INCISIV

Industry Perspectives

The State of Personalization Maturity in Travel and Dining

IN PARTNERSHIP WITH

Adobe

November 2022

Research Overview:

In *Failure to Scale: The State of Personalization in Retail & Travel*, Adobe commissioned Incisiv to assess the state of personalization across North America, Europe, and APAC. As a continuation of that research, this report takes an in-depth look at travel personalization across industry formats.

303

No. of travel respondents

50% **North America**

25% **Europe**

25% **APAC**

76%

Respondents director level and above

46% **VP and above**

30% **Directors**

32%

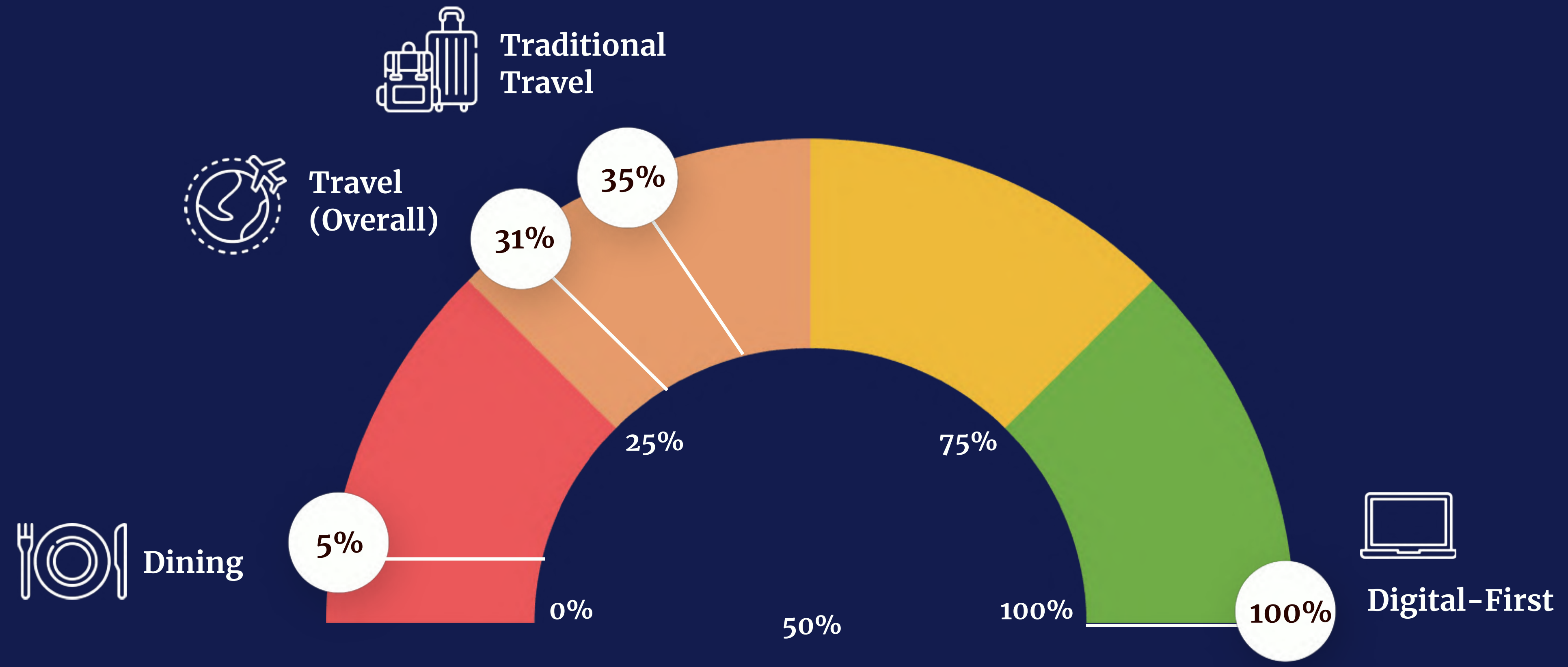
Respondents from companies with over $1 billion in revenue

Unless stated otherwise, all data cited in this summary is from the Incisiv - Adobe Personalization Study.

Notes:
Specialty retail referenced in the format cut encompasses vertical retailers (e.g., Sporting Goods, Electronics, Home Furnishings, Home Improvement, etc.).
North American respondents are from USA and Canada. European respondents are from U.K, France and Germany. Asian respondents are from Australia, New Zealand and India

Digital-first brands are personalization leaders. They are 20x more mature than dining brands and ~3x more mature than traditional dining.

% of brands that personalize more than half of the shopper journey



Personalization maturity varies widely in the travel and hospitality industry. Only 5% of dining brands personalize more than half of their guest journey, compared to 100% of all digital-first brands. This variance across sub-industries is closely associated with the pace at which guests have adopted digital technologies to engage with the brand and the firm's technology capabilities.

Digital-first travel and hospitality brands are the clear leaders in personalization. They were born in the digital world and didn't have to face the legacy infrastructure or cultural challenges that come with digital transformation.

We've found specific markers of maturity that are common across industry leaders, and brands must focus on them to improve their personalization performance.

What are the markers of maturity?

Brands that are more mature in their personalization efforts have the following five markers of maturity in common:

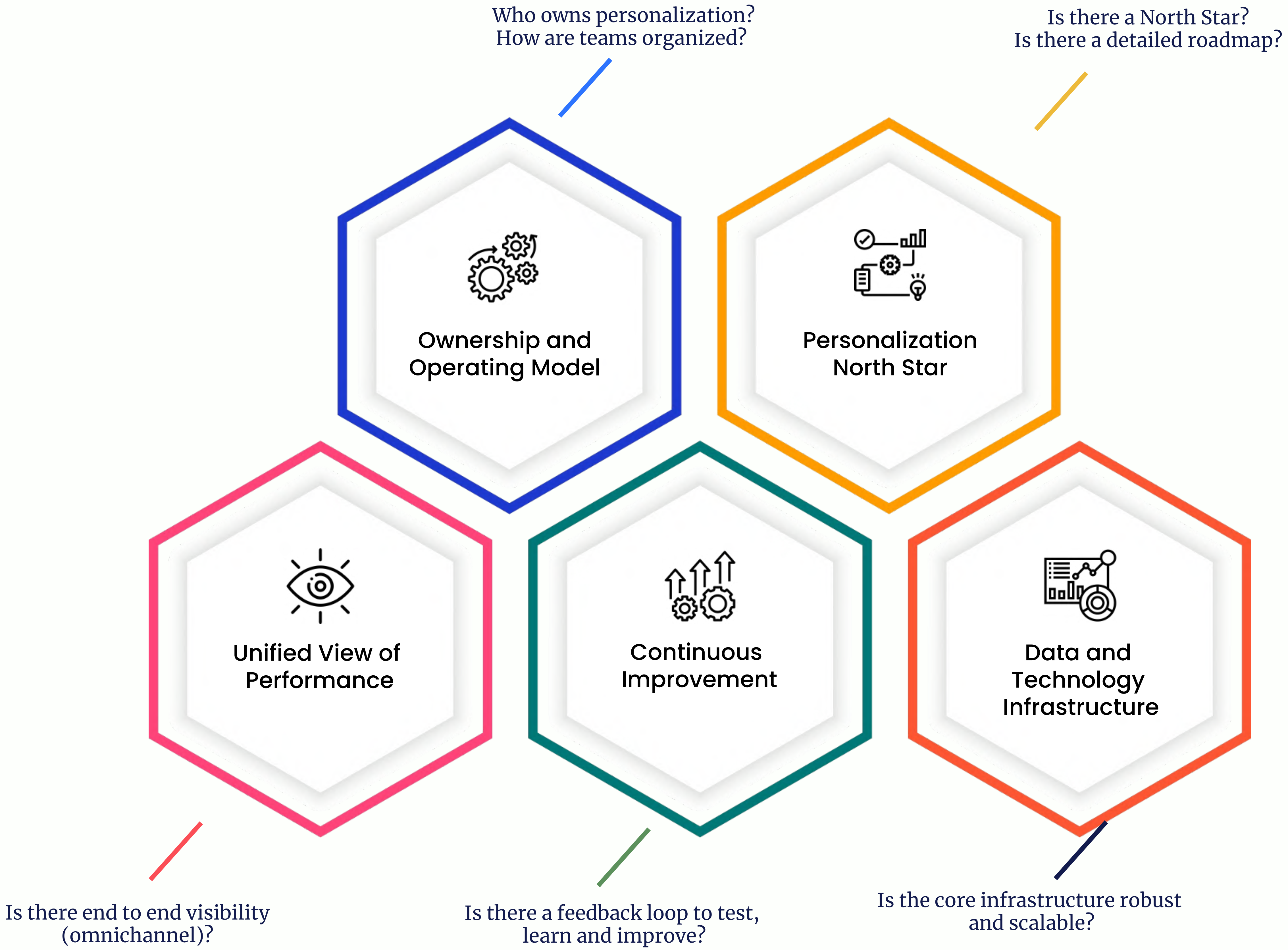
Ownership and Operating Model
Clear executive ownership and personalization specialists

Personalization North Star
Defined vision and actionable roadmap across the guest journey

Unified View of Performance
Visibility and analytics across the entire omnichannnel guest joruney

Continuous Improvement
Process and tools to test, learn and improve

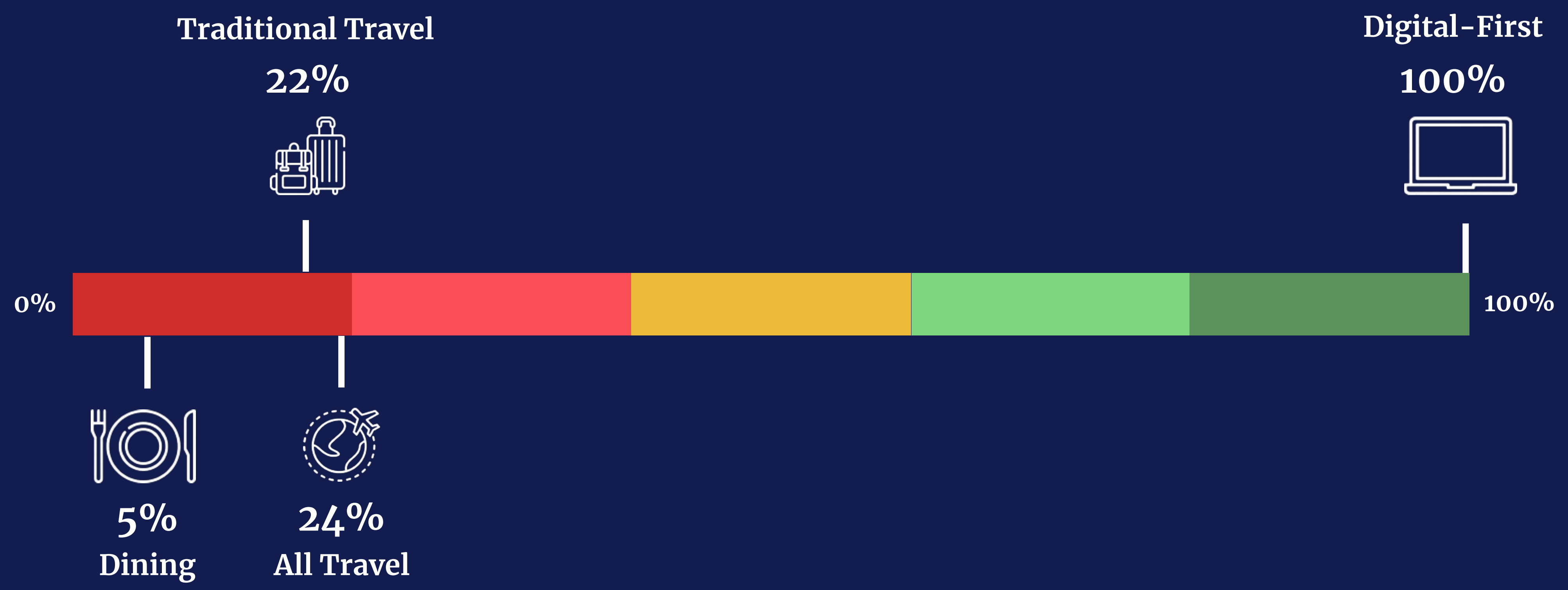
Data and Technology Infrastructure
Tools to help support and scale content, execution and analytics.



Maturity Marker: Personalization North Star

Most brands don't have a clear strategy. There is 5x difference between digital-first brands and the industry.

% of brands that have a well defined personalization strategy



The presence of a clear, well-defined personalization strategy is a distinct marker of maturity. Only 1 in 4 travel brands have a well-defined strategy compared to all digital-first brands.

Brands may start their personalization journey focused on individual use cases or parts of the guest journey without taking a holistic view of the guest experience. Defining an end-to-end personalization strategy forces firms to think strategically about the entire guest experience, prioritizing use cases and committing resources to execute.

Brands that invest in defining (and refining) their personalization strategy have a great chance of success than those that don't.

Maturity Marker: Defined Roadmap

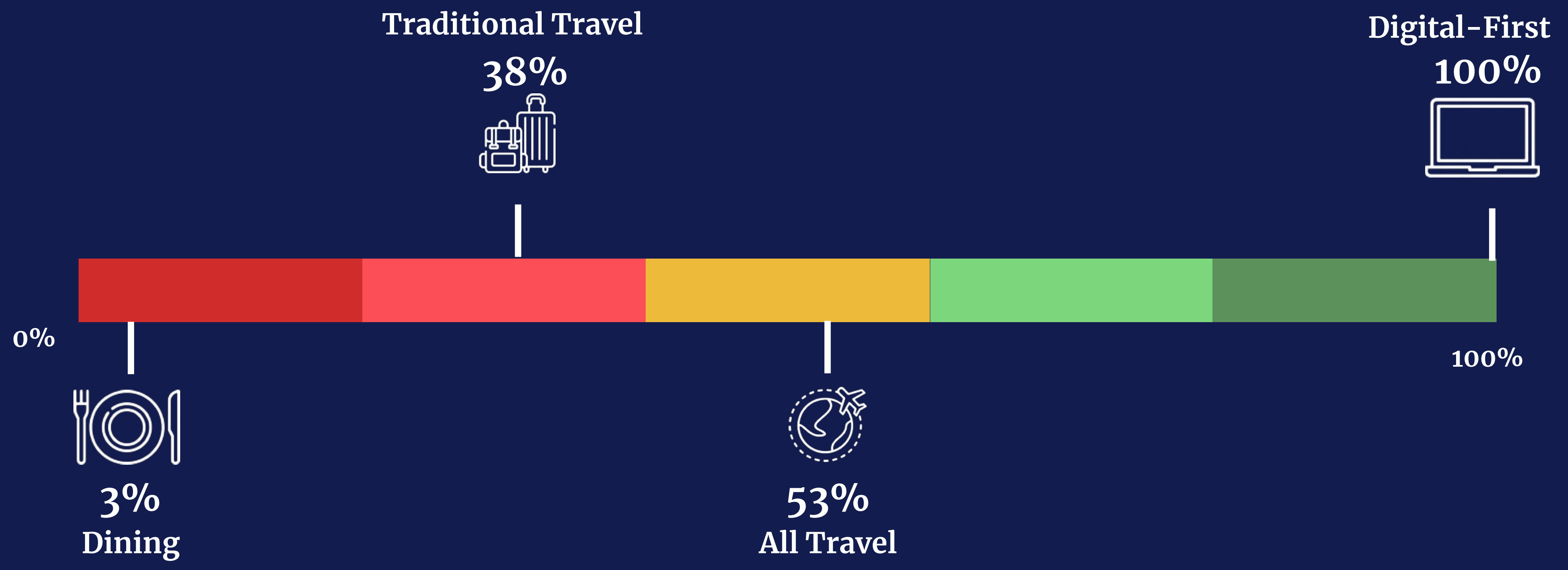
Getting the operating model right is the best bet for personalization success.

The operating model for personalization offers the best indicator of maturity. Structuring an organization to support and foster personalization is among the best indicators of maturity. The twin indicators of executive leadership and supporting organization structure are essential when assessing a brand's personalization maturity.

A single executive owner driving personalization is essential because personalization isn't restricted to a department. It needs to span the entire guest experience. Personalization maturity is lower when efforts are siloed or led by technology. Dining is a personalization laggard, and all personalization efforts are siloed or led by IT.

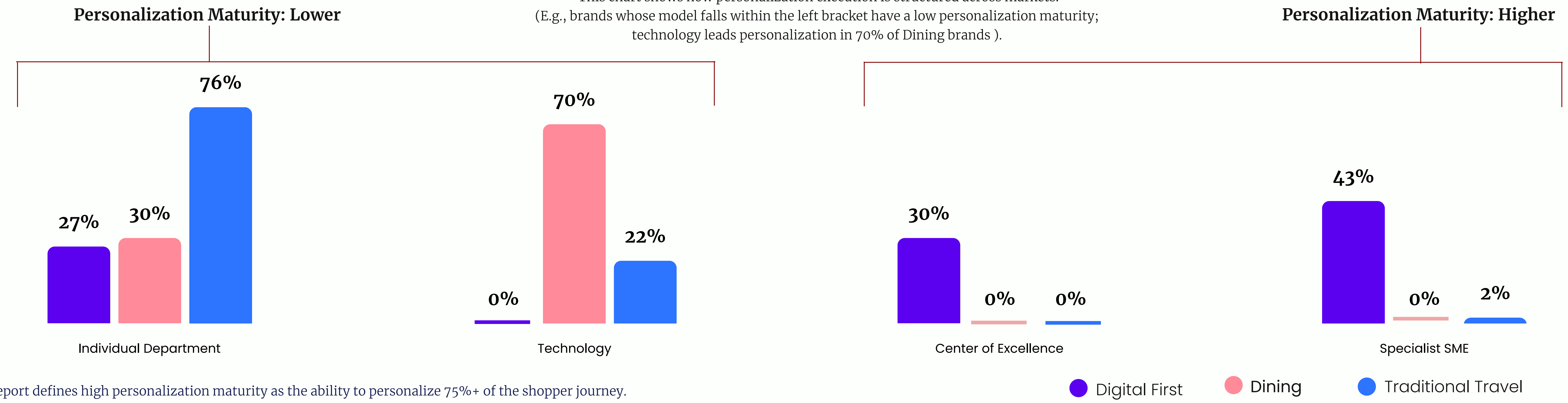
Establishing Centers of Excellence and specialized SMEs that work across departments is essential for firms to scale their efforts across multiple commerce and engagement channels.

% of brands that have a **single owner** of personalization



Personalization Operating Model

This chart shows how personalization execution is structured across markets.
(E.g., brands whose model falls within the left bracket have a low personalization maturity; technology leads personalization in 70% of Dining brands).

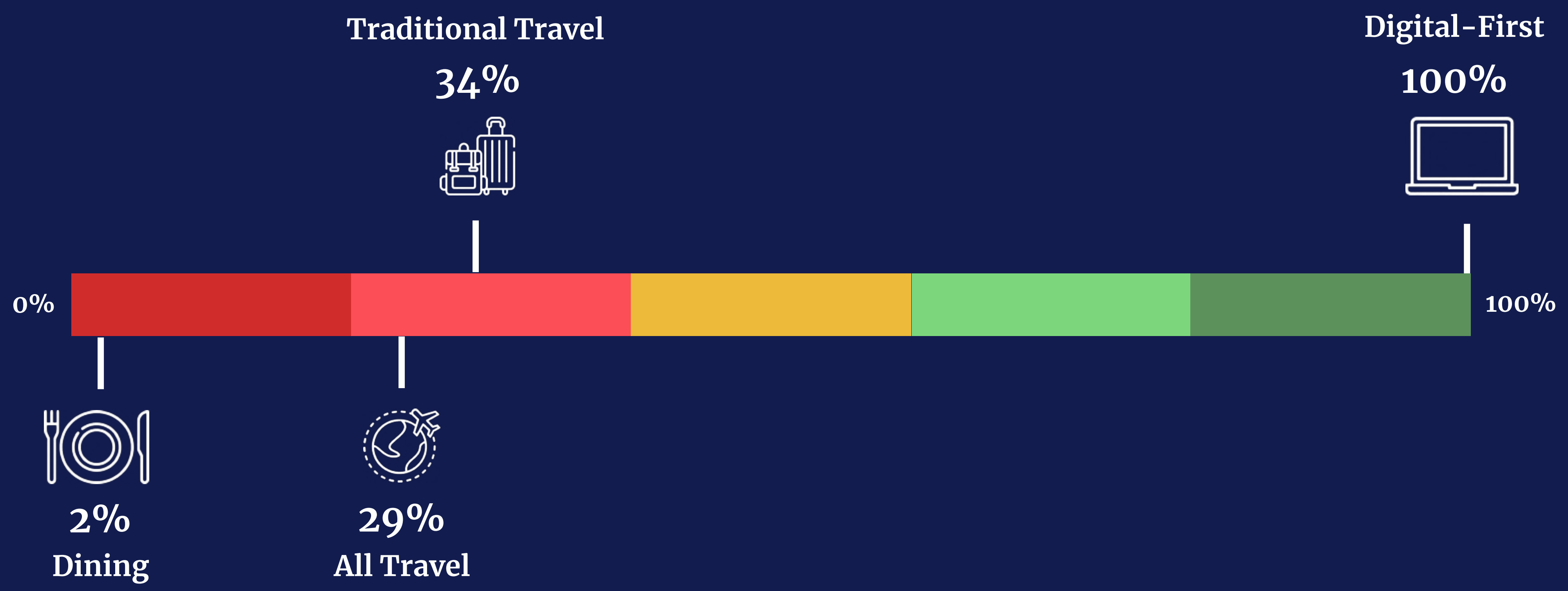


Note: This report defines high personalization maturity as the ability to personalize 75%+ of the shopper journey.

Maturity Marker: Continuous Improvement

Only a third of travel firms have a feedback loop to improve personalization.

% of brands that have a feedback loop of personalization across the enterprise



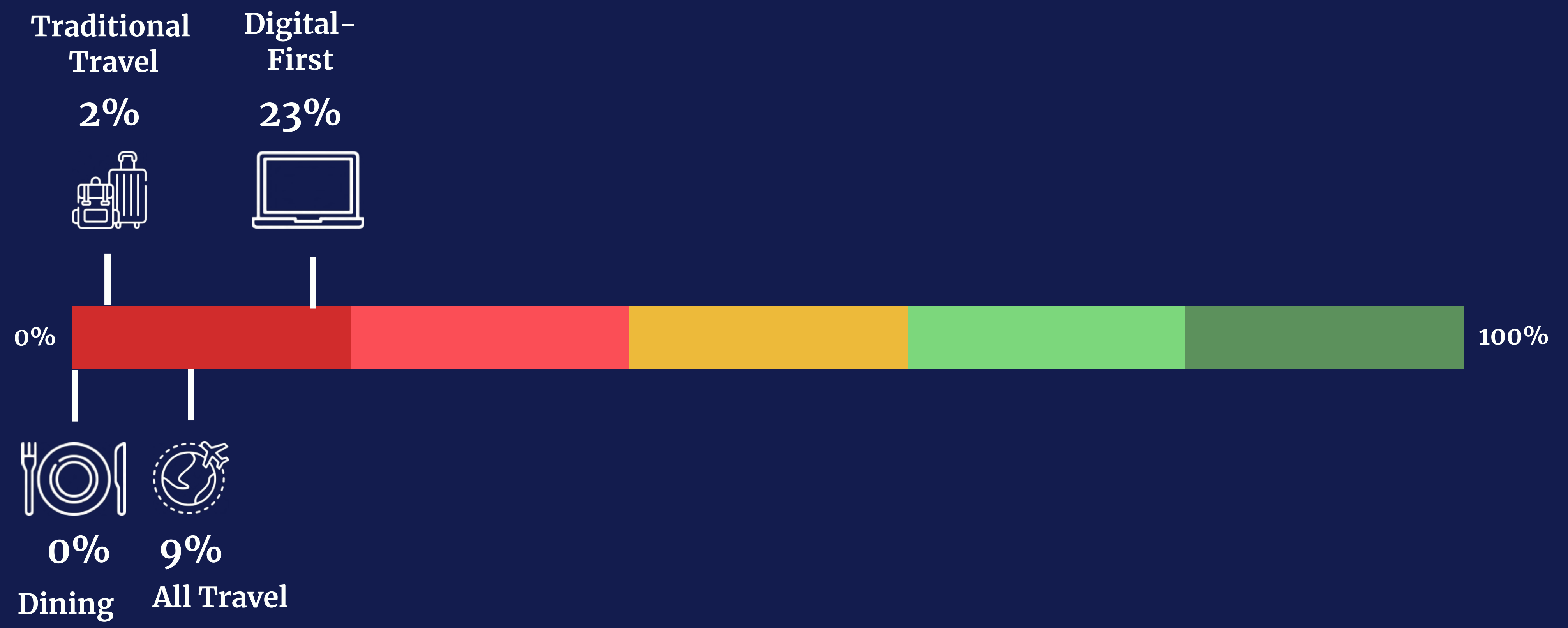
Personalization is not a destination; it's a journey. Personalization projects can't be a one-and-done; brands must learn and tweak their systems and strategies to make the most out of their investments. Only a third of all travel brands have a feedback loop to help them improve their performance compared to all digital-first brands.

The feedback loop is essential not just to measure personalization performance but because it allows brands to run and test multiple experiments. The latter is what helps brands stay ahead of the competition. The speed at which brands can stand up, run and learn from experiments is a differentiator. Brands have to build the organizational process and governance to enable this continuous improvement to continue advancing their personalization efforts.

Maturity Marker: Unified View

Getting a unified view of personalization is challenging even for digital first brands.

% of brands that have a unified view of personalization across the enterprise



Many brands in Travel rank their inability to justify the Return on Investment (RoI) as a Top 3 impediment to investing in personalization. There are two core reasons behind this. The first is that most brands are in their infancy of improving personalization and are unsure of their gains if they improve their maturity. The second, which is probably harder to do, is to get an enterprise view of personalization performance. Only 1 in 10 of all travel brands have a unified view of personalization.

Even digital-first brands that don't have legacy technology haven't fully solved this. Getting to a unified view of personalization isn't easy because it requires firms to agree and clearly define their performance parameters (KPIs) and fix clunky data integration and reconciliation issues.

Maturity Marker: Data and Technology Infrastructure

Travel brands have underinvested in personalization.

The investment pattern in personalization reflects the overall maturity of the industry segments. Most travel brands and almost all dining brands spend less than ten percent of their marketing budget on personalization, while most digital-first brands spend between two and four times that. The lack of personalization investment reflects in travel brands' outdated technology and data capabilities.

As the travel and hospitality guest experience becomes increasingly digital-first, the investment in personalization needs to be scaled up. This investment needs to be tightly coupled with the transformation of the loyalty program.

We've seen investment in personalization funded by different departments (e.g., marketing, technology, eCommerce, corporate, etc.) when programs start. Siloed funding gives way to more strategic investment over time, with technology, marketing, digital, or corporate consolidating spending.

% of marketing budget spent on personalization

% of marketing budget	Overall Travel	Digital First	Traditional Travel	Dining
<10%	**56%**	0%	42%	**94%**
10% - 20%	30%	3%	**50%**	6%
21% - 40%	11%	**63%**	8%	0%
41% - 60%	2%	17%	0%	0%
61% - 80%	1%	10%	0%	0%
81% - 100%	1%	7%	0%	0%

Maturity Marker: Data and Technology Infrastructure

Travel brands don't have the technology and data infrastructure needed to scale.

Scaling personalization is only possible if brands have robust underlying data and technology infrastructure. Investment in building this infrastructure has been low and piecemeal. Investment has focused on small projects (use-cases) and parts of the guest journey (e.g. eMail, website customer journey).

Most travel brands don't have the core platforms required to support personalization. Only about a third have personalization engine capabilities and digital asset management capabilities. Their focus is on personalizing a single channel instead of the entire journey. Only some firms have a unified view of personalization across their guest journey and the capabilities required to orchestrate a personalized experience.

Having a single view of the customer across channels is a rarity. Only a handful of firms have it and can provide it to their personalization systems across the guest journey. (e.g, Browsing, Booking, Customer service, etc.). Digital-first brands spend 3x more on personalization than the overall industry, and almost all have basic personalization capabilities. However, even they don't have a unified, clean single view of the guest.

% of brands that have the following capabilites

Technology Areas	Overall Travel	Digital First	Traditional Travel	Dining
Having a unified Customer/Guest profile	1%	3%	0%	0%
Allowing real-time access to Customer/Guest profile	2%	20%	0%	0%
Omnichannel personalization engine	22%	90%	24%	1%
eCommerce personalization software	34%	90%	24%	3%
Website and mobile app personalization software	33%	97%	25%	3%
Manage digital assets effectively	27%	100%	33%	5%
Automating delivery digital assets across channels	30%	100%	40%	5%
Email personalization and campaign management software	24%	100%	42%	6%

Maturity Marker: Data and Technology Infrastructure

Brands will increase their investment in over the next 12 months, focus varies by sub-industry.

There is an acknowledgment amongst travel brands that they need to increase their investment in their core personalization infrastructure. Almost half of all travel brands will upgrade some aspect of their personalization infrastructure.

Upgrading the ability to manage digital assets and personalize email and campaigns is a consistent focus across sub-industries, but other investment areas vary based on maturity and focus. Digital-first brands that are leaders in personalization focus on getting to a more accurate and usable guest profile and using that profile to serve relevant content across all channels. Dining, which trails the industry, is trying to invest in the basics of individual channel personalization so they can get started.

When firms start out, investments focus on basic tools to drive channel-specific personalization. As they scale, the tools, content, and journey orchestration needs to be omnichannel.

% of brands that will add or upgrade the following capabilities over the next 12 months

Technology Areas	Overall Travel	Digital First	Traditional Travel	Dining
Having a unified Customer/Guest profile	28%	**97%**	32%	2%
Allowing real-time access to Customer/Guest profile	47%	**93%**	62%	9%
Omnichannel personalization engine	49%	**73%**	68%	13%
eCommerce personalization software	47%	30%	**73%**	**28%**
Website and mobile app personalization software	47%	23%	**95%**	22%
Manage digital assets effectively	68%	70%	**82%**	12%
Automating delivery digital assets across channels	52%	33%	67%	21%
Email personalization and campaign management software	53%	57%	55%	**27%**

	Top Challenges Ranked	Overall Travel
	Inability to develop a business case or justify ROI	#1
	Limited in-house resources to support personalization	#2
	Siloed data / Inability to integrate data	#3

	Top Challenges Ranked	Traditional Travel
	Inability to develop a business case or justify ROI	#1
	Inability to scale personalization efforts across channels	#2
	Siloed data / Inability to integrate data	#3

	Top Challenges Ranked	Digital First
	Siloed data / Inability to integrate data	#1
	Inefficient processes from content creation to publishing	#2
	Consumer privacy issues	#3

	Top Challenges Ranked	Dining
	Inability to develop a business case or justify ROI	#1
	Limited in-house resources to support personalization	#2
	Absence of a clear personalization strategy	#3

Top challenges vary based on maturity.

The top challenges in improving personalization across the industry are building a business case, getting talent, and integrating data. The top two aren't surprising because most travel brands are trying to figure out how to get started and allocate sufficient resources to their personalization journey.

The top challenges facing digital-first brands are slightly different. Their focus is clearly on scale and speed, and they are now scratching the surface of 1:1 personalization across channels. Integrating multiple data sources and improving the end-to-end content execution process are top operational challenges as they try to personalize content and experience in the moment.

They also face consumer privacy and data challenges as they push the envelope on real-time personalization.

Personalization + Loyalty is a growth multiplier.

Guest expectations of an 'acceptable' experience are only going up. They want a seamless and delightful experience across channels and expect to be treated differently based on their loyalty to a brand. Not only are these guests hugely valuable, but they are also brand evangelists who convert other guests to a brand. Treating these loyal guests well and in accordance with their patronage is a proven growth strategy.

However, most loyalty programs are still transactional and channel constrained. Brands must evolve their guest experience by using their loyalty data to personalize all aspects of the guest journey and integrate digital and physical experiences. A personal greeting while boarding, an invitation to a special musical event, and sensitivity to food preferences are all ways brands can personalize their experience. Loyalty is the next frontier of personalization because if a brand personalizes a guest experience effectively, it creates a new set of base expectations in the category that are extremely difficult for other brands to match.

83%
of all travel and hospitality loyalty programs are focused primarily on discounting.

71%
of QSR and Fast Casual firms are focused on loyalty as top 3 business strategy

67%
of all rooms were booked by loyalty members in H1 2022

72%
of all travel and hospitality loyalty programs will focus on improving tier benefits

+23%
y-o-y increase in Average Order Value (AoV) for loyalty members in 2022

88%
of hotel guests rate customer service associate as a Top 3 factor for a return visit

Most travel brands are at the basic level of personalization.

Digital-first brands remain outliers and can micro-segment guests across channels. The ability to use location data and context from mobile makes personalization more precise. Personalization maturity on the mobile app is also the highest for traditional travel. Travel brands (e.g., Airline, Cruise, etc.) can personalize the guest experience on the kiosk and the associate handheld device effectively, and many can achieve microsegmentation in these channels.

Dining continues to lag all other sub-industries in all channels. The lack of personalization in the drive-thru experience is a significant opportunity for QSR brands. personalizing a single channel instead of the entire journey.

Digital First Maturity Level

	Mobile App	Mobile Web	Website
One to One	23%	17%	23%
Microsegmentation	**70%**	**70%**	**63%**
Segment Based	7%	13%	13%
Basic Personalization	0%	0%	0%
No Personalization	0%	0%	0%

Traditional Travel Maturity Level

	Mobile App	Mobile Web	Website	Kiosk	Associate Device	Point of Sale
One to One	0%	0%	0%	3%	2%	0%
Microsegmentation	7%	2%	7%	13%	15%	8%
Segment Based	**44%**	36%	37%	**35%**	28%	13%
Basic Personalization	35%	**47%**	**42%**	34%	**53%**	36%
No Personalization	14%	15%	14%	16%	2%	**42%**

Dining Maturity Level

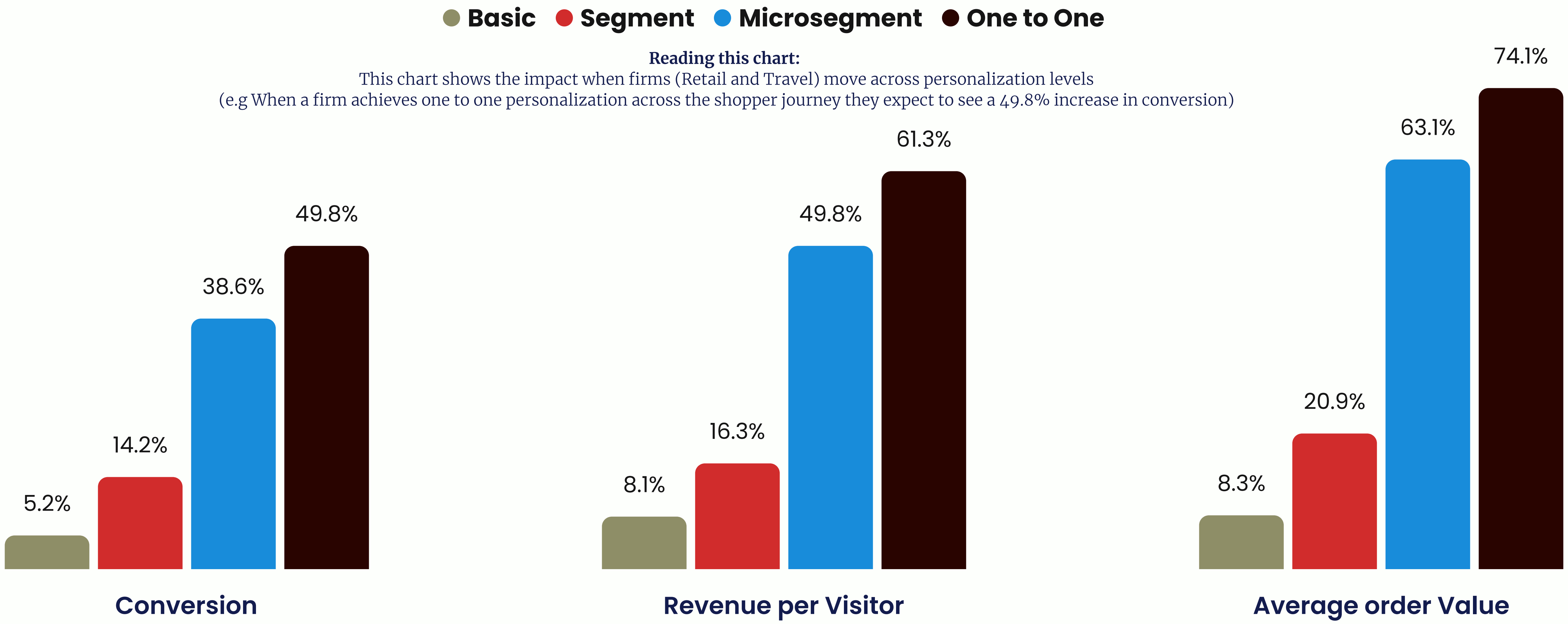
	Mobile App	Mobile Web	Website	Kiosk	Associate Device	Drive-Thru	Menu Board
One to One	1%	0%	0%	0%	0%	0%	0%
Microsegmentation	0%	1%	1%	1%	0%	1%	1%
Segment Based	6%	1%	3%	6%	5%	1%	1%
Basic Personalization	30%	29%	31%	26%	40%	9%	12%
No Personalization	**64%**	**69%**	**65%**	**67%**	**56%**	**88%**	**85%**

Moving up the personalization maturity curve can deliver exponential revenue impact.

Micro-segmentation across the shopper journey can double revenue: A $50 million business with 3% conversion can reach $113 million.

An interesting dichotomy is at play here. While building the business case is the #1 roadblock to scaling personalization, executives believe that there is a significant benefit to improving personalization maturity. Moving up the personalization curve (Basic -> Segment -> Micro-segment -> One-to-One) delivers exponential impact at every stage.

It's most impactful (3x) when moving from segmentation to micro-segmentation and surprisingly least impactful (1.2x) when moving from micro-segmentation to one-to-one. This less than stellar increase when moving to one-to-one raises an important point. While executives see a significant benefit to improving personalization, the incremental improvement between micro-segmentation and one-to-one personalization isn't as clear to executives.



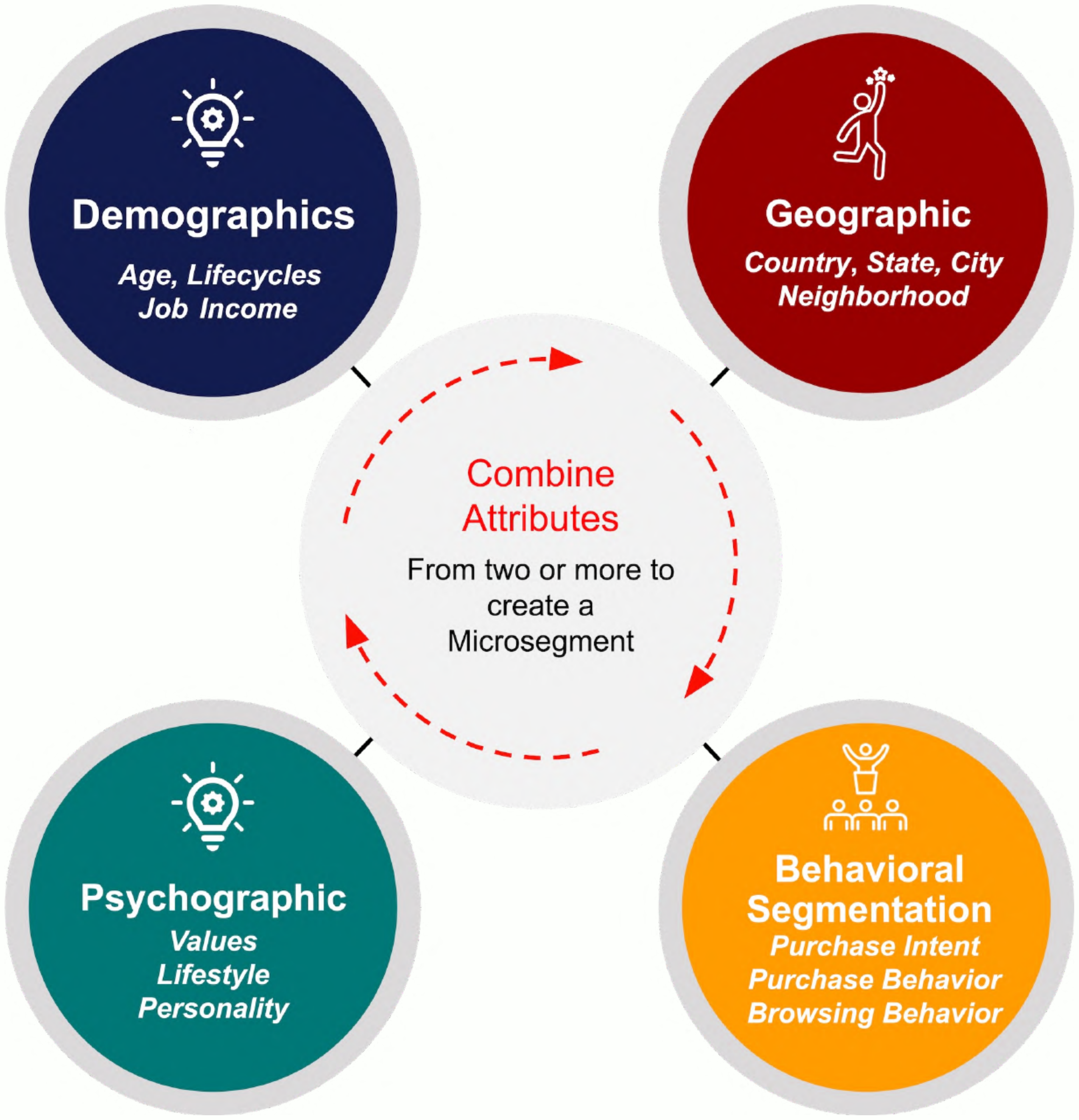
Executive Perspective

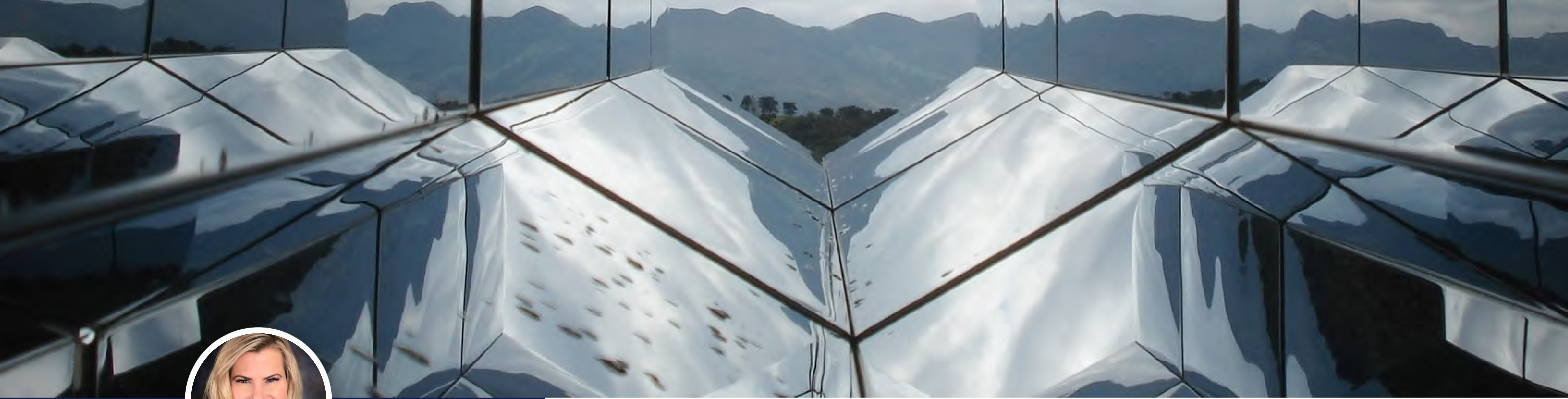
In an era where change is constant, and your competition is a click away, gaining consumers' loyalty is an ever-increasing challenge. The year of 2022 was marked with challenges in customer retention as demand grew, while operations failed to scale back to pre-pandemic levels. These service failures paired with inflation led many customers to question their loyalty to brands. Many brands leaned into their loyalty programs to keep and retain customers.

With a new growing expectation for contextual relevance from consumers, travel and dining brands are in the middle of an operational transformation. Although 1:1 is the north star, the highest net lift is through micro-segmentation.

Digital first brands have found success and are further along the maturity scale in terms of organizational/operating models as well as the technology investments designed to support maturity. Moving to that next stage of maturity, from segment to micro-segmentation, requires an executive sponsor to unify both the tech and the processes. The brands with executive leadership have a unified view on the business, more agile teams, and see more success.

Personalization has significant revenue management implications creating a competitive advantage for brands that move forward and ensure they are operationally set up to scale.





Julie Hoffmann

Global Directory Industry Strategy
Travel, Hospitality and Dining
Adobe

Julie is an entrepreneurial executive with over 25 years of experience defining strategy, creating categories, accelerating and achieving hyper-growth objectives backed by data driven insights for Fortune 500 brands in both Travel and Retail/CPG.

As a travel brand executive, she held one of ten roles on Adobe's customer advisory board designed to accelerate future innovation for Adobe's Experience Cloud product roadmap. In 2013, she pioneered one of the first micro services architecture creating a headless approach on how services (content, ecommerce, booking) are delivered to customers improving topline growth, operational efficiency and the customer experience. Throughout her career, she led teams through numerous business transformations supported by change management strategies that empower individual and team success.

Julie was recruited by Adobe in 2016. She serves as an executive advisor to Travel, Hospitality & Dining brands informing C-level executives, senior leadership, and their board of directors with thought leadership that inspires and supports digital transformation around the world.

IN PARTNERSHIP WITH

ABOUT INCISIV

Incisiv is a peer-to-peer executive network and industry insights firm for consumer industry executives navigating digital disruption.

Incisiv offers curated executive learning, digital maturity benchmarks, and prescriptive transformation insights to clients across the consumer and technology industry spectrum.

incisiv.com

ABOUT ADOBE

We empower everyone to create impactful digital experiences. For decades, our creative products have helped our customers build the world's best brands. But there's more to customer experience than a well-designed app, ad, or webpage.

Our comprehensive portfolio of customer experience products and services helps businesses put every customer interaction in context, understand what each customer needs right now, and then quickly design and deliver digital experiences that build customer loyalty and drive business success.

adobe.com

Personalization at Scale

Want to learn how your business can achieve personalization at scale? Discover the tools you need to succeed at every step of the customer journey:

Content Management

https://business.adobe.com/solutions/content-management.html

Data Insights & Audiences

https://business.adobe.com/solutions/data-insights-audiences.html

Customer Journeys

https://business.adobe.com/solutions/customer-journeys.html

Failure to Scale: The State of Personalization in Retail & Travel

https://business.adobe.com/resources/reports/failure-to-scale-state-of-personalization-in-retail-and-travel.html