

# Making the intangible tangible: Improving customer experience in the travel sector

*How organisations in the travel sector can create new markets,  
increase customer satisfaction and drive sales growth by  
understanding customers better*

**A Foviance white paper  
November 2008**



An hourglass with orange sand is shown on the left side of the page. The sand is flowing from the top bulb to the bottom bulb. The top bulb is mostly empty, while the bottom bulb is filled with sand. The hourglass is set against a dark background.

# Executive summary

Organisations have an outdated view of their customers. While they might understand the basic demographics and might have profiled customers in groups, they know little about what really makes customers tick, how they feel about the products or services provided and what their experience is like dealing with the company. These intangibles are what define the organisation from the customer's point of view.

Because companies do not understand their customers, they struggle to design a consistent customer experience that differentiates them as an organisation. As a result, they do not benefit from as much repeat business and customer loyalty as they could. Customers return to organisations that provide a memorable experience that meets their requirements, but are easily tempted away if the experience is poorly distinguishable from that of rival providers.

For those organisations that do understand their customers and do offer a great customer experience, there is a big opportunity to grow the customer base and grow customer loyalty. By way of example, we have conducted research into one segment of one vertical market, the travel industry. We found there is a large group of people that is misunderstood, poorly served by existing products, and that would be willing to pay a premium if the right customer experience was made available.

This group of customers has genuine concerns about the experience received to date: how travel companies talk to them, think about them, target them, and interact with them. As a result, customers have not been satisfied with the products made available to them.

As the data in this report shows, companies that can create satisfying customer experiences have an opportunity to make large financial returns. They also have a chance to differentiate themselves and lead the market.

# The importance of customer experience

Most businesses face a daily challenge to differentiate themselves from the competition. Some leading companies try to differentiate by offering excellent customer experiences, such as Apple. But there are only a few examples of organisations that get it right. If customer experience is so important, why do we not have more examples of companies that deliver extraordinary customer experiences, or merely good ones, for that matter?

One reason is that few companies truly understand their customers. They might know their age, sex, address and education. They might even use cluster analysis to group these customers. But they don't know who these people really are, what they love, what they hate, and what they do when they are busy being something other than a customer. Nor do companies know how offline customers behave online, who their customers should be in the future, or how these people are likely to behave. As a result, companies struggle to provide the kind of experience that customers want to buy.

Another reason why there are so few great customer experiences is that the term 'customer experience' is in itself poorly understood. It's more than the adverts, product, brand and customer service – it's everything the customer thinks and feels about all his or her contacts with the company. It's intangible, but decisive in the decision about what to buy and from which supplier.

Because they do not understand customers and customer experiences, most organisations are focused on selling products and services. As a result, organisations are divided into separate departments for R&D, manufacturing, sales,

marketing, distribution and customer service. The end result is a fragmented and unresponsive customer experience, delivered to a target audience that was defined by a marketing tool that was developed for a market environment that no longer exists.

Customers do not see themselves as many organisations see them. They are not an age, a sex, a job, an alphabet. They are just people. Nor do they compartmentalise organisations the way organisations see themselves. They don't separate the taste of a product from the online customer service, the packaging from the distribution centre, or the marketing message from what they actually experience about the product. If

any one facet of the experience fails the customer, the company risks losing them for life, with the knock-on effect that the customer will warn others about the bad experience they had.

So how should these businesses go about creating a better experience for their customers?

Developing a memorable end-to-end customer experience isn't a quick process. It requires companies to observe their customers, to watch them with an objective eye, understand what they do and what they don't do, to sit down and actually have a conversation with them. Designing memorable customer experiences usually means grouping people together in new ways and experiencing the business from their perspective.

Beginning to deliver that experience can even be as easy as asking the simple question 'What experience have you been looking for that you couldn't find?' and immediately starting the process of providing the experiences long-misunderstood customers have craved.

Asking that one question can unlock a substantial hidden market, and transform the relationship that a company has with its customer base.



# From an anecdote to a market

Foviance helps companies to understand the customer experience they offer, and the customer experience their customers desire. We carry out a lot of research work for the travel industry, and in the course of one of our research projects, we heard an interesting story. Rachel, a participant in a focus group assembled for a travel agency, said she didn't think the travel industry understood its customers. Although companies know she has a disposable income, is 39 and single, and has no children, travel providers don't really understand her needs. She is more than the sum of these facts.

On a regular basis, travel firms try to sell her relaxing holidays on the beach, a week at a spa resort, or a week cooking in Tuscany. These communications result from a poor understanding of Rachel's needs, resulting in a poor customer experience. While Rachel is more than happy to have a facial, she does that at the weekend; she loves the beach, but ends up getting bored after a few days; and she has never in her life had an interest in cooking. What Rachel wants is a fun social holiday that suits a single 39 year old woman.

She wants a few weeks away without couples or families, and without people in their early 20s. She wants to go somewhere she can enjoy a drink or two, with sophisticated nightlife. She wants to meet other people of her own age group, in a 'grown-up' version of the singles holidays she used to go on when she was younger. And despite searching the internet and speaking to numerous travel agents, she has never been able to find this kind of holiday.



Rachel is unable to buy the holiday experience she would like, and must suffer irrelevant communications from organisations that poorly understand her needs in the meantime. The result is a poor customer experience with companies in the travel sector, and a poor product experience when Rachel does take a holiday.

Because it does not understand this customer segment, the travel industry could be missing a golden opportunity. There is potential to grow the market by offering a range of products that more closely matches Rachel's needs and offers her a better customer experience. Travel providers could have quickly discovered this opportunity, and many more like it, by gaining a more in-depth understanding of their potential customers.

To make sure Rachel was not the only one feeling like she had a poor customer experience, we first conducted some informal research among friends and family. We called every 30+ single person we knew and asked them if they felt the same as Rachel. We couldn't find anyone who disagreed with her.

Business decisions to create new products are rarely made on the basis of such informal data, so we decided to quantitatively test the following hypothesis:

*“There is a considerable number of 31-45 year old single people with disposable income that would love to go on a holiday, but these same people have not been able to find a singles holiday suitable for their needs and age group.”*

We surveyed 530 single 31-45 year olds, evenly split between men and women, all of whom had travelled at least once in the last year. We asked questions designed to confirm or disprove our hypothesis, and aimed at identifying the market opportunity. Since customer acquisition is a key challenge in the travel sector, we were particularly keen to discover whether sales had been lost because the right holiday was not on offer. We also wanted to know whether 31-45 year old single holidaymakers would pay a premium for the right holiday experience.

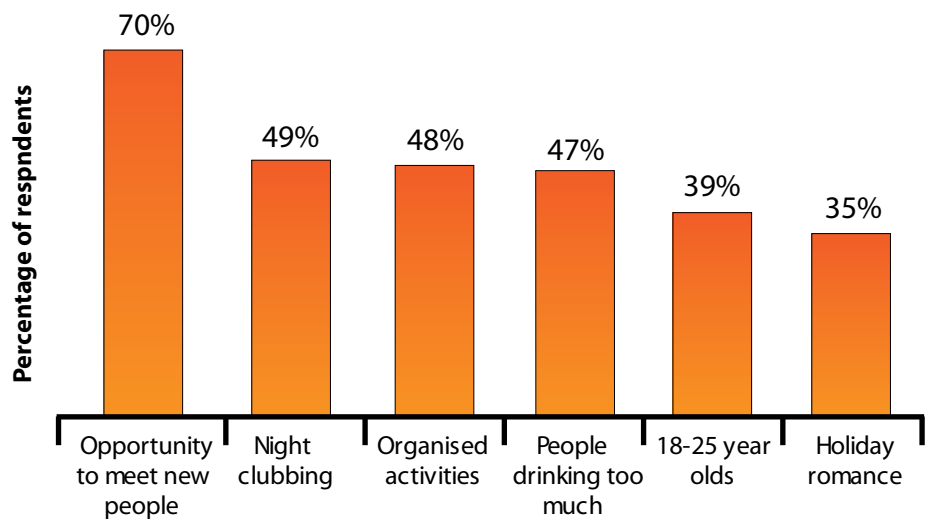
To gather qualitative data about the holiday experience this group would like, we conducted two focus groups of six people each, all of whom matched a similar profile to those surveyed.



# Research results

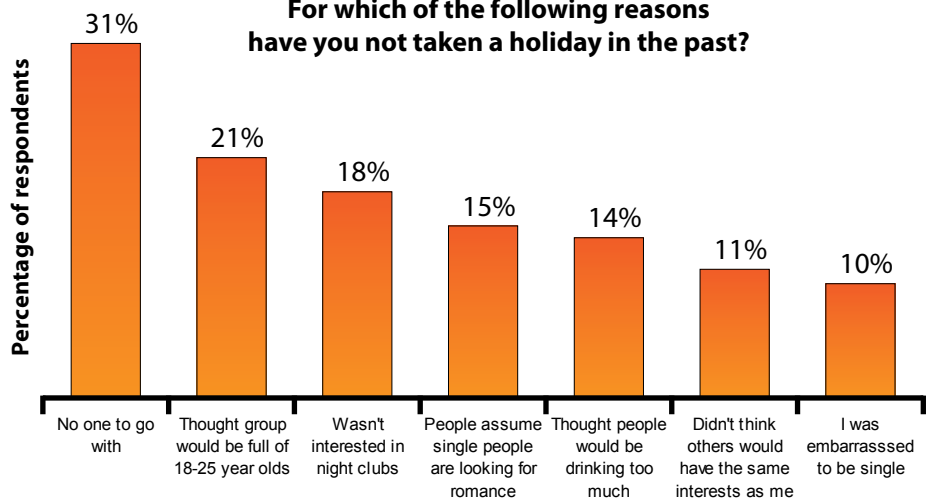
While respondents did consider holidays for single people to be an opportunity to meet new people, there was a strong association of the concept with night clubs, younger people (18-25 years old) and excessive drinking. Over a third of people (35%) associated a singles holiday with romance.

**When you think of holidays for single people, what do you imagine you are likely to experience?**



That might be the perfect holiday for some people, but many of our respondents had decided they would rather not go on holiday than go on a typical singles holiday. The 31-45 age group is not as interested in getting drunk, or in dancing the night away. They are not particularly interested in spending time with younger people, and some are not comfortable with the assumption that they are going away to find romance.

**For which of the following reasons have you not taken a holiday in the past?**



While there are fundamental problems with the product on offer, these were exacerbated by the experience customers had when investigating holidays and making bookings. A tenth of respondents said they were made to feel embarrassed at being single, both during the booking phase and also while on holiday. Comments from respondents included:

*“I found the booking part really depressing. I mean, I was going on a holiday on my own!”*

*“This summer I had to go away on my own and rather than looking for a singles holiday I looked for a diving holiday. Instead of being seen as a sad single person, I was a diver.”*

*“While on holiday I constantly had the feeling of not wanting to be in the way.”*

Companies offering singles holidays to this age group clearly need to take greater care with the kind of experience they offer, and ensure that it is friendly and approachable for those travelling alone.

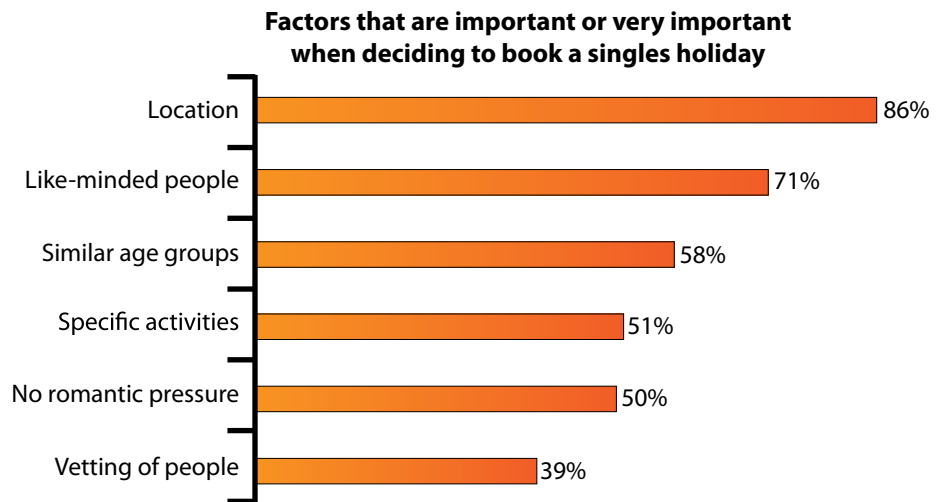
# What holiday product appeals to this segment?



Sixty-eight percent of all respondents stated that they would travel on their own if they could find the type of singles holiday they were looking for. This could be a great opportunity to grow the travel market, and encourage this group to take more holidays than they do now.

So what are 31-45 year olds looking for in a singles holiday?

Location is by far the most important factor to this age group, but that's mainly because locations are closely associated with the people who normally holiday there. As one respondent put it, *"clearly if you go to Spain all you will get is people clubbing"*.



Respondents gave a big thumbs-up to partying, but they want a more sophisticated type of socialising than the typical night club. They are interested in wine, good food, and nice clubs with music *"that actually has a melody"*.

This age group is genuinely interested in meeting new people because that is much harder to do above the age of 30, and there are fewer opportunities to do so. The chance to make friends is key to whether singles in this age group decide to take a particular holiday or not.

What motivates our respondents to go away is fundamentally different to what motivated them to go away when they were younger. They go on holiday because they are tired, they work hard, and they need a break. They have a lot to deal with during the working year and they want to get away to take their mind off things. Basically, they want to relax and have fun at the same time. One respondent told us:

*"I have two mortgages, an ex-wife, and a couple of kids. Life is not always easy and I would really value the opportunity to get away, to do something for myself. Yes, to relax, but also to have some fun."*

This is one reason why adventure holidays (often mentioned as a suitable product for this age group) are not ideal. Our survey respondents preferred a holiday where they can both chill and have fun, not one filled with activities and exercise. They are also looking to spend their holiday time with others of a similar age, and existing adventure holidays do not meet this requirement well.



This is clearly an age group happy to be on their own some of the time, as they don't feel the need to spend every waking hour with other people. However, they also feel reassured knowing that they have the opportunity to join in if they feel like it which makes them feel less alone.

They are still interested in specific activities being available, but very much on an 'opt in' basis. They want to decide whether to participate in group activities depending on their mood. When they do want to join in, they want a wide range of activities to choose from, such as organised evenings out, shared dining, entertainment, cultural activities, and sports like beach volleyball.

Although people preferred to stay in a hotel so as not to be *"completely on their own"*, the type of hotel they look for is different from the younger single segment. One respondent said:

*"All-inclusive hotels are often full of young people with a pool where the music is so loud one cannot hear oneself think."*

# Creating the right customer experience

Creating the holiday product (locations, accommodation and activities) could prove to be relatively easy. Creating a seamless customer experience of the type that customers require, from researching the holiday until they get back home, is likely to prove much more demanding.

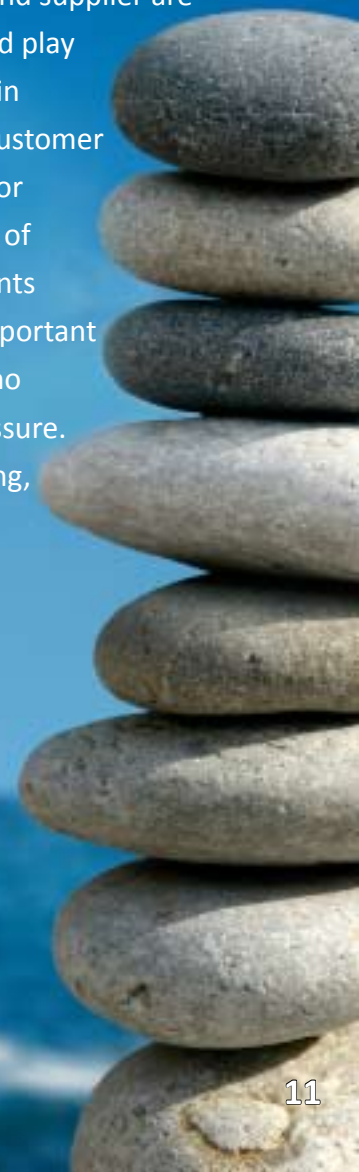
Our respondents told us that being on holiday with like-minded people was important to their decision to book the holiday. Thirty-nine percent of those surveyed even considered it important that holidaymakers were vetted to ensure that the people brought together have

similar expectations and are looking for a similar experience. Implementing this could be a challenge and any vetting will need to be carried out with tact. In order to work out how best to achieve this, travel firms need to research their customers in greater depth to gather a detailed understanding of how the interaction experience should behave with each group.

Designing the interactions that enable travel providers to draw out the right profile information without making potential customers feel uncomfortable is crucial. Central to this will be

ensuring that the experience is consistent across multiple channels, including where third-party agencies are involved (eg travel agents).

Marketing communications are an important part of how the product and supplier are perceived, and play a crucial role in shaping the customer experience. For example, half of the respondents consider it important that there is no romantic pressure. The positioning,



marketing and communications material for a singles holiday for this age group would have to make customers feel comfortable that this is a holiday tailored for meeting new people, of both sexes, and not just a partner for the week. That message would need to be reinforced through all customer contacts, to avoid confusion and to reassure customers about the proposition. As one respondent said:

*“They would have to market it in such a way that it does not feel like a pick-up joint.”*

Our research found that some of the basic terminology that

travel companies use can prove objectionable to customers. Because holidaymakers don't want to feel any romantic pressure, the term 'singles holiday' itself proved to be a tricky one:

*“I don't like defining myself primarily as a single person. Surely that would make people think that I am going because I don't want to be single any more.”*

*“Admitting you are going as a single person feels like telling someone I am travelling so I can have sex.”*

Travel firms would benefit from working closely with prospective customers such as these to better understand their expectations of how holidays should be presented to them, and the language that they would find most appropriate for describing them.

The booking experience must enable customers to feel relaxed about taking a holiday alone, and must communicate the opportunity to meet others and undertake group activities, without implying any pressure to participate. This is an area where travel firms have let 31-45 year olds down badly in the past, so it will be vital to test the customer experience regularly.

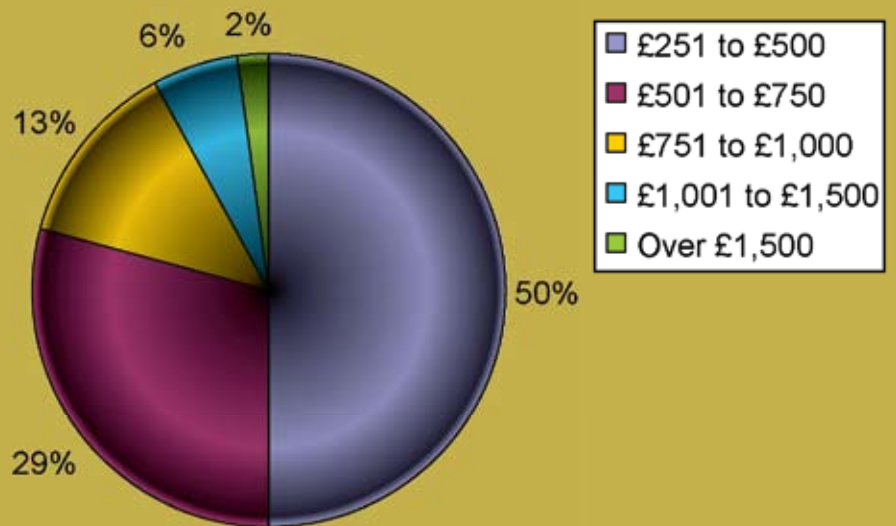


# Is there money to be made?

Clearly, there is a potential opportunity here. There is a sizeable group of people who have not taken holidays in the past because they haven't been able to find the right holiday, and there is some consensus on what kind of holiday would meet their needs. But wanting to go on holiday is not the same as being prepared to spend money on it. For that reason, we asked the participants how much they were prepared to pay for a one-week holiday.

Most people in the 31-45 age group spend up to £750 for a one-week holiday. The sum is based on the assumption that the holiday is in Europe. We have reason to believe participants would be prepared to pay proportionally more for a two-week holiday, because they would then consider travelling further away.

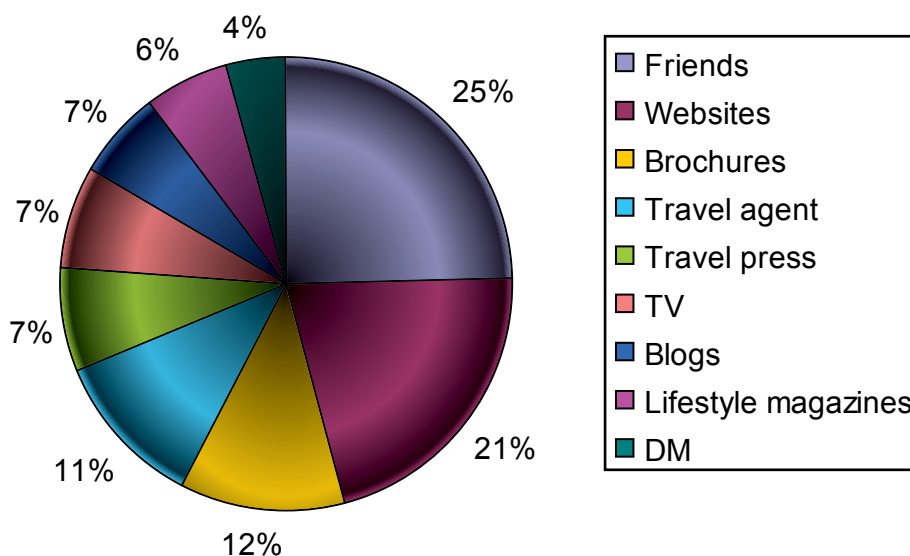
What is your budget for a one-week holiday?



Although their budgets are of different sizes, more than half seem more than happy to pay a premium for a singles holiday that meets their needs. When asked "How much extra would you be prepared to pay for a holiday that meets your requirements as a single person?", 60% of respondents were prepared to pay a premium of up to 30%. Some of them were prepared to pay "whatever it takes".

# How to reach this segment

**Most trusted source of information on singles holidays**



By following up Rachel's story with some research, we've been able to identify a new market that can be created by offering the right product and customer experience. Single holidaymakers in the age group 31-45 are prepared to pay good money to anyone that can provide the kind of holiday they want. For first movers, there are likely to be additional competitive advantages.

So what is the best way to communicate with these people?

It's no surprise that friends are seen as the most trusted source of information. The opportunity cost of making a mistake booking a holiday is seen as high by everybody. Therefore our survey participants wanted to know that any friends recommending holidays had either experienced them first hand or had heard about them from a friend. One respondent said:

*"I really need my holiday to be a good one. It's such a key part of my year. It's what makes it possible for me to work 340 days a year, so I will do everything it takes to not make a mistake."*

Word-of-mouth and face-to-face customer service will be key to igniting this market, and travel providers will need to strongly differentiate their offerings from those aimed at younger singles.

After listening to friends, respondents were keen to conduct further research online. Websites such as Tripadvisor.com would be used to vet ideas, and to get additional information on the destination, hotel and typical holidaymakers there.

*"Basically I want to hear from real people who have been there. Friends and the web are great ways to do this."*

*"The web is in this instance about feedback so I can validate my ideas with people of a similar age group and people I feel are like me."*

However the web was not seen as a helpful tool until customers already had an idea about what they wanted to do and where they wanted to go. This was particularly true when looking to



go on a singles holiday. Search criteria such as 'single holidays' or 'holiday for single people' did not come up with anything of great relevance to this group of people.

*“Online you have to know where you want to go and what you want to do before searching, but what if I want to know where to go and what to do?”*

Our participants believed travel agents could answer this question, and that they are a trustworthy source of advice about a holiday. However, our respondents had never been to a travel agent that had been able to help them with a singles holiday for people over 30 years old.

*“Not only could they not help me because they had nothing like the type of singles holiday I was looking for on their books, but the whole experience was a little awkward. Admitting to being single and wanting to go away always makes me feel like there is something wrong with me.”*

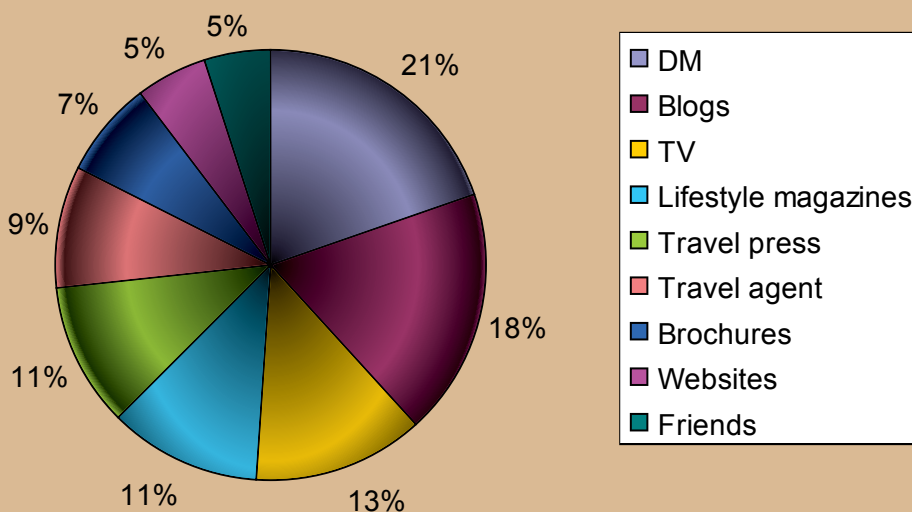
Making people feel at ease with asking about singles holidays would help to minimise the negative feelings that people experience when looking into travelling alone, and would make a big contribution towards creating a positive customer experience.

Direct mail, television, lifestyle magazines and the travel press were seen as the least trustworthy sources of information. Their impersonal nature made respondents unwilling to gamble their holiday budget on their recommendations. It was

interesting to note that blogs were seen as equally impersonal and were considered among the least trustworthy information sources.

The communications are an important part of the customer experience, and should be tested with customers to ensure that the messages resonate. Since this segment has been poorly understood so far, it is essential that companies work closely with target customers to shape their messages and ensure they help create and reinforce the desired customer experience.

**Least trusted source of information on singles holidays**





# Conclusion

The hypothesis sparked by Rachel's anecdote has been shown to be true. There is indeed a considerable number of 31-45 year old single people with disposable income that would love to go on a holiday suitable for their needs and age group, and these same people have not been able to find such a holiday. If they could find a suitable holiday, many would be willing to pay a premium, suggesting that there could be a great market potential here for travel firms to exploit.

In order to make a success of this opportunity, travel firms will need to pay careful attention to the customer experience they offer. The holiday doesn't start and end at the airport: all customer interactions with the company and its proposition across all

channels contribute towards the customer's perception of the experience, and their feelings about the product and its provider. It's ironic that a feel-good product like a holiday can make people feel bad when travel providers fail to focus on delivering a great customer experience.

In the past, travel firms have let 31-45 year old singles down by failing to understand customers in this segment. They have made them feel uncomfortable about booking holidays alone, and have even allowed some of them to feel 'in the way' while on holiday. Because they have failed to understand customers in this segment, they have failed to send relevant communications and develop relevant products.

In our study, some customers were keen for other holidaymakers to be vetted and stressed the importance of being able to meet like-minded people without any romantic pressure. This experience is not something that our respondents have been able to find so far, and travel firms will need to test their propositions and messages carefully to ensure they match customer expectations. Word-of-mouth and face-to-face customer service will be key to igniting this market, and travel providers will need to strongly differentiate their offerings from those aimed at younger singles.

This study has investigated just one part of one vertical industry, but it has shown how a failure to understand customers can result in irrelevant communications,

poorly matched products, and a poor customer experience. The lessons here are applicable across different sectors, sales propositions and customer bases. Our survey shows how a deeper understanding of customer requirements can uncover hidden market opportunities.

To ensure they are delivering exceptional customer experiences, it is important that companies keep asking their customers and prospects what experiences they are looking for. It is important that they listen for anecdotes like Rachel's, and follow them up with deeper research to assemble a business case.

Every company should regularly ask itself:

- Who are your customers?
- Are you segmenting them in a way that makes sense to them?
- What are they really like? What do they love and hate?
- What makes a difference to them?
- What assumptions are you making about them?
- Where do your customers feel they belong, and with whom?
- What do they see as a great experience?
- How would they score your customer experience?
- Are these the customers you should be dealing with?

Companies that do not evolve and deliver exceptional customer experiences risk losing sales and market share to those that do.

# About Foviance

Foviance is a leading customer experience consultancy that works globally with some of the world's best known brands to deliver measurable improvements in performance.

Founded in 2001 and with a heritage in website usability and data analytics, Foviance delivers consultancy to its clients about the effectiveness of their individual channels, such as mobile, web and call centre, and how they combine in a cross-channel environment. For many clients, insight is provided not only in their home market, but also internationally through Foviance's extensive alliance network.

Foviance engages with its customers wherever they are in their product lifecycle, and provides insight so they understand how to improve, create and deliver excellent customer experiences.

Foviance boasts 43 of the UK FTSE 100 companies among its client roster, including Barclays, BSkyB, and Sainsbury's. In addition Foviance works with international brands such as Astra Zeneca, Dell and Nokia. For further information please visit: [www.foviance.com](http://www.foviance.com)

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