

# Emerging Trends of Digital Marketing on Travel & Tourism Industry

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## Abstract

We in our research have seen that even after utilising the five main sections of Digital marketing by all players, the dominance of Market leaders of OTA's is steadily enhancing by the day. The paper starts with Brief introduction to dominant forces of OTA's. The Market Leader's of Online Travel Agents [OTA's] has a very thin line of difference by full utilisation of all three forces [Globalisation, Localisation & Personalisation] Verses use of only two forces by other intermediates [OTA's, Travel Agents (TA)] & Direct Service Organisation's as they conveniently continue to ignore the third force – Personalisation. We have also seen the advent of Adventure Tourism, Spiritual Tourism & Wellness Tourism besides the other regular & prevalent concepts Tourism. These are followed by a critical analysis of the digital impact on emerging trends in Travel & Tourism Industry. We, then have the Challenges & Suggestions for Digital Marketing for the Travel & Tourism Industry with a prominent focus on Indian Scenario. All the relevant data's have been interpreted on the basis of secondary data. Lastly, we end with Conclusions & justifications to these conclusions followed by References & Bibliography.

## INTRODUCTION

Travel and tourism is the largest service industry globally in terms of gross revenue and foreign exchange earnings. It is also one of the largest employment generators in the world. It has been a major social phenomenon and is driven by social, religious, recreational, knowledge seeking and business interests and motivated by the human urge for new experience, adventure, education, and entertainment. Tourism is both cause and consequence of economic development. It has the potential to stimulate other sectors in the economy owing to cross-synergistic benefits and its backward and forward linkages. The world Travel & Tourism council (WTTC) has been investing in economic impact research for over 20 years in order to assess and quantify the value of travel and tourism's contribution to GDP and employment.

Travel and tourism is one of the fastest-growing industries and a leader in many countries. It is expected to have generated around 9.5% of world GDP and 266 million jobs were supported by travel and tourism in 2014 which is 1 in 11 of all jobs worldwide. The sector for travel and tourism is also very positive in 2014, with total travel and tourism GDP growth forecast to reach 4.3% and to rise by 4.2% per annum (10.3% of GDP) in 2024. I. e the predicted growth rate of travel and tourism for next ten years is expected to grow extremely

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favourable, with predicted growth rates of over 4% annually.

The major reason behind this successful growth rate is adoption of digital marketing strategies. The dominance of Market leaders of OTA's is steadily enhancing by the day and playing vital role in the growth of Tourism and travel.

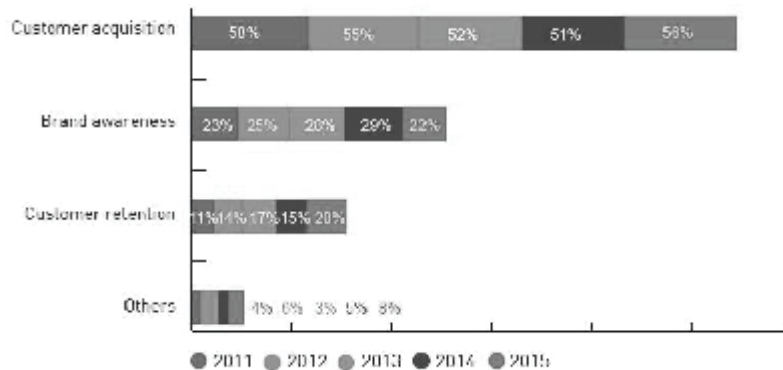
### A Preview of Digital Marketing

For any successful e-marketing strategy Travel & Tourism Industry players need to comprise a set of specific e-actions grouped into the following six main sections

- Search Engine Marketing (SEM) - done in either Search Engine Optimization (SEO) or Sponsored search
- Social Media marketing – Can Spread the organisations related information inform of posted update's & Videos to wide audience
- Mobile advertising – It is growing rapidly with 3G and in near future with 4G Connectivity Speeds.
- QR codes' use implementation: - By Display of QR Codes in Prominent places or products , T&T company's offer a variety of options to its clientele
- Permission-based Email advertising: It is still the most cost-effective & efficient tool used by T&T Companies
- Display advertising: - It conveys company's message using combination's of text, logos, animations, videos, photographs and or other form of graphics.

### Changing Trends in Indian scenario

Customer Acquisition still remains the primary marketing goal for all marketers.



### DOMINANCE OF ONLINE TRAVEL AGENT'S [OTA'S] – in India & across the world

Rank		Hotel's own website & other avenues of Reservation	Country	Dominance of OTA	Estimated country's citizen using the site in Jan '14 ( in Millions )	Estimated countries' using the site in May '14 ( in Millions )	% increase in visits of that country - Jan '14 to May '14
1	All Online Travel Sites ( OTA )	Making marginal inroads in Customers Acquisition	United states	Dominance with marginal negative trend	275.75	254.76	-7.61

2	All Online Travel Sites ( OTA )	Making marginal inroads in Customers Acquisition	United Kingdom	Dominance with marginal negative trend	45.64	42.43	-7.03
3	All Online Travel Sites ( OTA )	Enhancing impact on Customers Acquisition	Brazil	Dominance reducing with strong negative trend	34.53	24.83	-28.09
4	All Online Travel Sites ( OTA )	Diminishing presence in Customers Acquisition	India	Dominance with marginal good upward trend	30.2	33.42	10.66

### EXPEDIA's dominance in OTA Market worldwide –

- As of 2013 , 2 Billion Mobile Expedia's Subscribers [ 650 % more than US Population ]
- Expedia's mobile preference download increased by 250 % on Y-2- Y basis; App share rate increased by 350 % on Y-2-Y basis.
- Expedia spent \$650 Million on Technology & \$2.6 Billion on Marketing – Last Year [ Hence , New Expedia's TAB Apps ]
- Apps per view increased by 40 % per visit [ from Sept 2014 ] , rate of Return from customers rose by 20 %

### DOMINANCE OF INDIAN 3 ONLINE TRAVEL AGENTS [OTA's]-

With a highly disadvantage position in comparison to Chain Hotels , Off-line TA , The 3 Prominent OTA's [ yatra.com , makemytrip.com , cleartrip.com ] dominance on online booking of travel & of lately in hotel room booking is due to persistent online and offline marketing activities' .

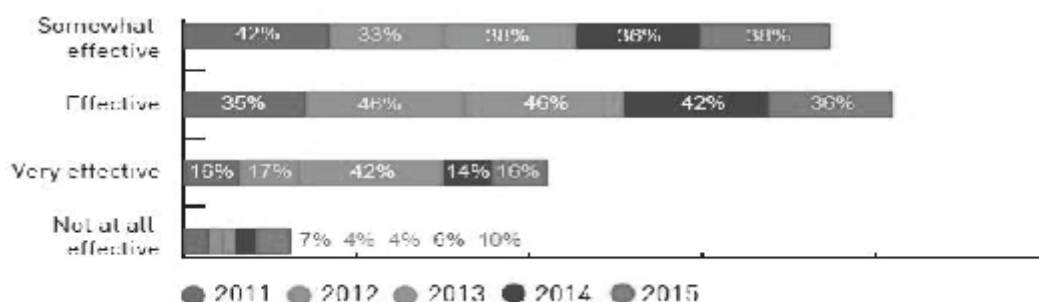
The online marketing activities of these 3 prominent Indian OTA's for the period 2007 to 2014 were

- Provided features in website in form of Online Travel management tools, Reward programs,
- COD service & Refund to passengers with drop in currency exchange rate, cancellation of bookings on mobile apps, launch of customer centric packages like Cleartrip, ' Air Hotel Combo' ,
- Multi-city flight Booking service, Mobile travel website & launched mobile Apps, online hotel bookings, online air ticket cancellation partnered with mobile service providers, paymate, IRCTC
- Merger & Acquisitions of Hotel Aggregator, Tour Operators across country & overseas.

### GUEST INCLINED TO LAST MINUTE BOOKING THROUGH SMARTPHONES THE LEISURE TRAVELLER

The leisure traveller believe in - trend of Staycations (Short stay+ vacation= 'Staycation') the frequency of taking a minimum of two family vacations a year has been replaced with an average of 3-4 Staycations a year.

### E-Mail Marketing in India



E-Mail Marketing [Still very dominant in India]:-For Travel sector the primary e-Marketing activity is 'Email Marketing'. The YOY data analysis shows that Travel & tourism industry has seen a shift from 'somewhat effective' to 'effective'

## IMPACT OF SOCIAL MEDIA IN DIGITAL MARKETING

- Hotel Social Media Marketing in Indian scenario & the world**

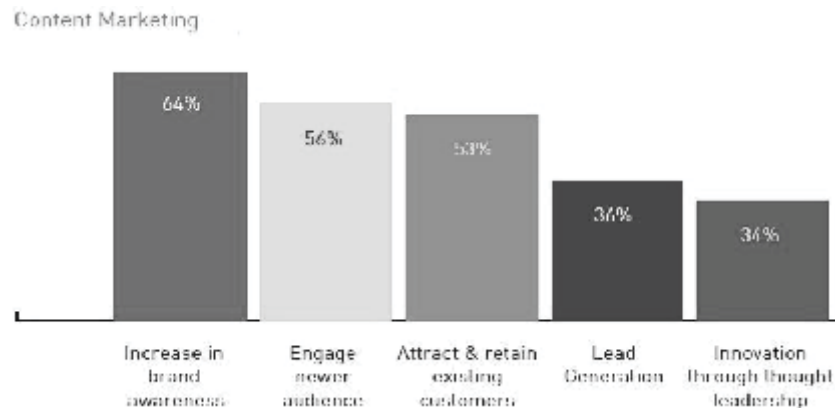
Web content must be interesting, build connections, and inspire conversion for social media [Google+, Face book, Instagram, Pinterest and LinkedIn]. Site is optimized for mobile and sharing across devices, and adds OG tags and Twitter cards. Hotel social media outreach, engaging content and visual media.

Impact of social media on segments of online citizens	in % terms
online ADULTS use 2 or more social sites	52%
online adults of age 65+ use Face Book	56%
College Women use LinkedIn	50%
online women use pinterest	42%
online users of age group 18-29 yrs use instagram	53%
Face Book users engage with sites daily	70%

\* Data Collected from Slideshare 2014

## EMERGING & FUTURE TRENDS IN DIGITAL MARKETING CONTENT MARKETING -

- Content Marketing - Current & Future Trend in India -** In Travel & Tourism industry, 75% marketers believe content helps in brand awareness. For Travel (55%) sectors Social Media acts like a more robust tool for content marketing.



\* [Gallup's 2014 Hospitality industry study]

50% - all business travel revenue will be driven by Generation Y by 2020

98% of Millennial's own and use a Smartphone on a daily basis

50% cite food as key factor in hotel selection.

- T&T IN DEVELOPED MARKET – EMERGING TREND - NEW GUEST MANAGEMENT SYSTEMS**
- DIGITAL MARKETING TREND - Focus on Digital marketing –** like SEO, SEM, Good Ad words and PPC Etc.

## INTERNET DISTRIBUTION SYSTEMS [IDS]

IDS offer online reservation and bookings. For the last few years the number of bookings of room has increased considerably through IDS and GDS which makes it highly acceptable distribution channels on the internet, benefiting the hotels. The benefits include Easy

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Connectivity of Hotel management Systems [ HMS ] with different distribution channels to Over 11,000 websites and 6, 50,000 travel agents , popular hotel booking websites like Expedia, Orbitz, Hotwire, TravelNow, Travelocity , Booking.com , hotels.de, hotels.com, Agoda, Priceline, Lastminute.com across the world are reachable on the internet. Besides these the hotel Broaden Market Reach with the IDS with GDS open for all system allows hotels to penetrate deeper into the global market.

## **WORKING OF GDS**

A GDS can link services, rates and bookings consolidating products and services across all three travel sectors: i.e., airline reservations, hotel reservations, car rentals, and activities.

Primary customers of GDS are travel agents (both online and office-based) to make reservation on various reservations systems run by the vendors. GDS holds no inventory; the inventory is held on the vendor's reservation system itself. A GDS system will have real-time link to the vendor's database. This enables a travel agent with a connection to a single GDS to choose and book various flights, hotels, activities and associated services on all the vendors in the world who are part of that GDS.

The INTERNET -

1. Brand Sites - 71.4% of Internet Bookings

## **GDS, IDS & CHANNEL MANAGER'S**

IDS

IDS offers online reservation with different distribution channels to Over 11,000 websites and

6, 50,000 travel agents , popular hotel booking websites like Expedia, Orbitz , Hotwire, TravelNow, Travelocity , Booking.com, hotels.com , Agoda, Priceline , lastminute.com

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## **FACTS & FIGURES**

**3.5 million Indian Internet users (35 laths) booked a hotel online in 2014,**

- which will increase to 8.4 million (84 laths) by the time 2016 ends

**The current market of online hotel bookings is \$800 million (Rs 4800 crore),**

- which will swell to \$1.8 billion (Rs 11,000 crore) by 2016 end
- 83% of those surveyed admitted that they always research online for hotel booking; but have booked a hotel online at least once in the last 3 years
- 56% of those users who have booked a hotel have installed a mobile app for the same
- 67% of all users wanted to pay at the Hotel, rather than paying online
- searches related with hotel booking has increased 30 times during the last 3 years
- 27% of all those who booked a hotel online used mobile website and/or app for booking confirmation

**Compared to men, women are more comfortable in hotel bookings online!**

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- 79% of all online hotel bookings were done by women, compared with 21% by men
  - Globally travel industry is growing at a break neck speed right now as 660 million people visited travel related websites in 2014
  - Global Travel Industry is growing at a rate of 8.7% annually.
  - Although the growth of ecommerce in India is more (15.3%), compared to travel (3.5%), the market is bigger in Travel & Tourism Sector
  - massive 61% of the market share as Rs 49,730 crore worth of transactions related with travel happened online,
  - It is found that there is significant improvement in growth of tourist arrival and Foreign exchange earnings.
  - The Government of India under Incredible India Online Campaign with a focus on Domestic Tourism has launched multiple aspects of tourism ranging from Golf tourism to river cruise & wellness tourism which is inadequate to reach the Indian masses.

## **CHALLENGES & SUGGESTIONS**

### **CHALLENGES**

- **REACHING OUT TO TARGET AUDIENCE** :- 'Reaching out to target audiences' is the biggest Email Marketing challenge India Marketers faced in 2014, with 51% marketers agreeing to this statement.
- **NEW CHALLENGES FROM MILLENNIALS** :- New Challenges from Millennial guests for Hotelier's :-
  - Millennial will urge to borrow chargers , USB Cords , International Plug , Adaptors , Free on Demand TV programming , 24 Hrs yoga [ 4 or more outlet plugs + 2 USB ports per Room ) during stay at the hotels . Also they may demand for desks with built-in power units , additional lamps , Smartphone docking stations for recharging
- **SHIFT FROM TRADITIONAL SOP's TO CUSTOMER SEGMENT SOP's** - Hotelier's need to move away from the traditional way of operations in regards to customer relations. The prominent are -
  1. waiting for feedback from post stay reviews or checkout survey (Too late to make a difference)
  2. Focusing on most frequent guest problems :- ( Might not have largest impact on customer loyalty). Check for problems with maximum impact on loyalty (will affect return rates and referrals)
  3. Relying on 4P's of marketing to drive business :- ( may not be a sustainable strategy) – look for long term strategy instead of short term strategy.
  4. Leaving decision making for the HQ: - Managers who are slow to give command & control approach always believe on Top-down direction as efficient means to reduce conflict, maintain alignment with single company vision. [But sharing information – is critical to leverage employees experience for them to react quickly to situations]
  5. Dedicating company efforts to NPS Score :- [ NPS – Not Prompt Service ] - NPS is simple metric designed to gauge loyalty of hotel's customers [based on customer's response to survey 'Q' ] [ ACTION - Company needs to quickly & identify actionable issues and adapt in real time by taking immediate steps – which will result to boost in customer confidence and henceforth customer retention .

### **Suggestions**

- Add sign-up forms on Facebook fan page ' works better for 62 % marketers from Travel & Tourism industry.
- The other things that marketers do to utilise social media is incentivize social sharing & give an option of 'refer a friend ' .

social media integration tools



- Among the various options of special programs for new sign-ups / registrations – A defined 60 day program is most effective. 23 % of bigger enterprise [ turnover greater than INR 5000 Crores ] deploy a 60 day defined welcome programs , which is 130 % more in comparison to smaller companies [turnover lesser than INR 100 Crores ] with 10 % votes .



- Content Marketing - Look at KPI indicators – time spent on page, bounce and click-through rates and engagement patters. Enhance the content to encourage the path to purchase, and ensure mobile responsiveness.
- Attribute ROI to every channel –On understanding the conversion path, attributing ROI & integrating a dashboard to break down the data, valuation of all touch points can be obtained.
- Join / Merge with Biggies - - like Trip Advisor with which has more than 70 million emailable members worldwide , manages 24 other travel media brands , covers More than 890,000+ hotels, B&Bs, and specialty lodging & Nearly 650,000+ vacation rentals .
- Interface with Channel Managers - Hotels need to interface with online distribution and channel management solutions provider [ like eRevMax distribution solutions ]
- Appoint Social media Personnel -Appoint social media coordinator for each city. He will coordinate local activities pertaining to the place with other sections of the hotel.
- Regular Update's on Meta- Search:-Constantly check for online distribution and channel management solutions provider's Meta-search. These give clear picture of current trends in digital market & guidelines to future trends
- Sustainable Trend - Profits are driven by loyal customers attracted by branded CRM solution via mobile Apps who choose hotel without repeated price comparison with competitors.
- Business intelligence – It is a real time decision enabler tool - Such intelligence coupled with the performance of their past campaigns will provide key inputs to design their marketing strategy.
- Consumers will demand intelligent booking engines that allow them to search a hotel on their laptop , move on and find the same hotel on the mobile Apps
- Hotels sites that provide a great user experience from booking the hotel to post stay engagement , across all channels and devices that the consumers chooses , will have clear edge over others . -

- Allocate budget properly to mobile devices , Tailor your messages ( Local , Urgency )
- ROI Analysis - Hotelier's need to do ROI analysis across channels of all digital Communication modes  
pay attention to online review's , respond as needed , each guest through the Hotel door is a marketing mouthpiece as Online review's have most impact on millennial's

## CONCLUSIONS

Market dominance by OTA's in India & across the Globe. In India 3 major OTA's dominate all the sectors of Travel, Tourism and Hotel Room Bookings.

Hotelier's need to adapt to GDS & IDS through Channel Managers in-order to compete with the OTA's

The current trend of E-mail Marketing will be replaced with Specialised Channel managers, IDS & GDS across all channels in regards to Hotel Room Bookings

The Government Policies are not adequate in line with the emerging trends of Digital world.

Indian Hotelier's need to concentrate more on Domestic Tourism than FTA's to enhance both their bottom line and top line growth .

The following chart is interpretations from multiple data's provided by Bureau of Information, GOI

The Current Complete domination of Domestic Tourism [More than 99 %] is expected to change to 84.7 % in 2024, with an optimistic view that FTA's growth will be much faster than domestic Tourist growth rate.

## JUSTIFICATION TO THE CONCLUSION

In a snap-shot, India has 28 World Heritage sites, 25 bio-geographic zones & attractive beaches across the coastline.

More than 6.8 million FTA in 2013. At projected rate by GOI – for year 2014 FTA will stand at 7.3 million & for Year 2015 be at 7.8 Million. But at GOI projections in 2015 with advent of e-VISA [ 76 countries ] FTA will be in range of 15 – 25 Million – An extra ordinary growth of more than 200- 300 % . Besides these, FEE us growing from US\$ 18.1 Billion in 2013 to estimated US \$23.68 Billion

GOI initiatives is very minimal in form of Hospitality Development & Promotion Board for project clearance of US \$ 2.8 Billion in 12th Five-year Plan .FTA is also hugely impacted by Luxury Tax & VAT [ concept of double taxation ]

## JUSTIFICATION TO THE CONCLUSION

### - DOMESTIC OUTBOUND TOURISM

The Marketing Team of Hotels & Travel companies need to understand the inspirational higher middle class & then design packages

Indian OTA's can drastically enhance presence in emerging destinations of domestic outbound tourism and on later stages impact on East Asia , North America & Europe wherein Indian settled immigrants can be tapped .

Indian penetration in digital world:-

On Market estimates the huge Gap of E-commerce between India vs. China & Developed countries is drastically shrinking from Year 2013. It is expected to be in line with most countries after Year 2016 onwards. The Indian Hotelier's & OTA's can enhance their dominance on all aspects of Domestic Tourism & lessen the priorities towards FTA's.

## LIMITATIONS:-

Comprehensive data's relevant to Indian Hotel Industry is difficult to acquire due to it being an emerging market and almost negligible survey & authentic data's.

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