# 2021 Digital Trends

## Travel & Hospitality in Focus

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With over 13,000 participants in the 2020 study, more than 85,000 businesspeople from every continent (including Antarctica) have contributed their time and insights to this research since its inception in 2010. Their contributions make this the largest and most durable study of how digital trends are changing the marketing discipline.


Adobe and Econsultancy would like to thank everyone for their effort and insight.

# Foreword

**Alvaro Del Pozo**
*Vice President, International Marketing, Adobe*

Welcome to Adobe's 2021 *Digital Trends Report*, our annual survey that charts the evolution of marketing, advertising, ecommerce, creative and technology professionals around the world.

Last year, we published a landmark report to celebrate a decade of *Digital Trends*. As we celebrated its launch, nobody could have predicted what the next 12 months would bring. Well, it certainly hasn't been 'more of the same'. The global pandemic and the sustained level of uncertainty that followed have led to the most innovative period in the history of marketing, essentially rewriting the rulebook for many businesses.

Instead of deviating from predicted trends, the dramatic events of 2020 have acted as an accelerant for digital transformation. Topics that were years away from consideration are now at the top of today's agenda. Whether demand for their products and services has increased or decreased, businesses are all grappling with the same challenges: remote working, new digital customers, the need for greater convenience, changes in buying behaviour and, on top of all that, their employees' and their customers' well-being. More than two-thirds of the companies with top-tier customer experience (CX) functions outpaced their sectors in the second half of 2020 and they were three times more likely to have 'significantly outpaced' their sectors than the rest of the sample.

The results of our survey show that past investments in customer experience have paid off, which further underlines the importance of speed and personalisation as we enter the new era in experience. As business leaders look towards the new year and scan the horizon for a return to normal, it's apparent that the new era in experience will be born digital. The economic impact of this acceleration and the opportunities it presents will only become clearer as the dust settles. The 2021 *Digital Trends Report*, produced in collaboration with Econsultancy, brings key trends to life with startling clarity.

The 2021 *Digital Trends Report* looks to both the past and the future, presenting two equally valuable perspectives: What has changed in the last year as a result of the pandemic, and the trends that are waiting around the corner.

Thousands of seasoned professionals have shared their hard-won lessons of the pandemic – offering advice on everything from hybrid working and attracting talent, to catching up with the exponential rise of the digital-first consumer.

From these insights, we present three guiding principles for 2021: *empathy* is the future of experience, the new era is *disruptive*, and *brand purpose* becomes even more relevant.

With the world on the brink of change, this year's report provides timely insights to help marketers and business leaders realign their vision and bounce back stronger in 2021.

# Executive Summary

Early on, the travel and hospitality industry was shuttered by the 2020 Covid-19 pandemic, leaving a significant climb back to recovery. The World Travel and Tourism Council estimated that the first 10 months of 2020 alone cost the tourism industry $935bn in lost revenue worldwide as a result.[1]

Once the travel & hospitality industry is fully reopened, we expect that the Covid-accelerated digital adoption trends – such as the use of mobile devices to aid contactless forms of interacting – will likely persist well beyond the end of the crisis.

Before the pandemic struck, travel & hospitality was well on its way to achieving digital maturity. According to our research, 46% of companies in the sector already derived more than half of their sales through digital channels. With recovery likely to vary by country and demographic, providers are going to have to use those digital connections to create joined-up experiences both on and offline.

As people with a whole new set of behaviours begin to travel, brands that lean on data will be able to support these rising consumer expectations through service. Organisations that can translate travel and hospitality's reputation for superior customer experience into the digital realm will be the ones that secure repeat bookings and lasting success.

**Key findings from the research include:**

**Travel & hospitality is struggling to prepare for the hyper-personalised future.** Just over half of companies in the sector rate their customer experience maturity as *'somewhat advanced'*. However, two-thirds feel the digital experience they offer lags behind their customers' expectations. They are hampered by problems with legacy systems, workflow issues, and the lack of innovation or digital skills.

**Companies need to re-create themselves as digital-first operations.** A digitally-transformed business rests on three pillars: the right structure, the right technology and the right culture. Travel & hospitality is struggling with the first two. Almost three-quarters of companies agree they have a fragmented approach to martech. Businesses are also organised along traditional and market-driven lines, which create silos, as opposed to taking flexible, collaborative approaches.

**The industry knows it has to evolve.** Over four-fifths of businesses agree they've had to accelerate their digital transformation over the past six months. Even more say they plan to launch new offerings focused on digital customer engagement. Their top areas of focus for 2021 closely mirrors the gaps in capability revealed by the Digital Trends research, including improving marketing efficiencies and personalisation.

[1] https://www.forbes.com/sites/duncanmadden/2021/01/14/the-covid-19-pandemic-has-cost-the-global-tourism-industry-935-billion/?sh=49a6d67c7d40

# Travel & hospitality – Sector must invest in digital to capitalise on post-Covid recovery

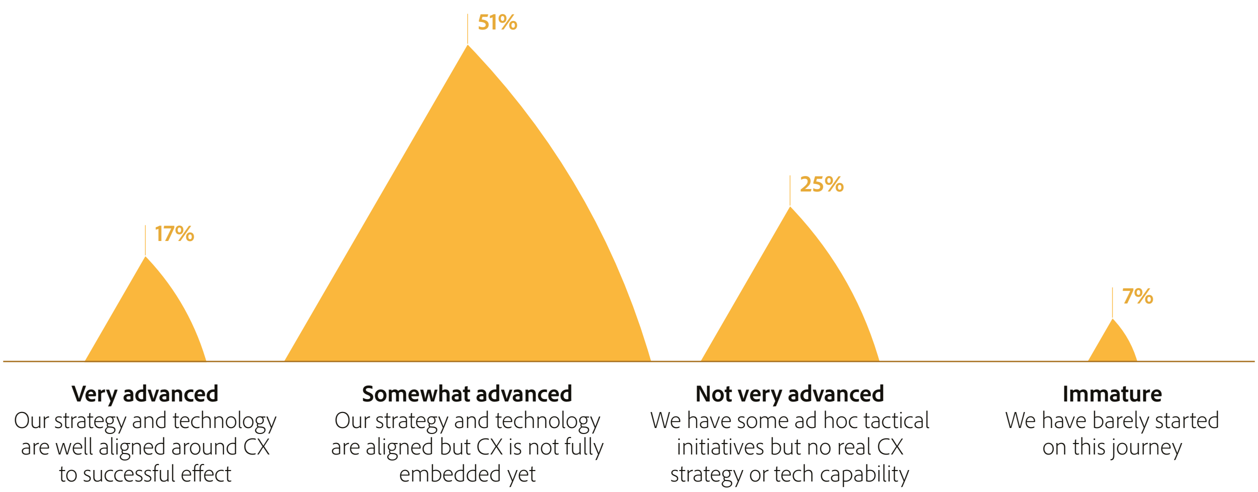
It's difficult to imagine an industry harder hit by Covid-19. Two-thirds of airline fleets were grounded, while lockdowns shut bars, cafes and restaurants across the globe. According to the World Travel and Tourism Council (WTTC), at the height of the pandemic in spring 2020, one million travel and tourism jobs were being lost every day around the world.[2]

Before then, digital had already become a significant driver of revenues. According to our survey, 46% of companies in this sector expect that, in two years' time, more than half of their sales will come from digital channels. But making the channel the primary touchpoint for customer interactions brings with it potential challenges.

For example, the quality of customer experience (CX) offered by a business is widely recognised as a key source of differentiation[3] and driver of loyalty.[4] However, few companies in this sector believe they perform strongly here. The Digital Trends research found that less than a fifth of travel & hospitality respondents (17%) describe their companies as 'very advanced' in CX, with half (51%) saying they are 'somewhat advanced' (*Figure 1*).

Companies are finding themselves behind, with 65% either 'agreeing' or 'strongly agreeing' that customer expectations are further ahead than their organisations' current digital capabilities. As a result, company roadmaps have needed to be radically adjusted to fast forward digital initiatives that were not currently in flight.

Figure 1 **How do you rate your company's customer experience (CX) maturity?**

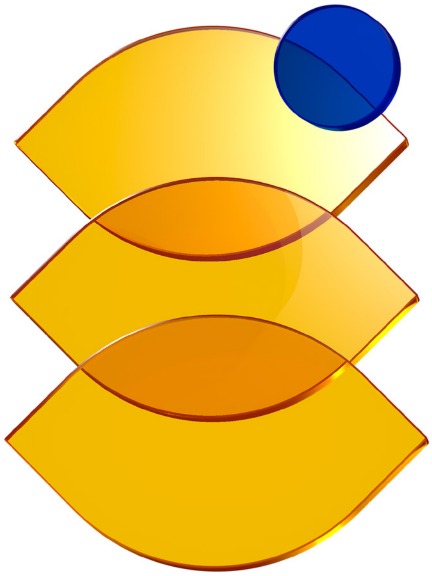



Respondents – 206

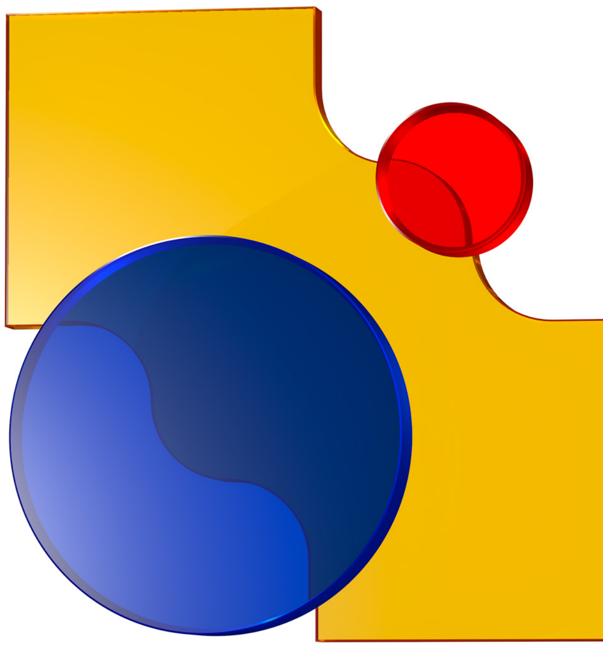
[2] https://wttc.org/Research/To-Recovery-Beyond
[3] https://hello.global.ntt/en-us/insights/2020-global-cx-benchmarking-report
[4] https://www.pwc.com/future-of-cx

These weaknesses have only been further accentuated through shifting customer behaviours and attitudes brought about by the pandemic. These include:

1. **Changing travel preferences, at least for the short term:** A combination of health fears and the Covid-induced recession means people look more to domestic, short-haul, non-urban holidays.
2. **New and different factors influencing travellers' buying decisions:** These are centred around health and hygiene issues, but also include cancellation policies, the refunds offered, and the availability of medically-safe facilities at the destination.[5]
3. **Shifting governmental restrictions:** The uncertainty as to which locations are open for travel, what are the current requirements to travel, and how restaurants can operate – among other concerns – is limiting consumer confidence even among those ready to travel, creating friction in the process.



More broadly, generations of customers have moved online over the last year, with expectations set by digital leaders in other sectors. This will put pressure, particularly on laggards, to rapidly develop and optimise digital channels simply to keep up.



[5] https://wttc.org/Research/To-Recovery-Beyond

# Personalisation complicated by falling budgets and insufficient data

Personalisation of marketing communications was already on the travel & hospitality sector's agenda before the pandemic. For example, the 2020 Digital Trends in Travel & Hospitality report found that two-fifths (39%) of companies in the sector saw targeting and personalisation as a top priority for the coming year.[6]

Subsequent events have only increased the need for personalisation. Consumers have multiple concerns which often need to be addressed individually. For companies, this can involve understanding changes in demand and differing levels of health concerns among different demographics to help stimulate recovery.

However, the reduction in staffing levels and marketing budgets due to the collapse in revenues in travel & hospitality in 2020 is making personalisation even harder. In October, the WTTC released data predicting 174m jobs in the industry could be lost by the end of the year.[7] Meanwhile, this year's Digital Trends research found that over a third of travel & hospitality companies (37%) expect a significant cut (i.e. more than 10%) to their marketing budget in 2021, with a further 7% expecting a less significant fall.

Many companies expect to meet these challenges by redirecting their budgets to marketing technology, with the aim of increasing efficiency and improving their customer experience. In the summer of 2020, Gartner published research showing that two-thirds of the marketers it surveyed expected their spending on martech to increase over the next 12 months, despite the fact that overall marketing budgets were predicted to be cut.[8] Covid-19 has forced companies to address staffing gaps and the intense need to be more agile in responding to changing market conditions.

Our research concurs. More than four-fifths of travel & hospitality respondents either 'agree' or 'strongly agree' that they are increasing/shifting their budgets' to support their customers' demand for digitised experiences.

Where technology is a gap, brands are taking a broader look at personalisation, evaluating all of the building blocks that support a better experience: data, content, decisioning and delivery. The pandemic has helped teams to understand where they have struggled to bring the experience together.

Virgin Holidays is one company already taking a CX-led approach. It is centralising data for a better understanding of customer journeys. This has then allowed for the creation of personalised campaigns across multiple channels, online and off. The company is now seeing over 90% engagement across its communications, and its pre-departure emails are yielding an increase in website visits of more than 800%.[9]

[6] https://www.adobe.com/uk/offer/digital-trends-2020-in-travel-and-hospitality.html
[7] https://www.travelpulse.com/news/impacting-travel/data-suggests-174-million-tourism-jobs-could-be-lost-in-2020.html
[8] https://www.gartner.com/en/marketing/insights/articles/gartner-cmo-2020-2021-tech-digital-channels-withstand-budget-cuts
[9] https://blogs.adobe.com/digitaleurope/customer-success/virgin-holidays-tailors-travel-communications/

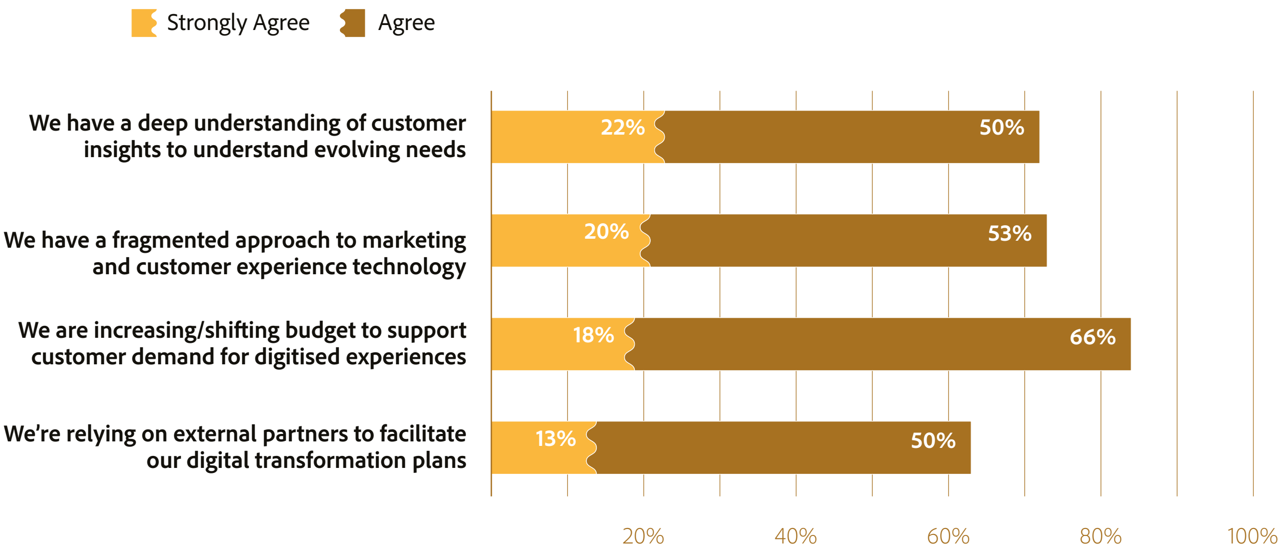
# Companies may be confident about data, but fragmented in their approach to CX

Travel and hospitality companies are surprisingly bullish about their grasp of the data underlying CX optimisation. Almost three-quarters (72%) either 'agree' or 'strongly agree' that they have the deep understanding of customer insights required to meet evolving needs (*Figure 2*).

But data confidence doesn't necessarily translate straight into delivering great CX, particularly if the systems – both technological and cultural – aren't joined up. Almost three-quarters of travel & hospitality companies (73%) either 'agree' or 'strongly agree' that they have a fragmented approach to marketing and customer experience technology leaving teams to operate in silos.

Part of the problem is that, until now, travel companies have tended to adopt traditional and market-driven strategies. This means martech adoption is more likely to have been piecemeal and fragmented, as investments may not have been centred on the wider organisation's needs in the way a centralised platform would be. Companies that have taken this latter approach have fewer issues with cultural gaps, as an enterprise platform becomes an enabler of unification across teams.

Figure 2 **Thinking about your organisation's ability to engage customers digitally in 2021, to what extent do you agree or disagree with the following statements?**




Respondents – 155

## Geo-targeting and touchless experiences come to the fore

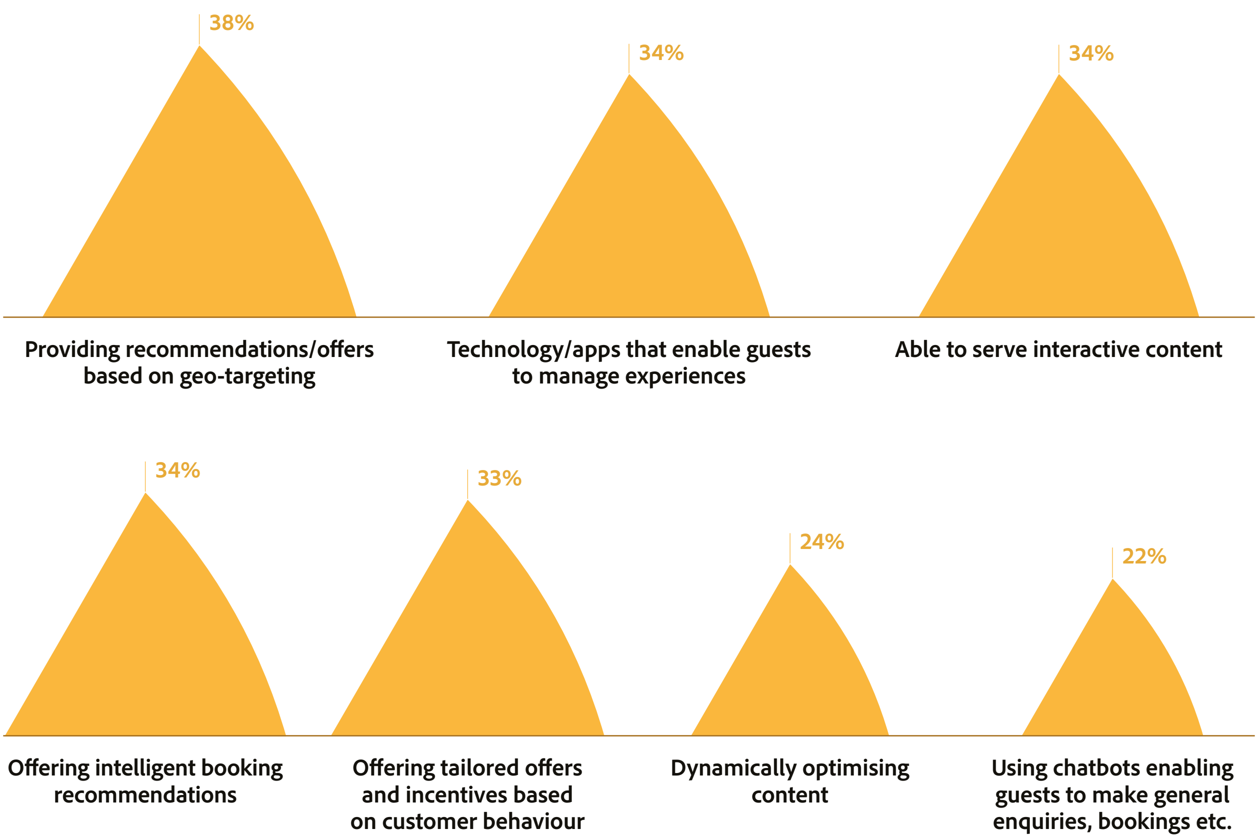
Although 38% of respondents say that they are providing recommendations/offers based on geo-targeting, there is an opportunity for more companies to join in. Even prior to Covid-19, 50% of Gen Z sought suggestions for travel & hospitality offerings near them.[10] Now, with many more consumers exploring closer to home, companies can optimise the experience to be more meaningful by helping with discovery.

Touchless experiences were also on track before the pandemic struck and made them a necessity. A third (34%) of respondents are already using technology or apps to help manage the guest experience but there is evidence the trend will grow further; beyond Covid-19, four in 10 executives agreed they were looking to make their offerings as low-contact as possible.

Examples include changes like keyless hotel check-in, in-app ordering for room services and personalised housekeeping management via mobile.[11] For example, when MGM Resorts reopened in July 2020, its mobile app allowed guests to check-in, pay and get a digital room key without any contact with resort staff.[12]

Chatbots are one area travel & hospitality organisations should consider prioritising. They are currently the least likely technology to be used by survey respondents (only 22%) yet they could be beneficial considering the previously referenced staffing challenges. Pandemic or not, chatbots are also a convenient solution to the 'always on' demands of customer service, especially if empowered with travel insights on restrictions to help set expectations.

Figure 3 **Please indicate your organisation's capabilities when it comes to optimising the digital experience (Describes us today)**




Respondents – 153

[10] https://blog.adobe.com/en/publish/2019/05/22/personalization-strategies-for-the-nextgeneration-traveler.html#gs.vnqr9f
[11] https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/the-travel-industry-turned-upside-down-insights-analysis-and-actions-for-travel-executives
[12] https://www.travelpulse.com/news/hotels-and-resorts/mgm-resorts-prioritizing-safety-with-contactless-check-in-additional-measures.html

# A non-uniform recovery needs an agile response

One of the most striking things about the events of 2020 is how fast companies can move when there is a need. Research published by McKinsey in October 2020 found that companies were able to increase the use of advanced technology in both operations and decision-making 25 times faster than expected. Most remarkably, they were able to adapt to remote working more than 40 times faster than standard implementation times, achieving in an average of 11 days what they thought would have taken over a year.[13]

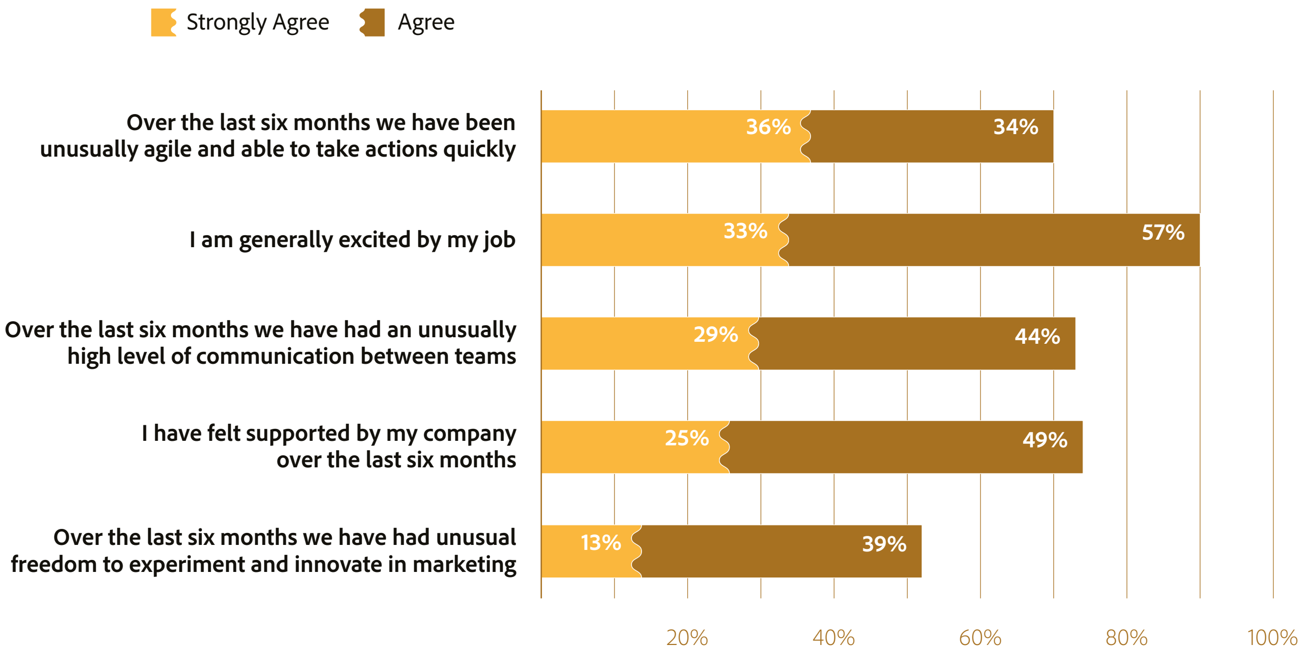
The Digital Trends research suggests this is as true for travel & hospitality as it is for other sectors. Some 70% of travel and hospitality respondents either 'agree' or 'strongly agree' that they had been unusually agile and able to take actions quickly over the last six months (*Figure 4*).

Agility is crucial given the uncertainty over how and where recovery will happen first. In December 2020, the Organisation for Economic C0-operation (OECD) observed that *'the sheer scale and economic and health nature of this crisis means that the road to recovery is highly uncertain.'*

Levels of recovery will also vary by country depending on their ability to control the virus. Indeed, research by ICF Next[14] in May 2020 into the behaviour of American frequent travellers (defined as those who reported traveling out of state for business or pleasure, weekly, monthly or a 'few times per year' prior to the outbreak of COVID-19) found that those over 50 were more likely to avoid international air travel until late 2021. In contrast, frequent travellers under 24 over-indexed on immediate domestic air travel.

Effective paths of communication and a focus on digital service delivery are critical for making decisions quickly and capitalising on new opportunities. Fortunately, most respondents agree that their organisations had benefited from unusually high levels of communication between teams over the last six months (73% 'agree' or 'strongly agree').

Figure 4 **Do you agree or disagree with the following statements?**




Respondents – 108

[13] https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever

[14] https://www.icf.com/insights/engagement/covid-19-frequent-travelers-survey

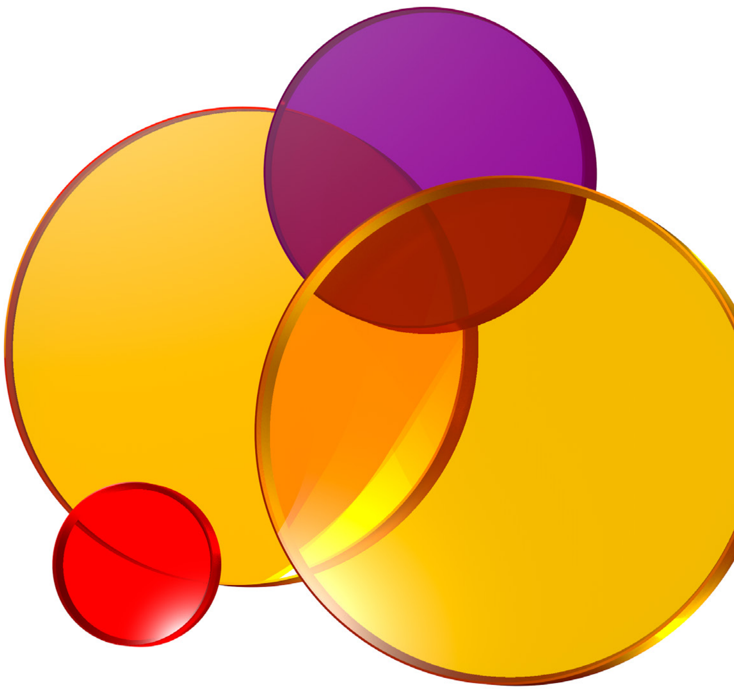
# Emerging booking trends demand new levels of agility

Recent trends have only increased the pressure on travel & hospitality businesses to improve their agility. More importantly, knowing where demand is coming from and reacting quickly with appropriate messaging will be critical for growth and recovery as demand – hopefully – returns in 2021.

This is made more challenging by new, emerging consumer behaviours. For example, as discussed earlier, health implications are a greater concern, alongside related factors such as short-notice cancellations and flexible refund policies. Other trends include:

- **Changes to booking cycles:** There is a trend towards longer research periods on the part of customers prior to booking (to address these cancellation/health worries), but also much shorter gaps between booking and departure, in response to ever-changing situations with travel restrictions and lockdowns.[15]
- **Impact of remote working:** The mass shift to working from home is having an effect on how people think about their holidays. Research by Slack's Future Forum found the majority of knowledge workers don't want to go back to being in the office full-time.[16] This in turn has led to the idea of 'flexcations', extended stays away from home that combine holiday with work.[17]
- **Alternative accommodations spike:** Another extension of remote working is nomadic travel, where workers travel to different destinations to have new experiences while, at the same, working. This has led to different choices of accommodation linked to more space, reliable Wi-Fi, kitchens and other amenities.

Despite the many challenges travel & hospitality executives face, whether it's uncertainty over the economy or a hill still to climb in terms of digital readiness, there is also positivity. A massive 90% of those we surveyed agree that they are generally excited about their job.



[15] https://www.phocuswire.com/the-evolving-traveler-journey
[16] https://www.bbc.com/worklife/article/20201023-coronavirus-how-will-the-pandemic-change-the-way-we-work
[17] https://www.phocuswire.com/the-evolving-traveler-journey

## An agenda for change

This excitement may be linked to the realisation that there is a need to change. While Covid-19 has been a worldwide humanitarian disaster, one effect has been to force companies in the sector to reconsider the way they work and operate. Change management is difficult for any company, but the pandemic led to more teams working together than they had previously and with less friction. This allowed companies to overcome organisational silos and objections along the way.

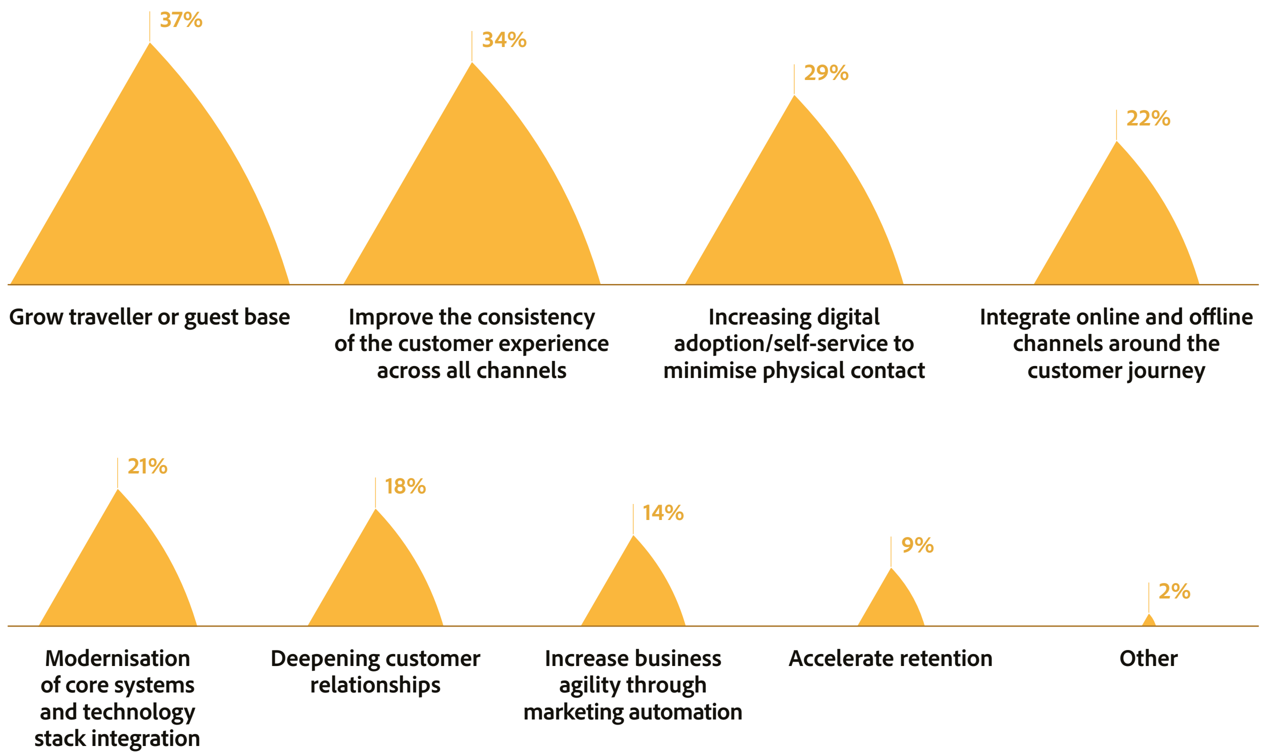
For example, our research found that over four-fifths (82%) of the respondents either 'agree' or 'strongly agree' that they've had to accelerate their digital transformation over the past six months. Not resting on their laurels, even more respondents (87%) say they plan to launch new digital offerings focused on digital customer engagement.

Understandably, the single biggest priority for travel & hospitality executives is growing the traveller or guest base, chosen by over a third of respondents (37%), *Figure 5*. Companies hope to do this partly by addressing customer concerns, notably soothing their hygiene worries by minimising physical contact. Other key digital initiatives include improving the consistency of the CX across all channels (34%) and integration of channels around the customer journey (22%).

There is also evidence of a missed opportunity. Increasing business agility by using artificial intelligence (AI) is only a top priority for 14%. Having noted reduced staffing levels in the industry, AI technologies could bridge the gap, but many companies have shed people with the skills to implement automation.

AI would also be a powerful tool for personalised marketing communications to meet evolving customer needs. It can deliver insights as well as providing voice recognition for smart hotel rooms and chatbots, drive recommendation engines, power dynamic pricing systems, and many other implementations.

Figure 5 **What are the top two areas of focus for your organisation's digital initiatives in 2021?**




Respondents – 206

# The tech stack is key to smooth operations

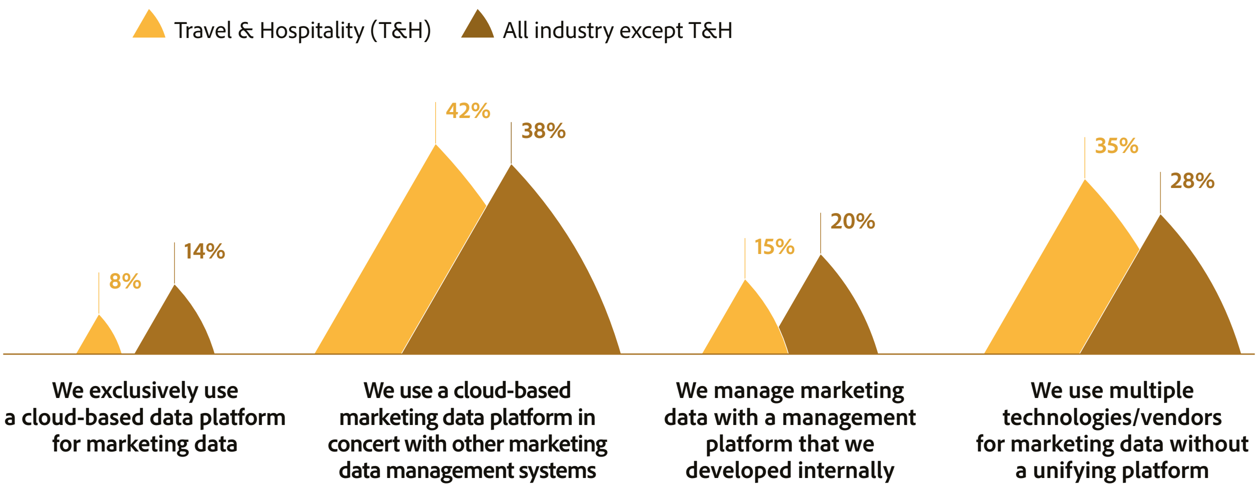
Earlier in the report we revealed that 'the majority of the travel & hospitality respondents agreed that their customers' expectations exceed their current digital capabilities. In order to keep up, the first step for many would be to update and integrate their technology stack.

Heading into 2021 and beyond, we expect to see the 21% of executives who are planning to invest in modernisation of core systems and technology stack integration (*Figure 5*) moving into leadership positions, and subsequently unifying their teams around a centralised platform to inform them with insights into the customer experience.

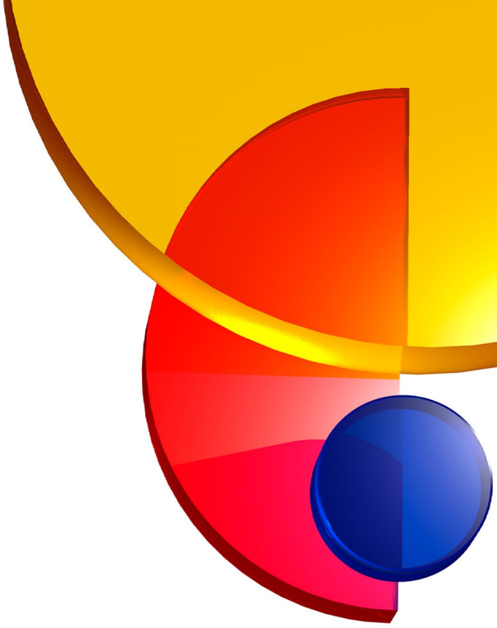
According to Forrester Research, travel & hospitality companies that invest in CX see twice the ROI of their peers, and a 1.6x increase in loyalty, which will both add value in terms of retention and share of market while demand slowly ramps up.

As the industry recovers, our research indicates that the divide between leaders and laggards is likely to deepen further. As illustrated in *Figure 6*, fewer than one-in-10 describe their organisation as exclusively using a cloud-based data platform for marketing data. Instead, a plurality access the cloud alongside existing systems (42%).

Figure 6 **Which of the following best describes your organisation's approach to marketing technology?**




Respondents – Travel & Hospitality: 123, All industry except T&H: 4,087



Getting the data organised to feed strong personalisation and create a best-in-class customer experience is one of the biggest challenges facing organisations in every sector, not just travel & hospitality. It has been shown time and again that simplifying the complex ecosystems involving third-party platforms and in-house solutions comes with significant advantages, including democratising data.

Although developing a unified view of the customer profile has been a work-in-progress for many years, companies that had a multiplicity of systems only gained awareness of the challenges of being agile when Covid-19 pushed speed-to-market as a top priority.

Using systems that bring all customer data into one place creates a single customer view that's accessible to every department in the enterprise, underpinning a CX-focused strategy. It also creates speed as the iterations of governance and management across multiple systems are reduced. This is especially important in times of heightened privacy concerns. Another aspect is the speed at which the single view of the customer needs to be available. Real time capabilities continue to be critical, with market conditions shifting day by day.

For example, Australian regional tourism body Visit Sunshine Coast responded to the pandemic by replacing a set of standalone marketing systems with a single marketing automation platform. Its aims were to enable end-to-end omni-channel campaigns; deliver relevant, personalised communications; and measure return on marketing investment. Early results since going live in July 2020 show increases in email open rates, subscriber growth and campaign engagement.[18]

Given the potential gains and the fact that our survey found legacy systems to be the greatest barrier holding back respondent's marketing efforts (49%), addressing the martech stack can't happen too soon.

[18] https://www.cmo.com.au/article/685196/visit-sunshine-coast-sees-engagement-lift-martech-overhaul/

# Conclusions – Five key takeaways for the travel & hospitality sector

**1. The shape of the recovery is unpredictable.**
While industry leaders expect travel behaviours to return to a pre-2020 normal in the long-term, the short to medium-term future of the sector is still unclear. Recovery will look different for different countries and for different demographics, driven by vaccination rates, unexpected mutations of the virus, economic factors and attitudes to risk.

**2. Build for agility.**
Because the way demand for travel and hospitality will return is uncertain, and because consumer concerns and pain points will be different post-pandemic, the ability to respond quickly to emerging customer needs and changing government regulations will be paramount. Travel & hospitality companies need to adopt the technologies and working practices that will support their agility.

**3. Prepare for a surge of data.**
The return of demand could be rapid in certain sectors of the market, bringing with it a wave of data reflecting new customer behaviours. Better to build your data capabilities now, so that you're ready for the surge, than trying to create a data-led business in the middle of the flood. Market conditions such as the loss of cookies expected by 2022 are another reason to be data-ready by ensuring that there is a solid extension of second party and third-party data to support customer insights.

**4. Address demand for digital interactions early.**
The pandemic has seen a dramatic adoption of digital channels, with three-quarters of new users saying they'll continue with their new habits once the crisis is over. This means the time to address your digital presence is now.

**5. Prioritise your AI journey.**
The use of AI is crucial to the personalisation at scale that customers will expect in a post-pandemic world. Although many companies are not yet ready to start using AI, any steps taken towards that readiness will pay dividends. These include integrating data across the organisation to create a single customer view, and modernising the tech stack so that the customer journey is consistent and coherent across all touchpoints.

# Methodology

Digital Trends 11th Edition is based on an online survey fielded to select Adobe and Econsultancy lists in the fourth quarter of 2020. The survey closed having collected 239 qualified responses from the travel and hospitality sector.

## Demographics profiles

- Sixty nine percent of all the responses were at manager level or above.
- In terms of business function, marketing held the largest share of respondents (29%), followed by creative/design (18%), and IT (15%).
- As defined by target market, B2C accounted for 50%, followed by those addressing both markets equally with 35%, and B2B (15%).
- The sample is global, with Europe providing the largest share of respondents (43%), followed by North America (33%) and the Asia-Pacific region (16%). The survey was translated into French, German, and Chinese.

Econsultancy × Adobe