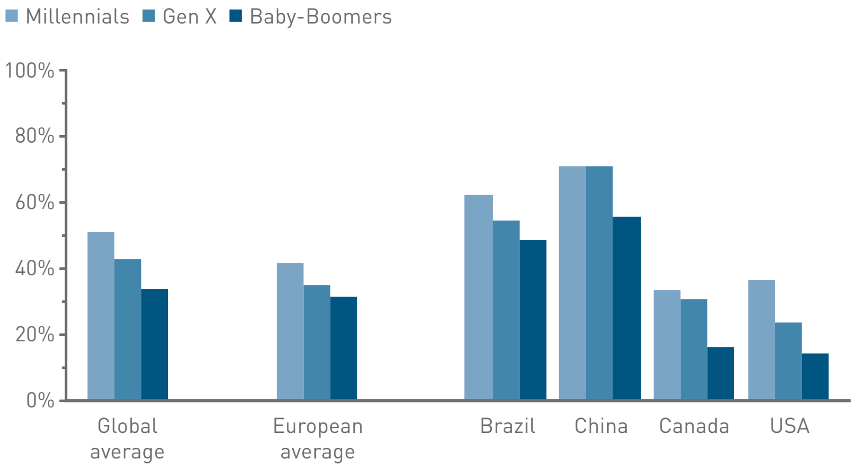
Source: nVision Research | Base: 1000-5000 online respondents per country aged 16-64 (Indonesia & S. Africa 16-54), 2015 February

REGIONAL DIFFERENTIATION:

From our qualitative findings, we know that there is a strong cultural precedent in both Brazil and China for high levels of dialogue between customers and shopkeepers - partially when it comes to negotiating price, but also partially out of a more conversational culture in commerce altogether.

This demand increases to a slim global majority within Millennials - and even 1 in 3 Baby-Boomers.

“How interested would you be in any of the following services? An online shop assistant that I could talk to for advice as I was browsing products online” | % who are very interested or quite interested | 2015



Source: nVision Research | Base: 1000-5000 online respondents per country aged 16-64 (Indonesia & S. Africa 16-54), 2015 February

REGIONAL DIFFERENTIATION:

Particularly in the USA, we see a strong spike in interest amongst Millennials.

However, in this case, it is also worth noting that Gen X are relatively close to Millennials in some places - as seen in China and Canada. If we assume that those who are interested eventually do try out these services in the coming years as they are made available, this would result in a sizeable proportion of tomorrow’s oldest population being equipped with this expectation.

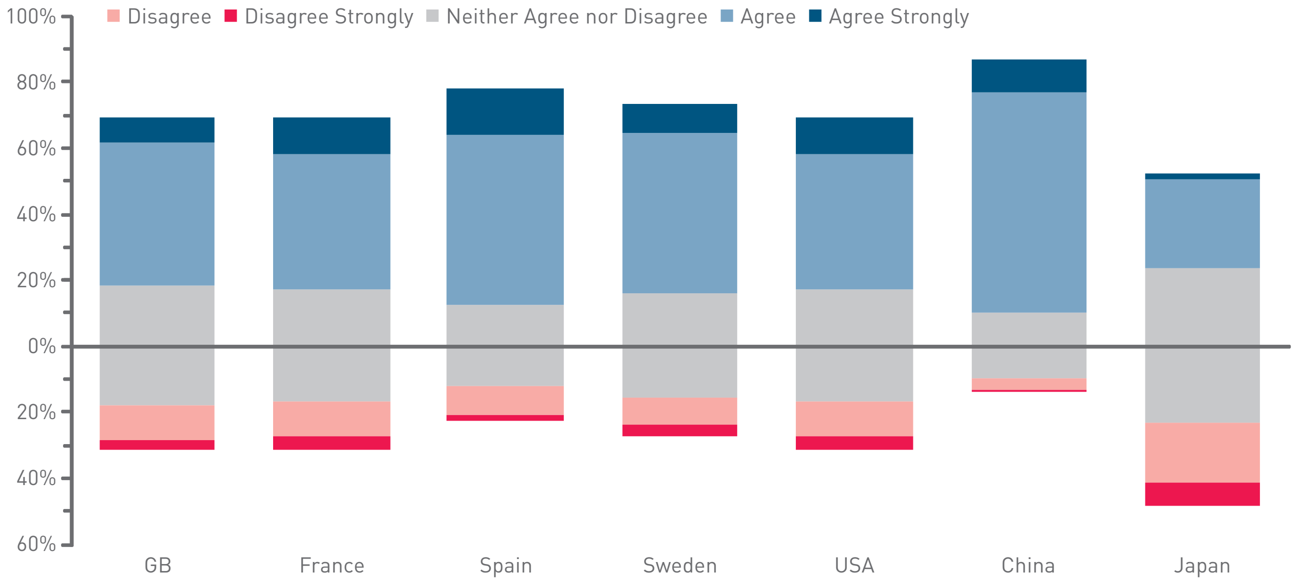
IMPLICATIONS: INSPIRATION & DISCOVERY

Researching for holidays can be extremely challenging prior to the actual booking process – but is a crucial stage of the consumer journey on their path to going on holiday. Particularly for National Tourism Organisations, finding ways to engage long-haul consumers at the point of discovery may become increasingly crucial in future to cement their interest.

Much could be done in the area of answering questions, or giving consumers a flavour of what they could be in for using simple conversation; content media has allowed organisations to showcase their destinations better than before, but as we have already seen in Social Living, sometimes it is conversation or word of mouth that is the most effective in engaging and holding attention.

And ultimately, there are existing demands for flexibility which consumers have always had but been unable to fulfil - such as price negotiation.

"How strongly do you agree or disagree with the following statements? When shopping for products or services online, I would like the opportunity to negotiate the price with the supplier" | 2015



Source: nVision Research | Base: 1000-2000 online respondents per country aged 16+ (China 16-64), 2015 September

"Brazilians are very much accustomed to the idea of being served by another person and not by a machine, because you can always NEGOTIATE [sic] with another human being, but never with a machine, be it for a cheaper price, more service/product than what you paid for etc. The idea that you can always get more if you know how to ask for it, is ingrained in our culture."

TIAGO, SAO PAOLO

But with all we have seen so far, it is likely that the very gesture of offering price negotiation itself will be what is so warmly embraced by consumers – rather than the sheer functionality of it. Particularly as the world of e-commerce is nothing if not ruthless when it comes to price comparison, any added benefit that price negotiation gives is likely to be just as emotionally rewarding as it is financially.

IMPLICATIONS: IN-DESTINATION

Many European attractions and activities do not have flexible price models that allow for any kind of negotiation – but often do have back-end processes that calculate when discounts or offers can be made based on seasonality, market demand and so on. But with third-party services looming to aggregate and compare services across the board, both consumer and provider could potentially benefit from externalising some of these price determining back-end processes into a front-end framework that looked like negotiation.

CASE STUDY: stayful

Hotel booking company Stayful links customers to independent and boutique hotels in real time, allowing them to negotiate the price of their stay. Users can only book rooms for the next month

Consumers can search for hotels by location, and are offered a 'buy it now' price which lets them book a room at the normal market price, reserving it immediately. They are also offered a 'bid' option, where they can make an offer on the price of the room, with the hotel being able to accept, reject or make an alternative offer.

In 2014 Stayful released a mobile app version of their website, allowing travellers to book boutique rooms in real time from their smart devices.

NOTEWORTHY STRATEGY?

The Stayful app is intuitive and adaptive to each users requirements, if a price match can't be found, it suggests similar hotels to the consumer.

Stayful lets users select a variety of emotional adjectives to describe their preferred type of hotel, such as party or charming, enabling the choice of hotel to reflect the personal choices of individual travellers. These customisation possibilities engage with the consumer, making them feel that the app understands their deeper feelings.

The bidding function also gives consumers a greater feeling of control – leading to higher perception of eventual value. In reality, accommodation providers are likely to have already decided on discounts or offers elsewhere; however, by posing it to consumers as something that they can suggest, there is a greater element of human negotiation built in.

"Stayful is about filling a need for both travellers and independent boutique hotels. For the first time ever, we've made it possible for consumers to search all boutique hotels in just one place. They have the opportunity to find a more unique travel experience at a one-of-a-kind hotel, and also the chance to bid for a great price that they're satisfied with. In turn, hotels that might otherwise have empty rooms can now offer new guests savings on their stays that they couldn't find anywhere else.

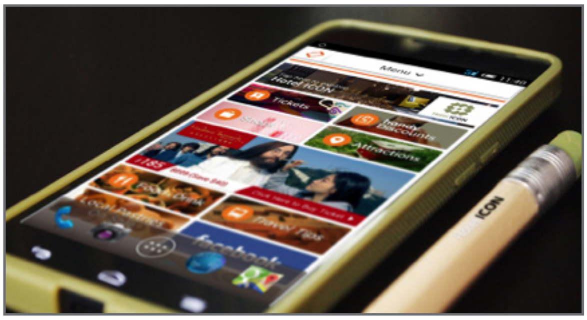
Business and leisure travellers alike have been looking for a more unique experience. Stayful not only lets them discover all these boutique hotels on just one site, rather than having to scour the Internet, but it also gives them a great price.

The ultimate goal is to help travellers enjoy the destination instead of spending time on unsatisfactory experiences, like frustrating customer service or waiting in lines."

CHERYL ROSNER, CEO AND CO-FOUNDER SPEAKING TO LUXURY BRANDED, NOV 2015

As technology improves to allow better remote communication between brand and consumer, consumer expectation will inevitably rise. Of course, in the short term, not all solutions will be completely automated – but as intelligent chatbots become not only more pervasive but more nuanced, the travel industry could stand to seriously benefit from embracing innovations as there is clearly an existing demand that has yet to be responded to.

CASE STUDY: ICON hotel in Hong Kong



ICON Hotel in Hong Kong provides a handy smartphone for guests to use, in each of its 262 rooms. The phones are ready to use when guests arrive, and all have unlimited international and local calls, unlimited 3G data and Wi-Fi tethering capabilities, as well as city guides, metro maps, promotions and travel apps such as currency converters and news services.

Guests are allowed to take the phone around the city with them, facilitating easier communication and discovery around the city, as well as internet access at all times.

After checking out, each phone is completely wipes, erasing all data and restored to factory setting, to ensure safety and privacy for its users, as well as being sanitised.

NOTEWORTHY STRATEGY?

By providing smartphones in all rooms, ICON Hotel is enabling travellers to be able to discover many things the city has to offer, without having to consult a human.

The technology on the phone enables easier communication between tourists and locals, by having pre loaded addresses, such as the hotels, to show taxi drivers, in addition to facilitating visitors to make the most of offers and promotions they might not have known about.

The phones aim to help tourists make the make the most of their time abroad, and feel like they are able to stay connected whilst travelling.

"Our partnership with Hotel ICON and the level of customization and care that they have placed into the creation of their handy x Hotel ICON in-room solution is a testament to the dedication Hotel ICON give to each and every one of their hotel guests. We're proud to partner with such a committed hotel to essentially extend Hotel ICON's service footprint across the entire city."

TERENCE KWOK, CEO OF HANDY IN A PRESS RELEASE, MARCH 2014

"The five-star hotel market in Asia is becoming increasingly crowded with imported international brands. After initial on-site research, we felt a phone would define a unique brand enhancement idea, and reinforce our value for money positioning and attributes simply because Hotel ICON is about innovation."

RICHARD HATTER, GENERAL MANAGER OF HOTEL ICON IN A PRESS RELEASE, MARCH 2014

5.2.i EMOJINAL INTELLIGENCE

Looking more broadly than automation momentarily, we see an ongoing expectation for emotionally intelligent response from brands.

Our qualitative results reflect this, in statements oftentimes couched within existing reservations about automation. For so many, being able to specifically have a conversation is imperative in any interaction with a brand - particularly about more emotionally-relevant issues such as making complaints, needing reassurance, or even feeling welcomed or accepted.

"I very much stray away from replacing human interaction with machines, especially working in a hotel where it is obvious how much human interaction is valued and craved... every review that I read on TripAdvisor mentions Customer Service. How can something so valued ever be replaced. People gravitate towards destinations touted with great customer service, people choose travel based on these accolades."

KELLY, SAN FRANCISCO

"people are used to getting travel advice from travel agencies rather than from online sites like TripAdvisor. Psychologically people prefer face-to-face clarification, especially because they think that if they pay the money, they will receive good service with whatever prior to the trip or on the trip!"

MR. JIAYI BIAN, REGIONAL BD MANAGER OF ROYAL CARIBBEAN INTERNATIONAL

"The automation offered at travel destinations needs to be working for Chinese travellers in terms of language and culture. ... to make Chinese travellers not just a big group of special high spending people, but a true integrated global group. This certainly requires much of the travel industry to explore Chinese culture, habits etc more to maximise the success of these tech developments."

XIAOLEI, SHANGHAI

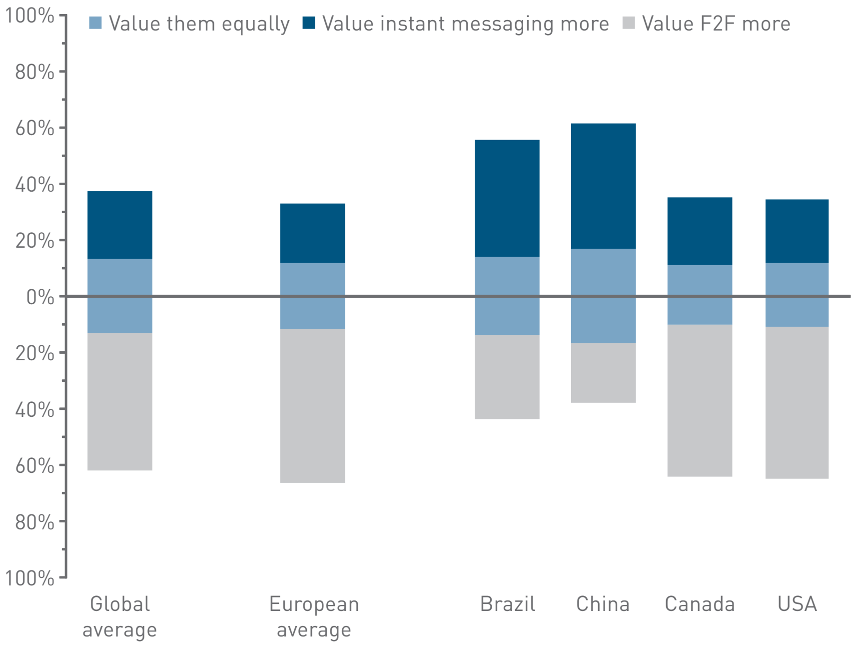
But even though the need for emotionally intelligent conversation and response-based acknowledgement may not be new, consumers are certainly showing new expectation for which channels these conversations are located on.

Whilst completely artificial intelligence is still nascent enough to cause discomfort, we find that digitization itself is no longer so much of a pain point as it once was - and certainly no longer considered antithetical to two-way conversation. We are seeing the dawn of a global population that no longer see the online space as coldly digital - but a space which is rife with expression, connection and indeed emotion.

The name of this trend of course references the explosion of "emojis" onto the global stage in 2015 - leading to the Oxford English Dictionary naming the laughing face emoji Word of the Year, and also declaring "emoji" to be the fastest growing human language on the planet. But whilst the success of emojis certainly proves underlying demand, the trend itself describes a much wider shift: the latent consumer demand for more complex, multi-faceted ways of expressing themselves in completely digitized environments.

Our research in this area starts by examining attitudes around "socialising with friends and family face to face" in comparison to "socialising with friends and family over instant messaging", and how the two activities differ in importance to consumer entertainment. Globally, it is exactly 50% who either value socialising over instant messaging equally or more strongly than the face-to-face equivalent - and in some markets, the number who value face-to-face socialising more highly is dwarfed by the others.

"How valuable are each of the following to you in terms of your overall entertainment?" | Instant messaging and socialising face to face | 2015



Source: nVision Research | Base: 1000-5000 online respondents per country aged 16-64 (Indonesia, Mexico & S. Africa 16-54), 2015

REGIONAL DIFFERENTIATION

The most remarkable aspect of this data is not that volumes are so different between western markets and growth markets - but that the disparity between those who value instant messaging more than face-to-face socialising is so large.

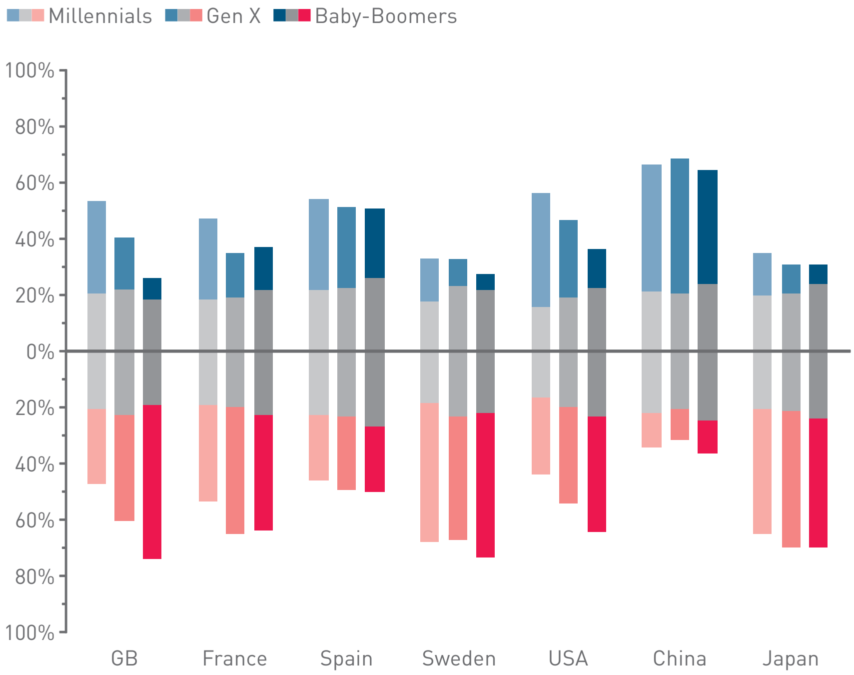
In China, it's more than twice as many people who explicitly value socialising over instant messaging more highly to their entertainment than socialising face to face.

Emojinal Intelligence ultimately shows how deep so-called "digital nativity" will go. Particularly amongst younger consumers or amongst growth markets, thinking must be adjusted to move away from the idea that instant messaging is 'dominant': perhaps more accurately, we are entering an age where instant messaging is a passive, unobtrusive and decidedly natural force.

Of course, online interactions between friends and family are much more easily translated into truly emotion-embedded conversations. On the other hand, conversations between consumers and brands seem less intuitively 'human'.

But already, we are seeing this category of interaction move into a more emotionally responsive space - not amongst all consumers, but certainly amongst Millennials. We see that within an average of the eight countries sampled below, 1 in 3 Millennials agree or agree strongly that companies ought to follow or friend them back on social media.

"How strongly do you agree or disagree with the following statements? Companies should "follow" or "friend" people who "follow" or "friend" them on social networking sites" | 2015



Source: nVision Research | Base: 1000-2000 online respondents per country aged 16+ (China 16-64), 2015 September

REGIONAL DIFFERENTIATION

Clearly, there is quite a level of difference here - particularly with Sweden and Japan, we essentially see what amounts to outright rejection from all age groups. Meanwhile, in keeping with all previous findings, Chinese consumers of all ages seem to be equally enthusiastic to make friends with their brands - but Spanish consumers are following the same trend.

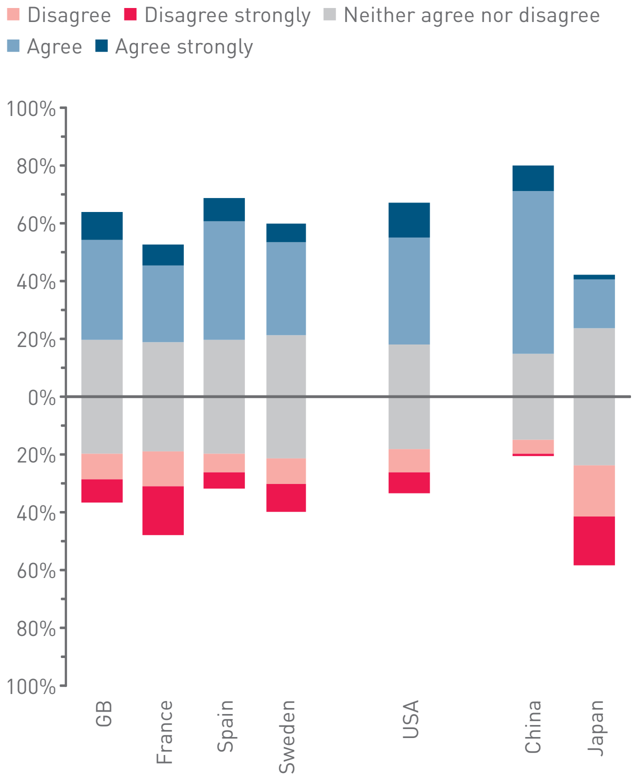
The remaining markets show internal disparity - but it is strength of feeling amongst Millennials is likely to continue - and define future attitudes.

The expectation for young people has changed - brands are now required to give millennials the requisite acknowledgement if those millennials are to consent to having a relationship online.

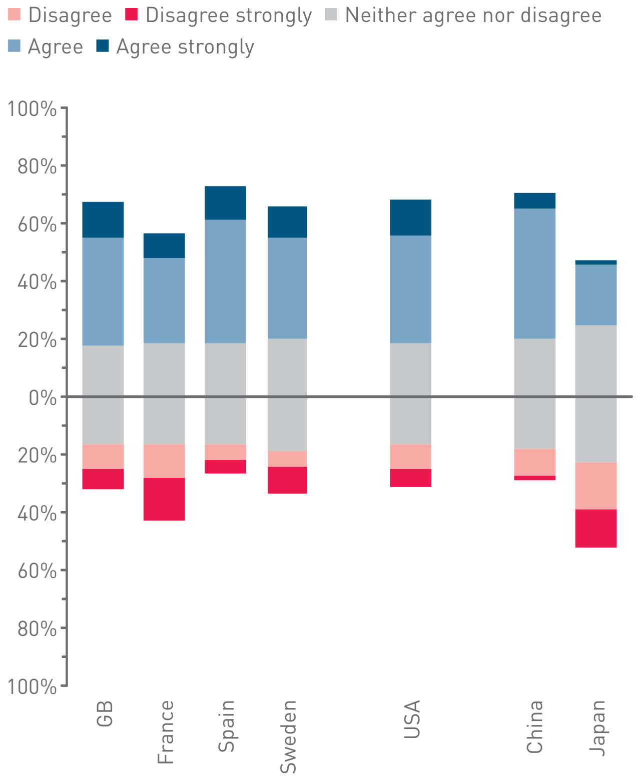
But even more than relationships, we see that there is a growing expectation for further acknowledgement that begins to approach dialogue - or indeed conversation - as well.

"How strongly do you agree or disagree with the following statements?"| 2015

"Companies should acknowledge positive comments/ posts that people make about them on social networking sites"



"Companies should acknowledge negative comments/ posts that people make about them on social networking sites"



Source: nVision Research | Base: 1000-2000 online respondents per country aged 16+ (China 16-64), 2015 September

Much of the expectation for acknowledgement of feedback is of course is driven by ongoing consumer concerns around transparency and service - but this expectation has hovered in the online space for long enough to have created a precedent for consumer-brand dialogue. Particularly for a travel provider - already a much more emotionally-tuned category of brand than many others - this may be particularly important.

"People are replacing the regular customer service channels for a more direct contact with the brand through social media, specially when it comes to complaints. Brands respond more quickly when they see a Twitter user with many followers complaining about their service through a simple Tweet. Whereas through regular phone call to customer service, the hassle would be more annoying (waiting, robotic voices, disconnected calls in the middle of the conversation etc) and brands wouldn't fear the effect as much."

TIAGO, SAO PAOLO

This all heralds the future of brand communications - a future where communications, booking and in-destination service may all merge into one ongoing conversation.

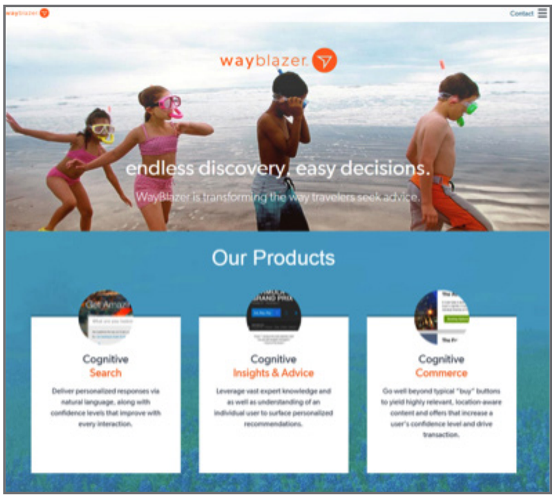
IMPLICATIONS: INSPIRATION & DISCOVERY

One of the most actionable implications of Emojinal Intelligence is providing consumers with more complex channels with which to express themselves. Across the world, brands in all industries are already allowing consumers to leave public feedback or to contribute to hashtags when they consume the brand's products.

For those responsible for destination, giving consumers channels to express how they feel prior to travel may be equally important. In the era of Pinterest and Instagram where consumers are met at every turn with fodder for future travel, National Tourism Organisations could stand to benefit from allowing consumers to express those emotions – inspiration, excitement and more.

CASE STUDY: Wayblazer

Wayblazer is an intelligent search discovery system that delivers personalised service throughout the travel planning. Powered by IBM Watson, it uses natural language process to return information based on a cognitive travel graph combined with user knowledge.



Wayblazer is mainly a B2B service, aimed at travel companies, destination marketing services and content providers.

NOTEWORTHY STRATEGY?

The services claims that its insight and advice gets better with every use, as the technology evolves and learns each users preferences over time. It learns from humans, understanding and speaking natural language, as well as making better conclusions, predictions and recommendations with time, the more it analyzes.

The service distinguishes the types of information that's relevant for each query and only displays the most appropriate for the traveller.

"We think cognitive computing technology will allow us to actually give travellers advice rather than endless lists of clues as to what they can do at any given destination. We provide insights-as-a-service to travel websites looking for a greater level of engagement with their clients. It's also a learning computer. The confidence level at which it can make conclusions, predictions, and recommendations improves with time, the more it analyzes.

The number-one source for travel advice is still real people, like friends or a live agent. Social, blogs, reviews website, etc., offer clues as to what to do, but they haven't cracked the code.

WayBlazer can change that, make planning a trip online as easy as having a conversation with a friend. Our product can also provide "insider insights" as well. If a traveller is going to, say, Austin Formula 1, it might say, "Turn 15 is where you want to be for the most action". The results could also, if the client wants, link out to an e-commerce opportunity, so if the suggestion is a restaurant or a tour that the customer could buy, we'd link to that.

Airlines have rich data on their best customers, too, and our results could be filtered not just by where the customers are but who they are — how loyal, and so forth."

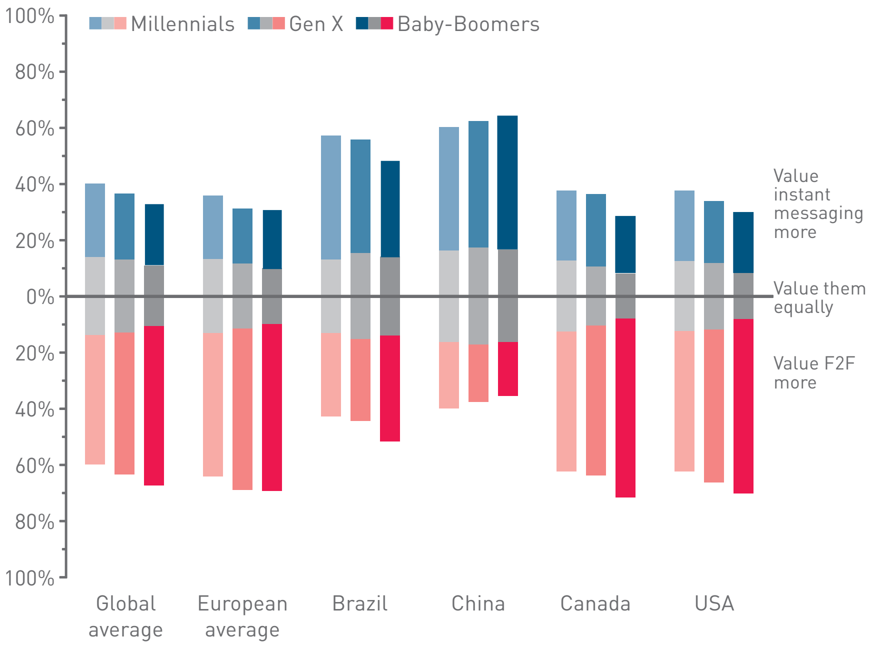
TERRY JONES, CHAIRMAN SPEAKING TO TNOOZ, OCT 2014

5.2.ii CONVERSATIONAL COMMERCE

This budding trend is perhaps the halfway point between perfectly human automation and face-to-face contact – taking real human contact and putting it in a digital space.

But whilst online chat assistance has been available for some time, it has retained a distinctly non-human touch; responses are often heavily templated into formal language, and strictly limited to certain topics. Today, increasing numbers of brands are looking to change this – and one of the primary drivers is none other than the global nativity to chat platforms that has already been evidenced above. This is explored further by age group breakdown below.

"How valuable are each of the following to you in terms of your overall entertainment?"| Instant messaging and socialising face to face | 2015



Source: nVision Research | Base: 1000-5000 online respondents per country aged 16-64 (Indonesia, Mexico & S. Africa 16-54), 2015

FOCUS ON: CHINA

We see that not only is instant messaging extremely valuable to Chinese consumers, but that China is the only market where it is more valuable to older consumers than younger ones.

This is likely because services such as WeChat are widely credited with linking older consumers with friends and families in a society which has only recently moved away from triple-generational households. In China, mobile technology is widely hailed as a positive social tool with genuine sentimental value.

Instant messaging –positive attitudes are clearly held even more strongly amongst young people – indicating that the future will hold heavily text-native prospects. In China, where not only service but also m-commerce is a huge industry thanks to chat-based mobile platforms like WeChat, this is already an established trend. International competitors are looking to follow suit; KLM announced their partnership in the Facebook Messenger platform pilot only in early 2016.

IMPLICATIONS: INSPIRATION & DISCOVERY

An advantage of placing any brand in the native habitat of a chat platform - such as Facebook Messenger, as KLM has done - is allowing for inspiration and discovery to happen in a setting which allows the consumer to feel as though conversation is on the cards from the beginning. Whilst most travel providers today will feature instant messaging –style chat boxes on their own websites, this can only be partially effective in truly replication the human element that is found in a social conversation space.

These innovations are expected to increase uptake of conversation-based commerce amongst older generations as well; however, prior innovation slightly outside of the mainstream has already been made in the West, and much of it has been located in the servicing context. Ultimately, service-based provisions respond to natural consumer needs.

CASE STUDY: OneTravel 'Opal'

The discount travel site OneTravel added a voice feature called Opal to its mobile application. Users were now able to consult a computerised travel agent that is able to search for flights.

Opal will ask for any missing details such as origin, dates and number of flights. The results are spoken to the user and are displayed on screen.

The system has been programmed to understand a consumer's request, so it they want to fly to New York City, Opal will know there are three airports to scan, and will warn consumers of any specific holidays around the travel dates and will find deals related to that holiday.

NOTEWORTHY STRATEGY?

Being able to interact with emotionally responsive channels when booking a holiday engages the consumer. They feel they are being understood correctly, and getting the correct deal for them.

"OneTravel prides itself on the highest quality of customer service and an unparalleled level of cutting edge technical innovations."

WERNER KUNZ, COO OF PARENT COMPANY FAREPORTAL

"We wanted to help reduce the mental load of users and make it easier to interact so it becomes more of conversation and you don't feel the cognitive load of having to juggle all of these different dimensions, such as prices of fares, dates, preferred airlines, connection times, stop-over cities and possible delays and cancellations during stormy weather.

The idea for Opal came from a regular company-wide exercise that asks its internal developers and employees "to get creative,"

We realized there wasn't a voice-based interface specific to travel and travel reservations. The development of technology is allowing travellers to access more information and narrow down their available choices quicker than before. And that development has certainly paved the way for innovative technology-based offerings like Opal."

PRADEEP RAO, VP OF PRODUCTS AND BRANDS FOR FAREPORTAL, PARENT COMPANY OF ONETRAVEL

Qualitative research also confirms that the element of conversation adds to a feeling of "concierge" – an added benefit during the current status quo, where conversation-enabling channels are still relatively rare.

"Travel agent Gabriel Vasquez from CVC told me that travellers actually ask for a contact number from the agency in Brazil to get in touch with in case they bump into these automated services in hotels and such. Because they're paying for the travel through the agency, they feel that the agency staff must be ready to take their calls whatever any tiny, tiny problem arises."

TIAGO, SAO PAOLO

"we have come into an age of expectation and instant gratification. We expect to ask (or complain) and have an immediate response. I believe as a product the idea has the potential to be incredibly successful because it seems to offer convenience and services that we are all accustomed to (or hope to enjoy) while on vacation. Additionally, these hopes/expectations of convenience and a concierge service span over every generation so as the older demographics become more familiarized with the online/tech world, the popularity of such services will simultaneously increase."

KELLY, SAN FRANCISCO

The key to executing these services well is almost entirely down to the careful mechanics of replicating emotionally responsive conversation methods – an endeavour which today is still only achievable through human means. Still, scalability is much more achievable with remote human service as opposed to face-to-face service; this may be why initial innovations around true human-led service over conversational platforms have taken a decidedly premium tone so far.

IMPLICATIONS: JOURNEY & TRAVELLING

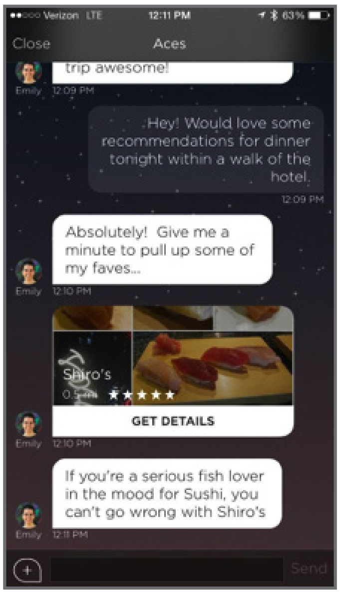
Airports are already a natural setting for concierge service, given how much providers whom operate in airports have attempted to better stratify different levels of premiumisation whilst improving the overall experience for everyone.

Particularly in this setting, where we have already seen that need for guidance is certainly already existing, and where precedents to provide this already exist on a mobile platform, this could be a particularly bountiful avenue to take Conversational Commerce services outside of just hotels or online booking services.

However, as innovation continues to accelerate, younger consumers especially will find themselves testing a new world of chatbots – branded conversational robots which users can download to chat platforms like Kik or Facebook Messenger in order to ask questions – and remote concierge. This is an opportunity for those with innovative ambitions to grasp.

CASE STUDY: HotelTonight's personal concierge recommendation service Aces

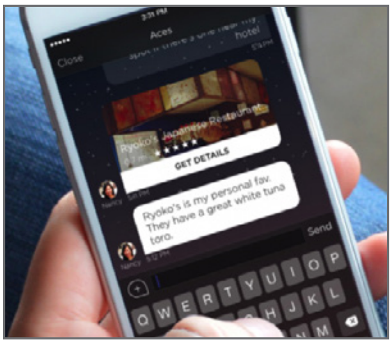
San Fransisco based start up, HotelTonight introduced a new concierge feature called Aces to their mobile app. Aces puts users in contact with a dedicated team of travel concierges, known as 'Aces', via a chat platform.



Users can chat to their Ace 24/7, requesting hotel services, such as extra towels, or asking where they recommended for breakfast. All of the Aces have profiles, with images of themselves, making the service feel personal and more face-to-face.

NOTEWORTHY STRATEGY?

Aces staff members communicate in a friendly, informal matter, using emojis, making the service feel personalised and makes users feel like the know their Ace individually. This humanised touch adds opinions and emotion to the conversation.



HotelTonight's Aces work with local food bloggers and tastemakers who have deep insider knowledge about where is best to go in their cities. This makes sure the recommendations are not generated from a computer, but have grounding in human preferences.

"Talking to an Ace is supposed to be like asking travel advice from a friend who lives in a different city.

We have people with local knowledge and who can ask questions to learn what you really want to know

Aces are trained to look for context of the customer's request – i.e offering different suggestions for a business dinner as opposed to a weekend getaway."

SAM SHANK, CO-FOUNDER AND CEO OF HOTELTONIGHT
JULY 2015

5.3 PERSONALITY WITHOUT PEOPLE: IMPLICATIONS FOR TOURIST BOARDS

NTOs and visitor attractions must look to be at the forefront of innovation relating to customer service, adopting those automated solutions that genuinely offer improvements rather than those which are merely about generating buzz. At the same time, we strongly believe that there will continue to be a role for in-person service, but even these can be improved by the clever and sensitive usage of technology and data.

EMPHASISING CONVENIENCE & CHOICE

We believe that the debate is not merely about human versus automated. Instead, we advocate that NTOs keep an open mind to new innovations. We recommend that:

1. NTOs, visitor attractions and hotels need to reassess their processes, providing human and automated versions to cater for alternative groups of visitors.

2. NTOs can capitalise on the novelty value of automated solutions to secure public attention and PR eg drones, robots, self-service solutions, driverless cars and avatars.

OPTIMISING IN-PERSON INTERACTIONS

We believe that optimal solutions of the future will offer a blend of human and tech-enabled customer service. We recommend that:

1. NTOs (and other customer-facing parts of the T&T industry) need to keep at the forefront of developments in overlaying data onto customer interactions.

2. As part of this theme, NTOs should look to be early adopters of the reimagining/relaunch of Google Glass or other similar services. During the first phase of trials of Google Glass several service providers (Copenhagen Airport, SNCF railways and Virgin Atlantic) all trialled solutions that equipped customer service with these devices, allowing them to access real-time data while not having to divert their attention away from the guest in front of them to look at a separate device. The next wave of these innovations will overlay actual customer service histories onto eyescreens, allowing customer service staff to know not just who they are talking to but what their previous experience with the brand has been.

3. NTOs should ensure the ready supply of consumer service history data to maximise the usefulness of "algorithm-driven" customer service.

HUMANISING ONLINE INTERACTIONS

We also believe that NTOs should not assume that their online offerings are somehow different in objectives or delivery than their face to face interactions with customers. Effort must be put into making online interactions feel more like real-world conversations. We recommend that:

1. NTOs must include increasingly fluid functions in digitised communications to replicate the intuition and flexibility of human conversation.

2. NTOs must use emotional language, particularly when communicating to visitors from regisions or demographics who will be used to emotional expression online.

3. NTOs must use an emotional communication "setting" - ie chat platforms - to give consumers a feeling of "face-to-face" service in online interactions.

APPENDIX

RESEARCH METHODOLOGY

Quantitative:

- Our original research covers over 25 global markets, with UK, US, Europe, and Global subscriptions. The research featured in this report primarily comes from two global waves of research conducted in February and September of 2015.
    - In the February wave, 27 countries were sampled; the smaller September wave sampled 7.
    - All samples are nationally representative using latest census data.
    - For generational age breaks, the following definitions are used:
- Millennials (sometimes called Generation Y): born after 1981
- Generation X: born 1961-1981
- Baby-Boomers: 1945-1960
- This report features considerable further analysis of the data, revealing attitudinal and behavioural correlations across and between markets. All data analysis was performed in-house by our Data Team.

Qualitative:

- We have access to a network of 200+ Trendspotters and experts across the world. This piece features quotes from our own bank of qualitative research, as well as research that the European Travel Commission specially commissioned for the purposes of the report.
    - The commissioned work features two core trendspotters from each of the four key inbound markets: Brazil, China, Canada and the USA. These trendspotters reached out to a wide variety of further participants from their networks, seeking diverse demographics and perspectives.
    - Core trendspotter quotes are presented with their name and city of residence. Networked trendspotter quotes are presented with their gender, age, country and occasionally occupation where relevant.
    - All other quotes come from our own proprietary research and are cited as such.
- We also have an Innovation Scanning programme to identify the most innovative industry case studies whose offerings index highly against the demand seen in our trends, from multi-national corporations to tech start-ups.

ABOUT FUTURE FOUNDATION

Who are we?

Future Foundation is a global trends agency based in London, New York and Stockholm. We are the number one independent global consumer trends and insight firm working with smart businesses who are:

- Overloaded with information but lacking clear, actionable and commercial insights
- Concerned they are at risk from competitor innovation
- Unsure where to move next in an uncertain market (or geographic) landscape

We transform strategy, marketing, research, service, innovation, customer analysis and training to strengthen businesses to not just understand the changing world around them but thrive in it.

Our content & services

Future Foundation highlights the real truth behind the changes happening and does not simply produce trends for trends' sake. Whether it is using our team, proprietary tools or global research – we create a genuine partnership with your business, empowering both individuals and companies to move forward with confidence. Our services include:

- Consumer Trends – 60 key and emerging Trends with cross-sector relevance.
- Examples of innovations – 1000s of examples from a wide range of products, services, sectors.
- Economic Reports – compelling summaries and detailed regional / sector projections.
- Trends workshops – exercises yielding our experience of future-focussed workshop techniques.
- Conferences & Events – our latest thinking presented powerfully and concisely.

ETC CET

European Travel Commission