Overview

• Focus on why the experience economy is changing the way we live and travel
• Its impact on the evolution of travel from a consumption and marketing perspective
• Some of the key drivers and how these effect booking trends
• Marketing Solutions for the new Generation
• Adaptation of Product
Social Transformation

- Ownership models have changed through the sharing economy
- Focus is on experiences not on goods
- Effects all age groups from children upwards
- Wealth accumulation through goods is no longer seen as proof of success
- This impacts all activities and services
- Power of social media has made the consumer king
- Peer to peer reviews overtake advertising
- Sharing economy is about creating common ground
Experience Economy

As goods and services become commoditised the customer experiences that companies create will matter most

Customer experience: “[...] is the cumulative impact – both emotional and practical – of all the encounters and interactions that a customer has with a company.” (Soudagar, Iyer & Hildebran, 2012)
Some Key Drivers

• Technology
• Connectivity
• Social media networks
• Review sites
• Evolution of the consumer (all age groups)
• Product differentiation

• “Experience is the new wealth and new luxury”
Who are the future consumers - the Millennials?
## Profile of the “new” Customer

<table>
<thead>
<tr>
<th></th>
<th>“Old reality”</th>
<th>“New reality”</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Identity</strong></td>
<td>Consumers, respondents</td>
<td>Real people, creative partners</td>
</tr>
<tr>
<td><strong>Role</strong></td>
<td>Passive</td>
<td>Active</td>
</tr>
<tr>
<td><strong>Source of insights</strong></td>
<td>Surveys, observations</td>
<td>Conversations, stories</td>
</tr>
<tr>
<td><strong>Handshake with company</strong></td>
<td>Transaction-based</td>
<td>Interaction and experience-based</td>
</tr>
<tr>
<td><strong>Information and influence</strong></td>
<td>Company advertising, expert opinion</td>
<td>WoM, social media, peer-to-peer</td>
</tr>
<tr>
<td><strong>Concept of value</strong></td>
<td>Company offers, one size fits all</td>
<td>Customer determines; tailored and unique</td>
</tr>
<tr>
<td><strong>Primary source of value</strong></td>
<td>What’s in the brand, attributes and features</td>
<td>What customers do with the brand; unique solutions and customized experiences</td>
</tr>
</tbody>
</table>

**Shift from product-centric to customer-centric**
The Rise of the Young Asian Traveller

• Compiled January-July 2014
• Peter Jordan (WTO, PATA, Toposophy)
• In line with PATA’s ‘NextGen’ philosophy
• A commitment to young travellers and tourism industry professionals of the future
• Over 100 pages of insight & analysis
Gen Y and Gen Z in Asia:
Population of 15-29 year-olds in 2015 vs. 2030

- R.O. Korea 10m
- Japan 19m
- Thailand 15m (2030, 19m)
- Philippines 29m (2030, 42m)
- Indonesia 64m (2030, 82m)
- China 318m (2030, 333m)

Source: World Bank, 2014
What will drive growth of youth travel from Asia?

- Rising birth rate
- Rapid urbanization
- Expansion of international education
- Improved gender equality in education and work
- Book & fly generation
- Influence of social media

<< Economic growth

<< Online 24/7
Comprehensive first-hand research

• Survey of nearly 3,000 Millennials (aged 15-29) in 13 countries...

• Young people told us about their travel motivations and concerns, sources of funding, accommodation choice, booking apps, dream destinations and more....
Input from 9 National Tourism Organizations:

- Case studies on great marketing campaigns
- Which are the right partnerships to build youth travel
- How to measure the rate of growth in the region
Perspectives from tourism thought leaders, start-ups and academics:

“The sharing economy in Asia”

“The Chinese backpacker”

“The rise of the movie road trip”

“Low cost as a lifestyle brand”

“Parents or kids: Who makes the purchase decision?”
What was your reason for travelling?

- Leisure: 62%
- Visiting friends and relatives (VFR): 11%
- Education (e.g. study abroad, exchange program): 9%
- Language course: 3%
- Work experience: 3%
- Business: 3%
- Volunteering: 3%
- Other: 6%
- Education (e.g. study abroad, exchange program): 9%
- Language course: 3%
- Work experience: 3%
- Business: 3%
- Volunteering: 3%
- Other: 6%
37% of young Asian travellers funded their travel directly from their parents.

“I want to travel to somewhere I’ve never seen before” is the biggest motivator for travel.

Sites such as TripAdvisor are the No1 source of advice, followed by family & friends.

Nearly 1 in 5 young Asian travellers stayed in a 4-5* star hotel on their last main trip.

43% of stays in a private residence were booked through sites such as Airbnb.

After the high cost of flights and accommodation, fear of terrorism and personal safety are their biggest concerns.

Chinese travellers are the most likely to be influenced by a special offer.
The top five dream destinations for young...

Chinese...
1. Australia
2. France
3. Japan
4. United States
5. Italy
RESEARCH AND BOOKING BEHAVIOUR
Social Networks

Social networking is a key driver of the experience economy has had a significant impact on society.

It has given individuals and tribes a voice and companies and governments new ways to engage.
Do Online Reviews Impact Booking?

89% of global travelers say reviews are influential when choosing where to book

96% of global hotels say reviews are influential in generating bookings

Source: TripBarometer by TripAdvisor, April 2014
375 million unique monthly visitors
84+ million TripAdvisor members
250+ million reviews and opinions
160+ contributions every minute

*Source: Google Analytics, average monthly unique users, Q2 2016. do not include TripTo.de datasets.
TripAdvisor – APAC

38 million

APAC Total

Other Markets | UUs
---|---
Worldwide Total | 142.4m
US Total | 32.4m
EU Total | 59.7m

China 13.4m
Japan 5.8m
India 3.9m
Thailand 577k
Hong Kong 557k
Singapore 649k
Vietnam 336k
Malaysia 2.2m
Indonesia 793k
Australia 4.4m
New Zealand 537k
River cruise question (one way tour)

04 September 2015, 16:20

My wife and I will arrive in Guilin around midnight and will have three full days in the area. We have booked a hotel in Yangshuo for our trip and they are quoting us $50 US for transportation to the hotel from the airport. We would like to take a cruise along the river and would like to know if there is a cruise that begins in Guilin early morning and ends in Yangshuo without return transportation to Guilin. Since we are arriving very late in Guilin we feel it would be best to book an inexpensive room in Guilin and take a boat to Yangshuo the next morning instead of taking transportation from the airport to our hotel in Yangshuo very late in the evening. Thanks!
My trip report in Guilin

06 September 2015, 8:08

Hi, I know it is a bit late. But thanks to all who helped in answering questions pertaining to my trip in April. It was a great trip. I have written a trip report (via a blog). Hopefully it would help answer some of your queries. Have fun in Guangxi.

KTeo
Singapore

Level: 6
Contributor
263 posts
22 reviews

Report inappropriate content

Reply

Travellers interested in this topic also viewed...

Lijiang Waterfall Hotel

Hotels travellers are raving about...

Lijiang Waterfall Hotel
26888888888
744 Reviews
Guilin, Guangxi Zhuang

Shangri La Hotel Guilin
1234567890
58 Reviews
Guilin, Guangxi Zhuang

Guilin Royal Palace
1234567890
144 Reviews
Guilin, Guangxi Zhuang

All hotels in Guilin (527)

Top questions about Guilin

* When is the best time to visit?
* Is it easy to get around?

Guilin Destination Experts

Culture-Discovery
322 forum posts

OrientalRod
4,783 forum posts

Members who are extremely knowledgeable about this destination and answer travelers' questions frequently.
The first week of October is the China's Golden Week. A tidal wave of Chinese tourists are traveling in the country and abroad. It is very important to find a way to escape the crowds of tourists during the period, please join us.
## Guilin: 200 of 223 properties available

3 reasons to visit: scenery, nature and mountains

<table>
<thead>
<tr>
<th>Property</th>
<th>Rating</th>
<th>Number of Reviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lijiang Waterfall Hotel Guilin</td>
<td>7.7</td>
<td>157</td>
</tr>
<tr>
<td>Shangri-La Hotel, Guilin</td>
<td>8.4</td>
<td>126</td>
</tr>
<tr>
<td>Moon Flower Hotel</td>
<td>9.6</td>
<td>10</td>
</tr>
</tbody>
</table>

**Lijiang Waterfall Hotel Guilin**

- **Price**: £169
- **Rating**: Good 7.7
- **Number of Reviews**: 157

**Shangri-La Hotel, Guilin**

- **Price**: £131
- **Rating**: Very good 8.4
- **Number of Reviews**: 126

**Moon Flower Hotel**

- **Price**: £74
- **Rating**: Exceptional 9.6
- **Number of Reviews**: 10
A great river view house in Guilin

Private room - 4.5 stars - 25 reviews

$23

Guilin- Home with scenic views

Entire home/house - 1 review

$210
Connectivity – Wifi and Mobile

Booking method

- Online:
  - Accommodation: 79%
  - Flight: 73%
- In person:
  - Accommodation: 13%
  - Flight: 18%

Mobile bookings

- 2013:
  - Accommodation: 6%
  - Flight: 4%
- 2014:
  - Accommodation: 14%
  - Flight: 7%

Source: Millennial Traveller Report, WYSE Travel Confederation 2014
IN-DESTINATION USE CASE IS HUGE

91% looking for restaurants
85% looking for things to do
32% reading reviews
What is APAC doing on Mobile

55% Finding My Way Around
42% Looking for Restaurants
35% Making Reservations
35% Looking for Things to Do
30% Reading Reviews
29% Looking for Hotels

Source: TripBarometer Connected Traveller Report, 2015
Local exploration is a main motivator for choosing destinations

When travellers worldwide were asked why they picked a particular destination, many said that local activities, experiences and culture are highly influential.

• It’s somewhere I’ve always wanted to go – 42%
• It suits the holiday activities I want – 33%
• There’s a particular attraction I want to visit – 33%
• I love exploring the area – 29%
• I love the local cuisine – 23%

Source: TripBarometer Travel Economy report, March 2015
Social Media: Influencing the Influencers

**Social Media:** The technology that connects people

**Social Networks:** The places where people connect, discover and share: Facebook, Twitter, LinkedIn, Pinterest, YouTube

**Social Media Marketing:** The way to use social technology and networks to build relationships, drive repeat business and attract new customers
Social Media Marketing

The Social Marketing Cycle

- Listen to your own reputation
- Monitor the reputation of your competitors
- Define social marketing goals & programs
- Select social media networks

Like all forms of marketing, Social Media Marketing is fundamental to the experience economy and is a continual process of definition, execution, and refinement.
Content Marketing

• Communication and advertising are merging
• Messages need to be clear, precise and accurate to reach an over-connected impatient audience
• Create stories – eg BBC Storyworks
• Create trust that resembles peer to peer reviews which are most trusted and most researched globally
• Align hotel with local destination
VIDEO IS OVER 90% OF INTERNET TRAFFIC
Case Study

Use the drop-down filters below to find other campaign examples.

Region ▼ Sector ▼
Platform ▼ AdFormat ▼

GO ►

Top film talent showcase the USA's lesser known cities

Campaign Objective
Encourage a global audience to visit USA's lesser known cities.
Focus

- Experience economy provides the key differentiator to commoditised products and services allowing destinations and service providers to focus on what adds value to consumers.
  - Sustainable initiatives
  - Local experiences
  - Food
  - Culture
  - Art
  - Wellness

The list is endless and all initiatives can succeed as long as they create authentic experiences and memories for travellers.
Authenticity

• The world has become more accessible than ever
• Authenticity and experience are essential for every age group not just Millennials
• Desire for special treatment, insider information, experiential one-upmanship and shared stories
• Merging of budget and luxury (Kerala experience)
• Create experiences that involve local communities
Product Evolution

• The obvious ones:
  – Airbnb – 30 million bookings (2014)
  – 49% of all rooms in San Francisco
• Create authenticity in traditional product offering
• The resurgence of youth hostels
• Hotels connecting with local communities
• Partnerships between different players in local communities
• Supporting sustainable development in practical collaborative ways
So What Next?

- We don’t know....
- Consumers now reviewing consumers (Airbnb / Uber)
- 1000s of companies exploring different models, eg Tripbod (locals interacting with tourists)
- Industry needs to embrace the changes since new models will drive future growth.
- Demand has been driven by consumers not by any other factors. This is only the beginning