CHEETAH DIGITAL

Know Your Customer

2022 Travel and Hospitality Customer Engagement Ebook

Take a journey with us to build and retain loyal customers and brand advocates by creating valuable relationships.

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Do You Know Your Customers?

Do you really know them? We don't mean "intrusive third-party spying through the online window" know-them. **For example**, when Bigfoot books his bachelor party, he isn't planning on having another one…he hopes. And he also hopes his favorite brand won't spam him with irrelevant ads and offers. Anything else and he feels too out in the open. Ideally, businesses will use data that is given to you by the customer willingly and proactively.

Have you reached out and asked your customers questions about their true selves in exchange for valuable, preference data? Do you have a loyalty program in place that exchanges relevant benefits for their devotion to your travel and hospitality brand?

A fully-fledged, well-done loyalty program can reap lasting rewards for both a company and the customer. But to do so, you must have the right strategy, tech platform, and partner in place.

Through this ebook journey, explore the best ways a travel and hospitality brand can bring loyalty to life, create ride-or-die customers, and set up a system that makes it so easy you'd swear it was magic.

> "Today, we're making explicit that once third-party cookies are phased out, we will not build alternate identifiers to track individuals as they browse across the web, nor will we use them in our products.
>
> We don't believe these solutions will meet rising consumer expectations for privacy, nor will they stand up to rapidly evolving regulatory restrictions, and therefore aren't a sustainable long term investment."

David Temkin
Senior Director, Product Management,
Ads Privacy & User Trust at Google

Know Thy Customer

The key to a successful business has always been developing strong relationships with your customers. However, with ever-advancing technology and the accompanying onslaught in digital experiences, fostering these relationships has become more vital, but also more complicated.

To remain competitive, travel and hospitality brands must cultivate personalized and human connections in order to make useful vacation recommendations at the right time. To drive long-term revenue, you need to understand better who your customers are as an individual, not lump them into lazy personas or cohorts, build one-to-one connections, and create a tangible value-exchange relationship.

Vacationers want travel and hospitality brands to incentivize them and engage in a direct, more personal relationship — not spam them with ads on social.

Basically, get to know your customers from end-to-end, first click to packing their suitcase, but on their terms.

79% of consumers would prefer if brands spent less on targeted Facebook ads and invested that money into loyalty programs.

FOOD FOR THOUGHT:
How well do you know your customer?

The Quest for Hidden Data

Always Be Collecting Data. It's the ABCD of marketing, but in the privacy era, where thorough data compliance can be as much a differentiator as price and product, it's essential marketers are asking for data — not just finding it. Just because you can collect certain data, doesn't mean you should.

What customers share with you directly, zero-party data, or when they interact with your channels, first-party data, they are giving you vital information that they want you to use. Moving forward, this building of data from personal connections is what travel and hospitality brands should use to interact and build loyalty.

But travelers and guests can be evasive, and the data you need to market to individuals with the right level of relevance and privacy doesn't come easily. That is why a centralized source of customer information — from all of your different data collection systems — is key.
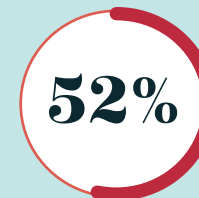
> **FOOD FOR THOUGHT:**
> **Is how you collect and use your data creeping out your customers?**

90% of consumers will share data with a brand when the value exchange is right!

On the flip side,

52% think it's creepy when brands use 3rd party cookies to track and personalize the experience.

Zero-party data is the gold standard of data and it's the rocket fuel behind the true personalization travelers and guests expect from the travel and hospitality brands they love. *Unlike third-party data, zero-party data can go beyond past behaviors and inferred preferences to offer insights into people's motivations, intentions, and interests.* Travel and hospitality brands that gather zero and first-party data are often better positioned to power programs that drive true, long-term customer loyalty.

Turn the unknown consumer to known by:

1 Building a first-party database to establish a direct marketing channel to travelers and guests.

2 Seeking zero-party data, information the consumer willingly shared with the brand, to drive personalization.

3 Learning from all individuals' interactions across all channels, allowing you to create a more personalized customer journey — as they roam.
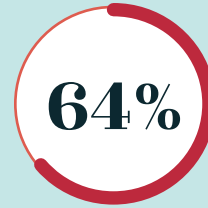
64% of consumers are prepared to pay more to purchase from a trusted brand.

24% of consumers are not loyal to a brand because the brand did nothing to encourage their loyalty — even though they were a frequent shopper.

The Dude Ranch

★★★★☆

GITTY UP!

1,500
ACRES TO ROAM
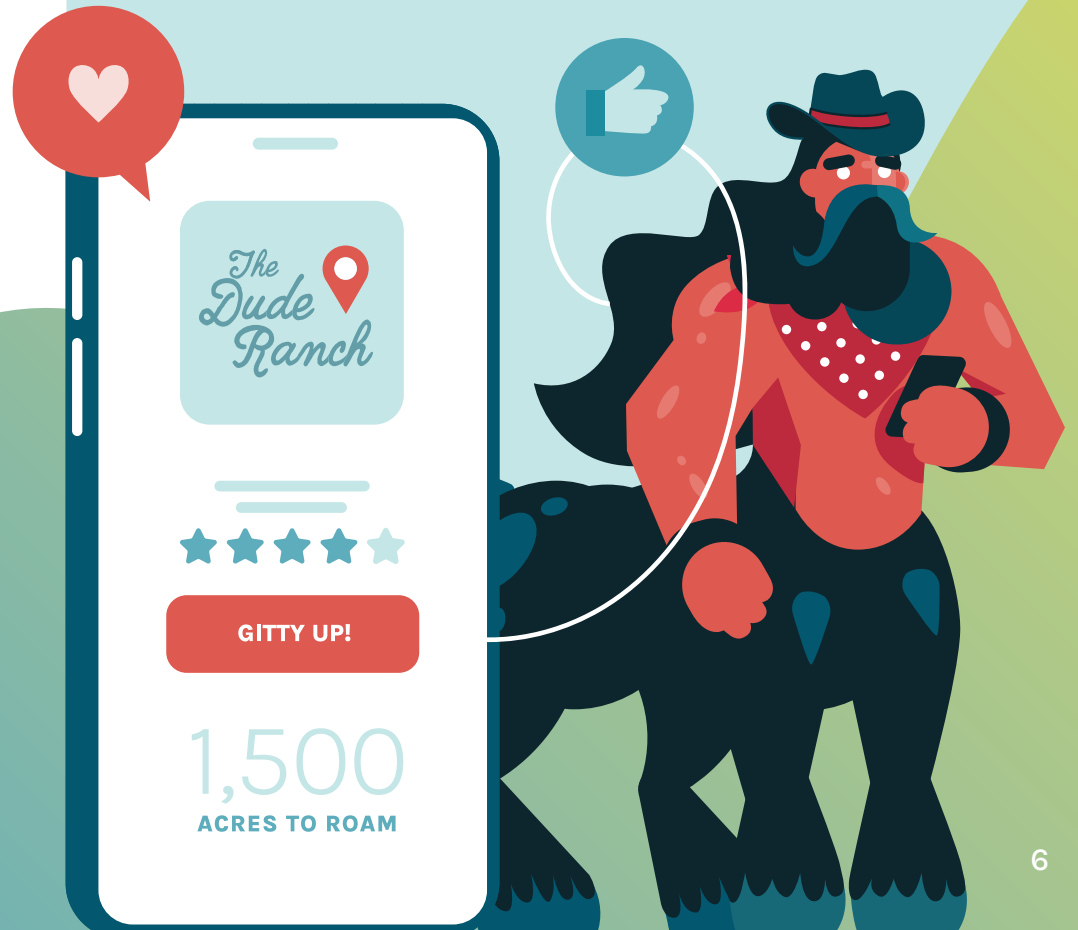
Loyalty is Not a Myth

Travelers and guests have exceptionally high expectations for brands these days, especially the ones they love. It only takes one delay, closed pool, or not quite sea view to send them elsewhere and go viral on Twitter for the wrong reasons.

Customers expect brands to build relationships and create genuine experiences for them. They want to engage and interact with their favorite brands — to join something bigger — to be part of an exclusive community. The heart of loyalty is not merely the cheapest price-point, but a travel and hospitality brand that can foster community, recognizes the customer as an individual, and delivers recommendations that reflect this.

Magical things happen when you listen to your customer. The key is personalizing experiences based on the information they volunteer. Recent market research shows that 44% of consumers will likely become repeat buyers, and 32% will likely leave a positive review.

50%+ of consumers are comfortable sharing their data with a brand in exchange for a better service.

FOOD FOR THOUGHT:

Do your customers feel your rewards are enough to keep them loyal to your brand?
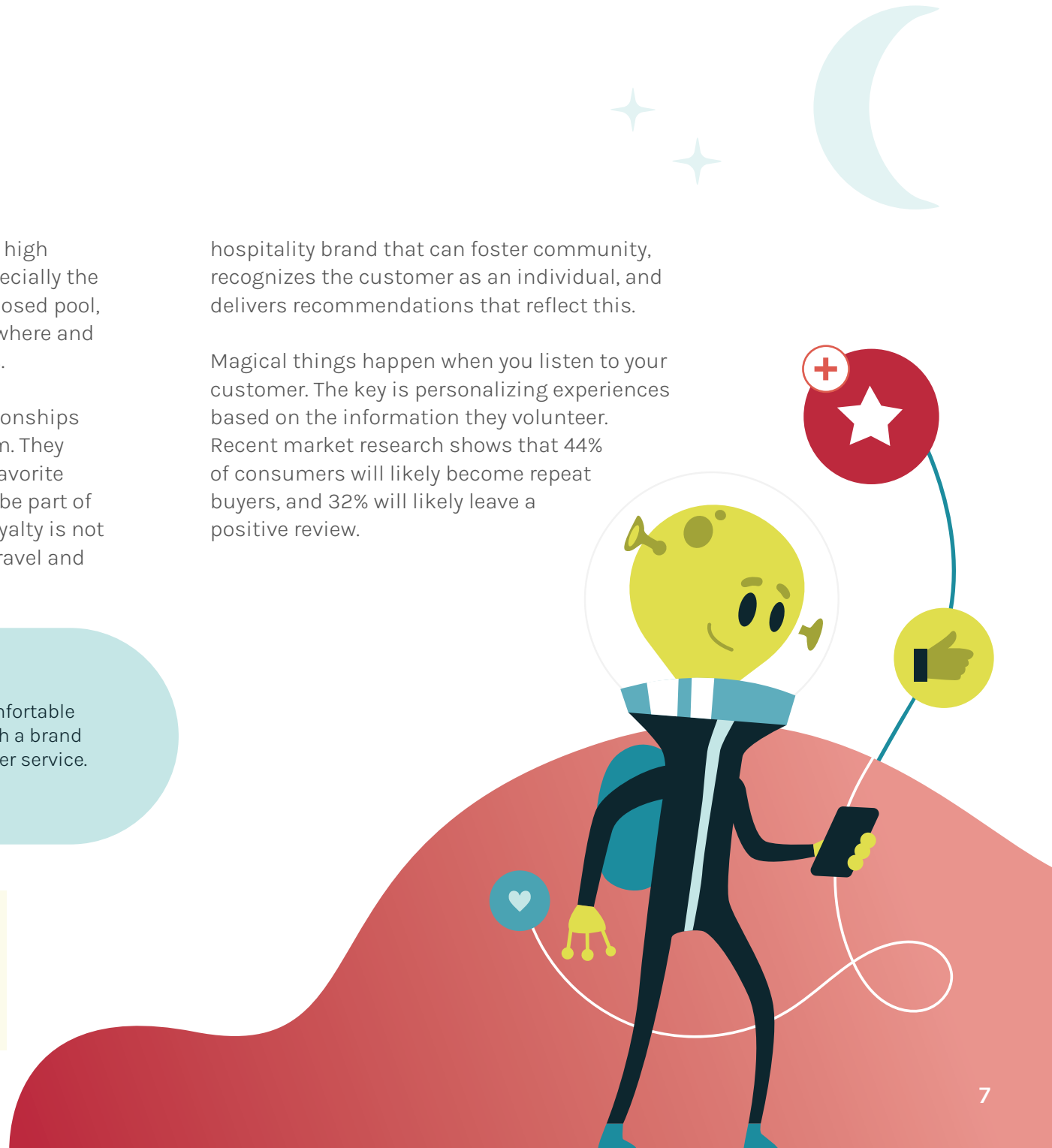
Today, travelers and guests want to remain elusive but understood. Transactional relationships, hinging on discounts, coupons, and points for purchase, are no longer good enough.

Consumers expect brands to:

✓ Interact with them in real-time.

✓ "Know them and show them" how well a brand understands them.

✓ Connect and form a real relationship with them.

✓ Provide relevant content that makes them feel heard and seen.

✓ Engage with them on different devices and channels.

✓ Offer loyalty programs that reward behavior.

Consumers do **not** want brands to:

✗ Get back to them "whenever."

✗ Send information that doesn't fit their needs.

✗ Push products and services that they need to sell.

✗ Overwhelm them with irrelevant content.

✗ Focus only on one device or channel.

✗ Have loyalty programs that only incentivize transactions.

Building Trust and the Value Exchange

Over the last few years, there has been a noticeable change in the types of value exchange that customers want in their loyalty programs. If your programs are relying on discounts, air-miles, or points, your customers may start looking at your competitors.

In its place, travel and hospitality brands that are offering free Wi-Fi, SMS booking confirmation, early-check-in, recognition for loyalty, and enriched online experiences are the ones garnering more interest and loyalty.

Customers want brands to incentivize them to enter into a direct relationship via a loyalty program. They don't want a company spamming them with intrusive ads. There is a critical difference between just knowing some online habits of your customer versus truly understanding their personal preferences.
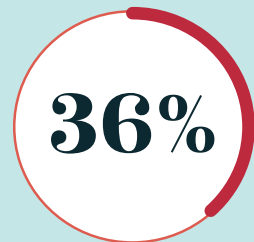
36% of consumers are more likely to take part in a loyalty program than last year.
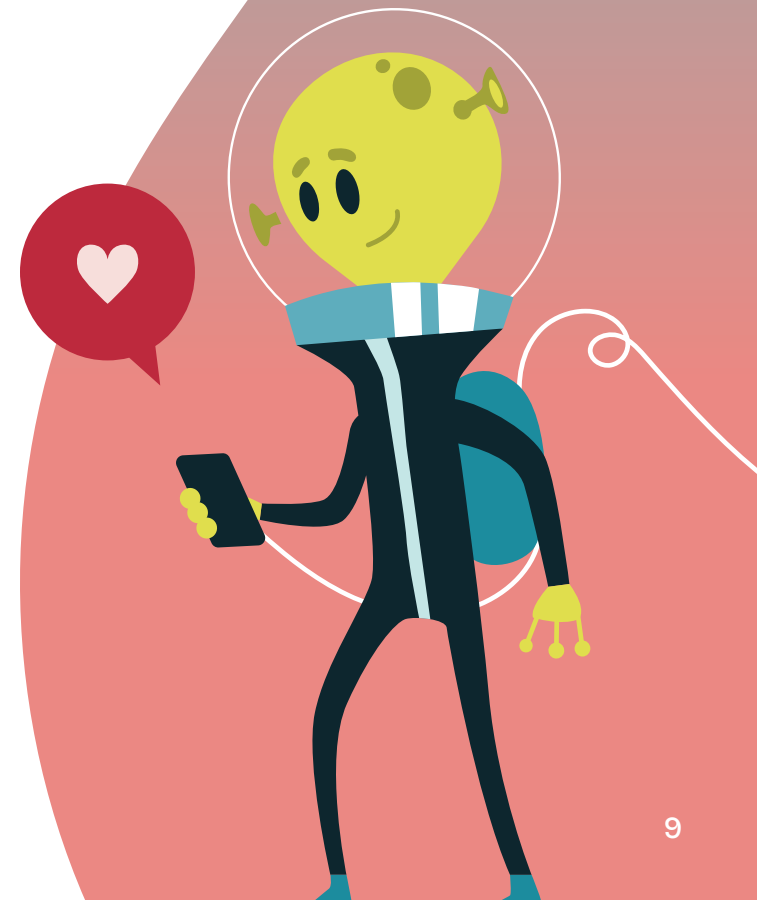
In a value exchange, there are three categories; the first two, free service+ and personalized discounts, are table stakes. Contextually differentiated and improved experiences are where brands will begin to set themselves apart.

Free Service+

Even services that have traditionally been "free" (e.g., linear TV) must still ensure ongoing relevance and differentiation from the competition.

Personalized Discounts

The consumer believes that a required action (e.g., sharing additional data) is a fair trade for a discount on the product or service.

Contextually Differentiated and Improved Experiences

Your customers get a desirable bonus for a certain action (e.g., loyalty programs) that feels personalized/unique/enhanced.

FOOD FOR THOUGHT:
Does Your Value Exchange Measure Up?

Forging Emotional Connections

Customer expectations of brands have been on an upward trajectory for years. Digital transformation increased the velocity, and the recent pandemic accelerated the trend. Many brands struggle to meet the rising expectations, and stewarding ordinary programs is not a formula for success. Articulating and demonstrating value to your travelers and guests, from moment one, is critical and a key to driving ongoing customer loyalty.

Customers now want rewards to surprise and delight. Recognition at crucial milestones, benefits to share with family, and other innovative tactics are ways to remain competitive and show your customer you go above and beyond.

75% of consumers stop engaging in loyalty programs because the program rewards are either perceived to have insufficient value or are not relevant.

FOOD FOR THOUGHT:

Do your customers feel emotionally connected to your brand — or do they feel spied on?
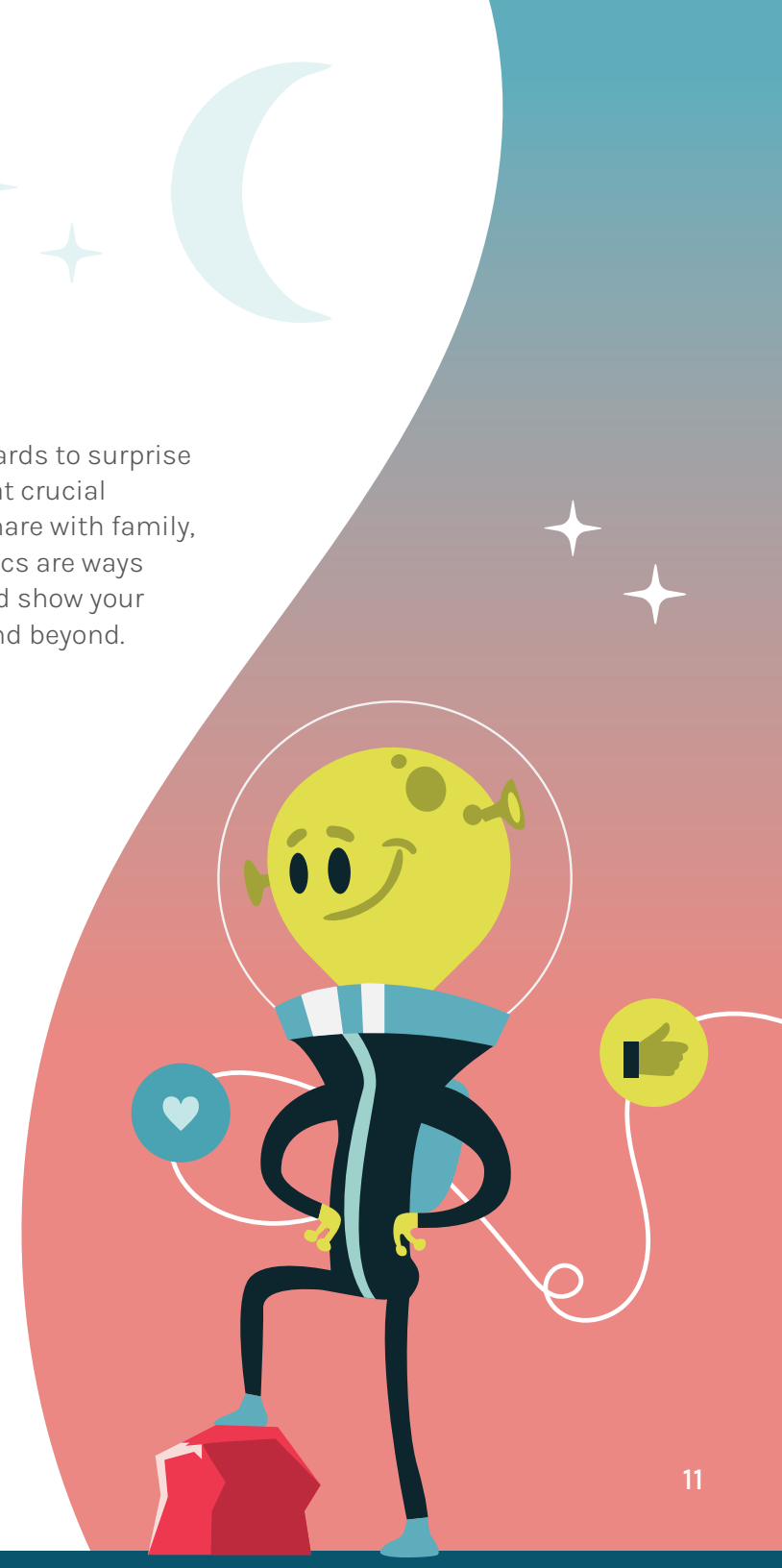
Are you using the four effective "drivers" or differentiators that increase customers 'emotional' loyalty? To keep them coming back for more you need the right technology and partner in place.

1

Humanizing Digital Connections by Listening

Virtually all brands need to engage in an ongoing dialogue with customers, asking key questions, then acutely listen and react to the answers.

2

Next-Generation Personalization

Loyalty programs that invest in integrating and acting upon trusted customer preference data will drive next-generation personalization, paying big dividends in the form of customer loyalty.

3

Benefits/Value Exchange

Benefits are at the heart of most loyalty programs. In order to be desirable, they must be easy to communicate and understand, provide both near and long-term gratification, and deliver recognizable value.

4

Exceeding Expectations at Moments That Matter

Exceptional loyalty programs find ways to exceed customer expectations at critical moments.

FOOD FOR THOUGHT:

Does your current platform enable your program to perform optimally?

77%

of consumers said they look positively on brands that pull targeted Facebook ads due to concerns of harmful content.

Turn Unknown Customers Into Known

Travel and hospitality brands are awash with data, but it's fragmented from customers interacting with brands on multiple digital channels. They can book online, or through a third-party, click an email, or engage on social, as well as engage with loyalty initiatives.

Furthermore, the data from all these touch points resides in disparate systems like analytics, email, mobile, campaign management, point-of-sale, and social — which are not integrated, nor were designed to be.

6x Consumers use an average of nearly six touch-points with half of them regularly using more than four when engaging with a brand.

FOOD FOR THOUGHT:

Do you know where, when, and how to start your program?

Marketing to Consumer As Individuals Requires New Capabilities

Consumer Expectations

Marketing Capabilities

1 — Treat me as an individual, not a segment | Single customer view and real-time personalization
Consumer preferences and insights

2 — Protect my data and don't snoop on me | Permissions-based data strategy

3 — Act like One Brand, however I interact with you | Cross-channel journey orchestration
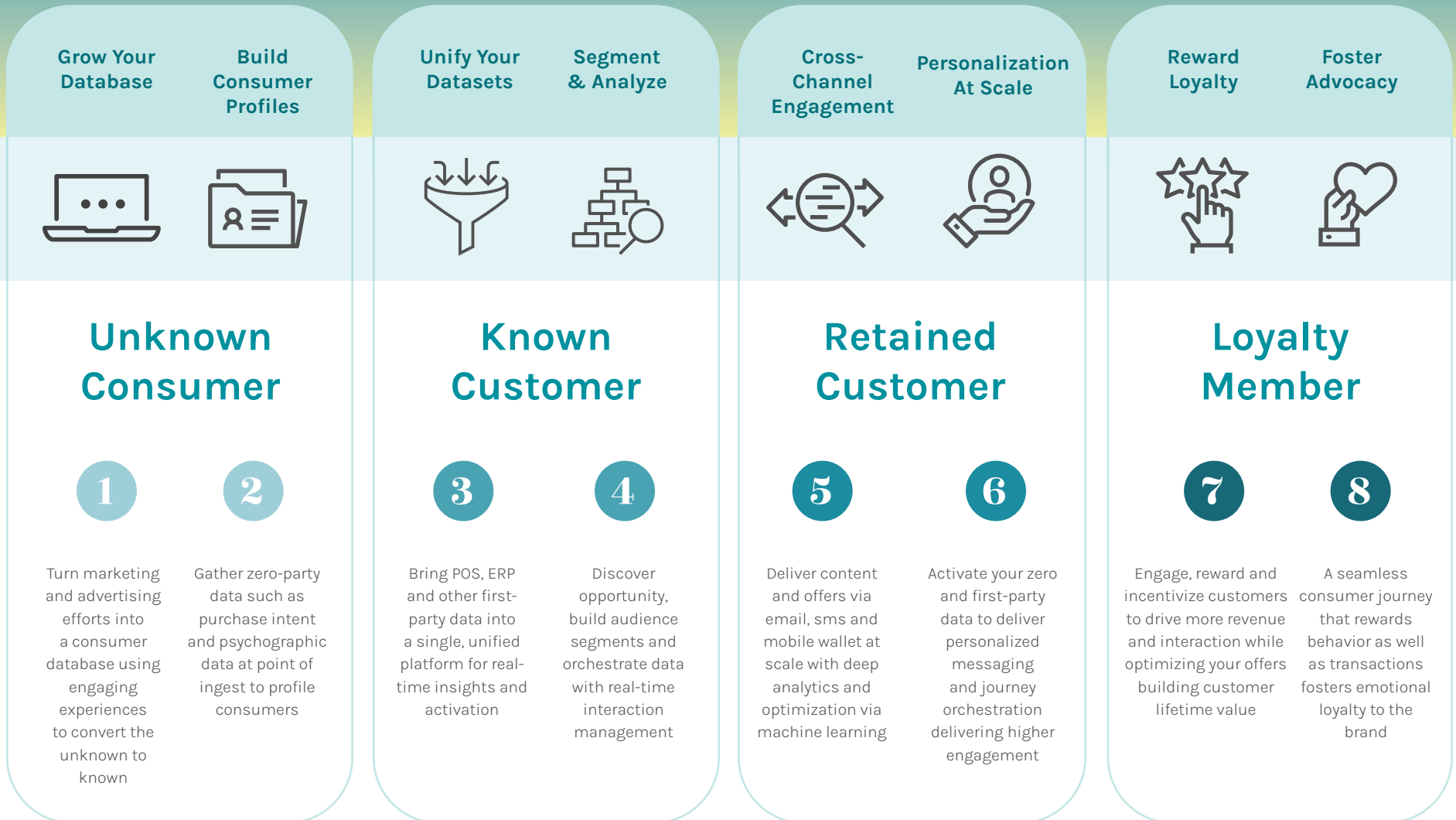
4 — Develop a relationship with me | Incent behavior beyond transactions

5 — Keep me coming back for more | Loyalty program management

To build lasting, profitable and mutually-rewarding relationships with travelers and guests you must have the right integrated technology and services.

| Grow Your Database | Build Consumer Profiles | Unify Your Datasets | Segment & Analyze | Cross-Channel Engagement | Personalization At Scale | Reward Loyalty | Foster Advocacy |

Unknown Consumer

1 Turn marketing and advertising efforts into a consumer database using engaging experiences to convert the unknown to known

2 Gather zero-party data such as purchase intent and psychographic data at point of ingest to profile consumers

Known Customer

3 Bring POS, ERP and other first-party data into a single, unified platform for real-time insights and activation

4 Discover opportunity, build audience segments and orchestrate data with real-time interaction management

Retained Customer

5 Deliver content and offers via email, sms and mobile wallet at scale with deep analytics and optimization via machine learning

6 Activate your zero and first-party data to deliver personalized messaging and journey orchestration delivering higher engagement

Loyalty Member

7 Engage, reward and incentivize customers to drive more revenue and interaction while optimizing your offers building customer lifetime value

8 A seamless consumer journey that rewards behavior as well as transactions fosters emotional loyalty to the brand

Spotted in the Real World:

Air New Zealand

From Auckland to Adelaide, Sydney to San Francisco, and Perth to the Pacific Islands, Air New Zealand have been safely and reliably delivering vacationists from A to B and beyond for over half a century.

From humble beginnings, the airline now operates an extensive international and domestic network, delivering over 17 million flyers annually to the Americas, and Oceania and is regularly voted the safest airline in the world.

Air New Zealand turned to Cheetah Digital when they wanted to collect personal and preference data to deliver a more personalized experience to each and every customer.

Air New Zealand's 'You Say Yay' interactive mobile quiz serves to organically promote its flight destinations by asking consumers about their favorite pastimes and offering personalized vacation suggestions in return.

For example, if a user answered surfing, sunshine and cocktails they might get waves of deals to Los Angeles; alternatively, if they submitted craft beer, baseball and pizza they might be served Chicago bargains. Additionally, the mobile quiz enables the airline to better understand customers' preferences and collect valuable zero-party data.

5.7M
SALES

tracked to this single campaign

100k

zero-party data records collected

38:1

ROI

FOOD FOR THOUGHT:

Would you like to like to get to know your customers like Air New Zealand?

About Cheetah Digital

Cheetah Digital is a cross-channel customer engagement solution provider for the modern marketer. The Cheetah Digital Customer Engagement Suite enables marketers to create personalized experiences, cross-channel messaging, and loyalty strategies, underpinned by an engagement data platform that can scale to meet the changing demands of today's consumer. Many of the world's best brands, including Hilton, Air New Zealand, American Airlines, Marriott & TUI trust Cheetah Digital to help them drive revenue, build lasting customer relationships, and deliver a unique value exchange throughout the customer lifecycle.

A Cheetah Digital rep will be reaching out to you to schedule your customer engagement and loyalty consultation.

Visit www.cheetahdigital.com.