

How to serve today's digital traveler

Travel went digital a long time ago, but the digital customer isn't standing still.

Alex Dichter



This past July, McKinsey senior partner Alex Dichter spoke at the Google Travel Executive Forum, in San Jose, California, about how travel companies can use data for competitive advantage. Among other topics, he discussed the way travel-purchase journeys are changing; the role of search within them; the increase in multi-device, omnichannel purchase journeys; and how the role of brands differs in airlines versus hotels. This article introduces three video segments, available on McKinsey.com, from his presentation.

How do consumers interact with online and digital channels in the travel sector? How are these interactions changing? To find out, we studied cross-device clickstream data from the US online-shopping panel of Verto Analytics.¹ Clickstream data can be fascinating but also a bit misleading and distracting, since consumers often look at things they don't intend to buy, become confused, or simply lose their way. Nonetheless, clickstream data sets with sufficiently large sample sizes do provide an interesting view of behavior and can generate meaningful insights. The insights were uncovered by researchers who looked at the data from three standpoints. First, wearing the data scientist's hat, they analyzed each individual customer journey, asking, "What are the data saying?" Then, wearing the psychiatrist's hat, they formed hypotheses about the forces currently driving consumer behavior. Finally, donning the consultant's hat, they offered perspectives on how suppliers and intermediaries ought to respond.

The data showed right away that finding travel accommodations is protracted, complex, and sometimes annoying: an average purchase journey for a single hotel room (exhibit) lasts 36 days; hits 45 touchpoints, distributed among search engines and the sites of intermediaries and suppliers; and involves multiple devices. Travel is a complex, high-anxiety purchase. Often, you cannot return it. For the traveler, time has an almost infinite opportunity cost. Your needs are your own: everyone has an opinion, yet nobody is quite like you. And while no one under 40 can really understand what a challenge

it formerly was to find, say, a few hotels you would like in a given city, the internet provides so much information that, in some ways, the travel-purchase journey has become more difficult. With this in mind, we examined the role of search, devices, and brands in the travel-shopping journey.

The changing role of search

Research and comparisons are key aspects of most consumer purchase journeys, including travel-purchase journeys. Our clickstream sample data set showed that in 2018, 31 percent of accommodation searches started on search engines, up from 23 percent in 2017. Rather curiously, the travel-shopping journeys that began with search led to purchases more quickly than those that began on the sites of suppliers and intermediaries. But this doesn't mean that suppliers should shift all their budgets to paid search (see video "The role of search," available on McKinsey.com).

Cross-device journeys and the mobile web

Mobile devices are now both an integral and an essential part of everyday life. However, the convenience of mobile devices often comes at the expense of efficiency, because, let's face it, people use these gadgets to fill time and tend to do things over and over on them. Not surprisingly, the data showed that the proportion of cross-device travel-shopping journeys is rising—up ten percentage points in the past year. The data on such journeys can get very interesting, especially when we look at the share of mobile-web purchases on the sites of suppliers and intermediaries (see video "Usage of devices," available on McKinsey.com).

Travel brands

We also looked at the evolving role of brands in the travel-buying process. Given all the consolidation among intermediaries and suppliers, to what extent are they engaging with and capturing customers, as opposed to fighting a hopeless battle to win "promiscuous" and disloyal ones (see video "Behavior toward brands," available on McKinsey.com)?

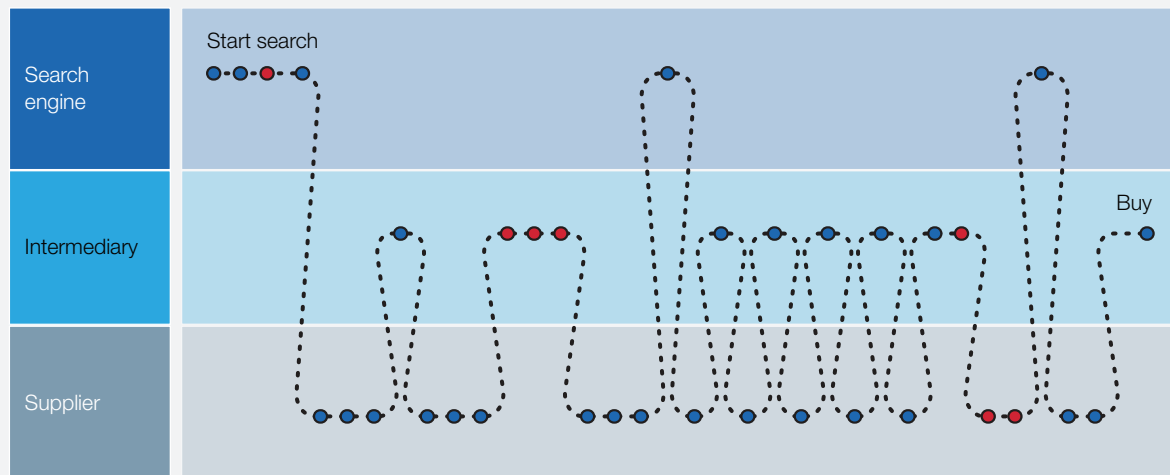
Exhibit

Shopping for accommodations is a long and winding customer journey of touchpoints and devices.

A typical accommodation-purchase journey,¹ by device and platform used

● Desktop ● Mobile

Platform



¹ This example shows a single journey, which happens to have 35 touchpoints. The average across our data set was 45 touchpoints.

Source: Verto Analytics US clickstream panel data Q4 2017–Q1 2018

Serving today's digital traveler

How can travel companies keep up with the evolving customer? We suggest the following three moves:

- **Embrace the travel-purchase journey.** Above all, embrace it by making it shorter and easier: 36 days and 45 touchpoints are too much. Of course, travel companies want to improve their conversion rates, but they should resist jumping right to the sell; instead, help consumers to explore, to choose, and to feel great about their purchases.
- **Invest in your capabilities.** None of what we recommend can work well unless companies invest sufficiently in their digital capabilities—building online channels is no “fire and forget” exercise. World-class travel companies continually evolve their digital offerings, but those of many travel suppliers look pretty much as they did ten or 15 years ago. That has to change.
- **Make your worldview converge.** Last, think about how to strike a balance between the hotel version of the world (many brands but relatively little public recognition at the holding-company level) and the airline version (a few very widely known behemoths). We may well see some convergence between those two poles over the next few years. ■

¹ The data were taken, in Q1 2017 and Q1 2018, from the websites of the top 20 intermediaries (such as Expedia and Kayak) and suppliers (such as Marriott International and Southwest Airlines). To recognize relevant device sessions, we used more than 300,000 travel-related terms identified by Google.

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