ADVERTISING TRENDS AND BEST PRACTICES IN THE TRAVEL INDUSTRY

How Strategy and Digital Transformation Can Combine to Generate Targeted Campaigns Across Channels

Advertising Trends & Best Practices in the Travel Industry

How Strategy and Digital Transformation Can Combine to Generate Targeted Campaigns Across Channels

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EXECUTIVE
SUMMARY

This report provides a comprehensive analysis of the current state and future trends of digital ad campaigns in the travel industry. It highlights the industry's growing inclination towards using integrated platforms for managing ad campaigns across multiple channels, emphasizes the importance of machine learning and targeted advertising for future growth, and points out the need for sophisticated attribution models to assess marketing performance accurately.

The findings suggest that investment in technology and analytics capabilities is critical for travel companies aiming to enhance personalization, efficiency, and return on investment in their marketing efforts. Overall, the report underscores the shift towards more strategic, data-driven marketing approaches in the travel sector.

> **Investment in technology and analytics capabilities is critical for travel companies.**

ABOUT THE
RESPONDENTS

The WBR Insights research team surveyed 100 leaders from travel and hospitality organizations across the U.S. and Canada to generate the results featured in this report.
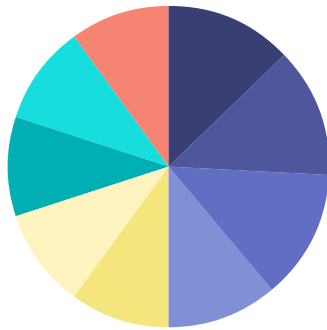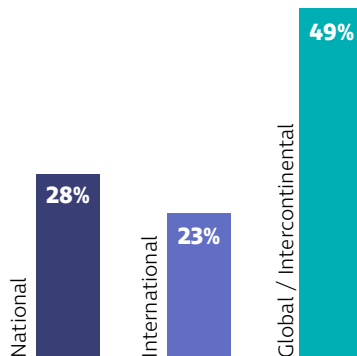
What type of company do you represent?

- **13%** Airline
- **13%** Cruise Line
- **13%** Resort
- **11%** Travel Aggregator
- **10%** Travel Agency
- **10%** Auto Rental / Service
- **10%** Tour Operator
- **10%** Lodging
- **10%** Entertainment (casino, theme park, etc.)

The respondents represent airlines (13%), cruise lines (13%), resorts (13%), travel aggregators (11%), travel agencies (10%), auto rental services (10%), tour operators (10%), lodging organizations (10%), and entertainment venues (10%).

What is your organization's area of service?

- National: 28%
- International: 23%
- Global / Intercontinental: 49%

What is your company's annual revenue?

- $250 million to $500 million: 23%
- $500 million to $1 billion: 22%
- $1 billion to $10 billion: 41%
- More than $10 billion: 14%
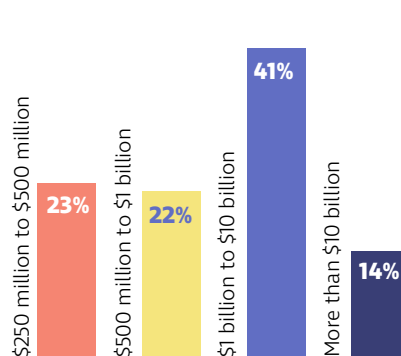
At 49%, almost half of the respondents are from organizations that operate globally.
Most of the respondents (55%) are from companies that make $1 billion or more in annual revenue.

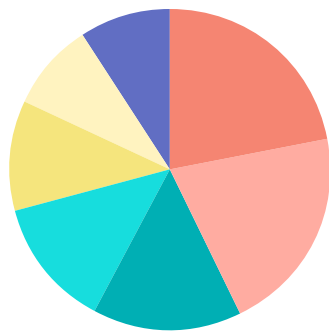The respondents occupy roles in strategy (22%), sales (21%), IT (15%), eCommerce (13%), data and analytics (9%), and customer loyalty (9%).

At 66%, most of the respondents are directors. The remaining respondents are vice presidents (16%), department heads (15%), or C-suite executives (3%).

What is your role?

- **22%** Strategy
- **21%** Sales
- **15%** IT
- **13%** eCommerce
- **11%** Marketing
- **9%** Data & Analytics
- **9%** Loyalty
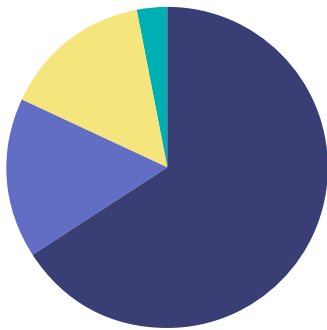
What is your seniority?

- **66%** Director
- **16%** VP / Executive
- **15%** Department Head
- **3%** C-Suite

At 49%, almost half of the respondents are from travel and hospitality organizations that operate globally.

KEY INSIGHTS

Among the respondents:

▷ Their primary goals for digital transformation are **increasing sales and bookings (34%) and enhancing the customer experience (22%).**

▷ Their biggest digital transformation challenges are **keeping up with changing technologies (35%) and managing cybersecurity threats (32%).**

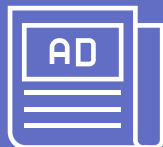▷ **Their top three best practices for managing change during digital transformation are:**

◇ Training and upskilling employees on new technologies **(55%)**

◇ Partnering with external experts or consultants for guidance **(50%)**

◇ Seeking feedback from customers throughout the process **(50%)**

▷ The two technologies that will have the biggest impact on their business are **big data analytics (30%) and mobile application development (22%).**

▷ **68% say their investments in AI will increase somewhat over the next 12 months,** while 20% say they will increase substantially.

▷ **79% will change or augment their CRM** over the next 12 months.

▷ **60% will change or augment their data analytics and reporting platforms** over the next 12 months.

▷ **58% will change or augment their marketing automation and advertising platforms** over the next 12 months.

KEY INSIGHTS Continued

▷ **82% can currently run their digital ad campaigns across millions of websites and mobile apps,** launching each campaign from a single location or platform.

▷ **The following advertising capabilities will be very important for growth and brand loyalty:**

◇ Making fast targeting predictions using machine learning **(85%)**

◇ Contextual, demographic, and traveler interest targeting capabilities **(68%)**

◇ The ability to launch, pause, and edit ad campaigns across all channels from a single location **(52%)**

▷ **71% say content creation challenges will significantly affect their ability to scale and grow topline revenue;** 69% say the same about adjusting strategies to meet fluctuating demand.

▷ In each case, **33% say web display and native ads are most utilized** for increasing brand awareness and encouraging new site visitors.

▷ **39% still compare campaign performance metrics manually,** while 30% cannot compare metrics across channels.

TRAVEL COMPANIES STRUGGLE TO KEEP UP WITH CHANGING TECHNOLOGIES AMID DIGITAL TRANSFORMATION

Digital transformation in the travel industry is not just a trend, but a fundamental shift that is reshaping the way travel companies operate and engage with customers. Amidst this transformation, companies are navigating through a wide range of challenges and opportunities to enhance their competitiveness, improve the customer experience, and achieve their revenue goals.

What is your organization's primary goal for digital transformation over the next two years?

34%	22%	15%	14%	13%	2%
Increasing sales and bookings	Enhancing the customer experience	Streamlining internal operations	Expanding our market reach	Integrating new technologies (e.g., AI, VR)	Reducing costs
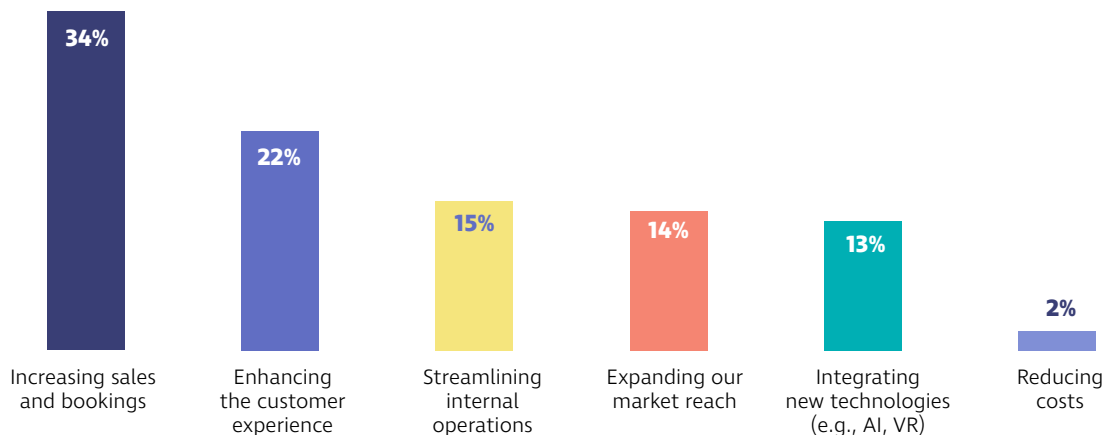
A significant portion of the study's participants, 34%, say that their main objective for digital transformation in the upcoming two years is to boost sales and bookings. Another 22% prioritize improving the customer experience as their chief aim.

This emphasis on increasing sales and bookings highlights how crucial revenue growth remains for digital travel companies in an increasingly competitive market. Companies are continuously seeking innovative ways to attract more customers and close sales more effectively.

On the other hand, the focus on enhancing the customer experience underscores the importance of customer satisfaction and loyalty in the travel industry. A superior customer experience not only fosters repeat business but also leverages positive word-of-mouth, essential for sustaining and growing a customer base when consumers are bombarded every day with digital ads.

Which of the following is the biggest challenge your company has faced during digital transformation?

Keeping up with changing technologies	Cybersecurity threats	Legacy systems integration	Budget constraints	Talent acquisition and training	Regulatory compliance
35%	32%	11%	8%	7%	7%
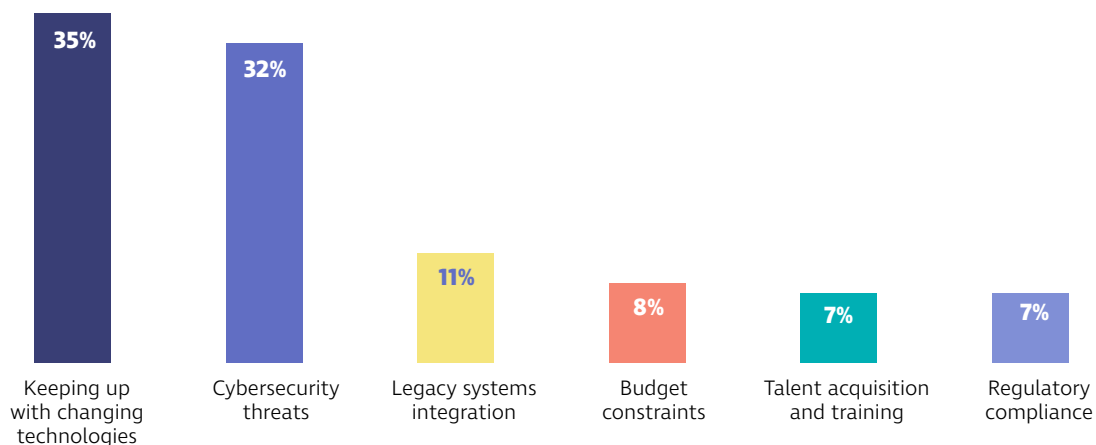
To reach these goals, travel companies must overcome significant challenges. A notable portion of companies, 35%, reported their primary challenge as staying ahead of rapidly evolving technologies. Furthermore, 32% identified cybersecurity threats as their chief hurdle.

These findings are demonstrative of the dynamic nature of the digital travel landscape. Companies in this sector must continually adapt their strategies and operations. Marketing and booking technologies are constantly changing, so travel companies must engage in continuous learning and innovation to stay competitive.

Cybersecurity threats are a ubiquitous challenge among organizations. The fact that the respondents emphasize them here touches on the importance of robust security measures to protect both company and customer data. For digital travel companies, addressing these issues head-on will be crucial for maintaining competitiveness, fostering trust among consumers, and creating a state-of-the-art customer experience.

Marketing and booking technologies are constantly changing, so travel companies must engage in continuous learning and innovation to stay competitive.

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To what extent do the following challenges affect your business's ability to scale and grow top-line revenue?

● Very much ● Somewhat ● Not very much ● Not at all

Challenge	Very much	Somewhat	Not very much	Not at all
Content Creation: Need for a large volume of high-quality, visually appealing content	71%	21%	8%	0%
Seasonality: Continually adjusting strategies to meet fluctuating demand	69%	16%	6%	9%
Pricing: Challenges keeping up with dynamic and complex pricing strategies	23%	61%	16%	0%
Competition: Difficulty gaining a competitive edge in a crowded market	16%	55%	29%	0%
Globalization: Adapting campaigns to diverse, global audiences	19%	40%	36%	5%

Travel companies also face specific challenges in their efforts to scale and grow top-line revenue. The survey reveals that 71% of the respondents identify content creation—producing a large quantity of high-quality, visually engaging content—as a very significant challenge. Similarly, 69% consider seasonality—the need to continually adapt strategies to changing demands—as very significant in impacting their ability to grow.

The capability to generate appealing, personalized content consistently will be key in winning attention and business from travel customers moving forward. Most consumers now expect some level of personalization in the booking experience, and they are more inclined to take advantage of personalized travel experiences.

Given the importance of captivating visuals and information in attracting customers, investing in content creation can significantly enhance a company's competitive edge.

Meanwhile, understanding and anticipating seasonal trends can help in planning and resource allocation, ensuring steady growth despite fluctuating market conditions.

> **Most consumers now expect some level of personalization in the booking experience, and they are more inclined to take advantage of personalized travel experiences.**

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Addressing these challenges will require changes and transformations within these companies. However, travel organizations must also be able to maintain operations, even during times of change.
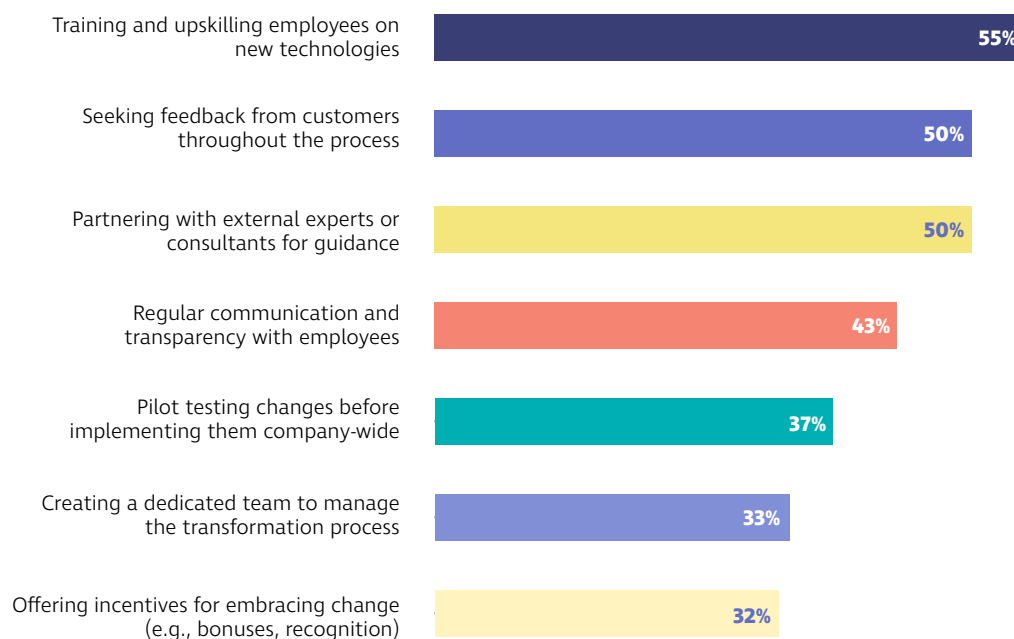
More than half of the respondents (55%) emphasize the importance of training and upskilling employees on new technologies during times of digital transformation. This suggests that a skilled workforce is crucial for navigating digital transformations successfully. Integrating new technologies isn't merely about adoption; it's also about ensuring that employees can effectively use new tools to enhance operations and customer experiences.

Similarly, half of the respondents highlight the value of partnering with external experts or consultants for guidance and seeking feedback from customers throughout the process, both recorded at 50%.

This indicates a strategic approach to digital transformation that involves not just internal adjustments but also external collaboration. Leveraging the expertise of external consultants can provide fresh insights and strategies that internal teams may overlook, while customer feedback ensures that digital initiatives remain aligned with customer needs and expectations. For travel companies, this signifies the importance of fostering an ecosystem that supports continuous learning, external collaboration, and customer-centric innovation.
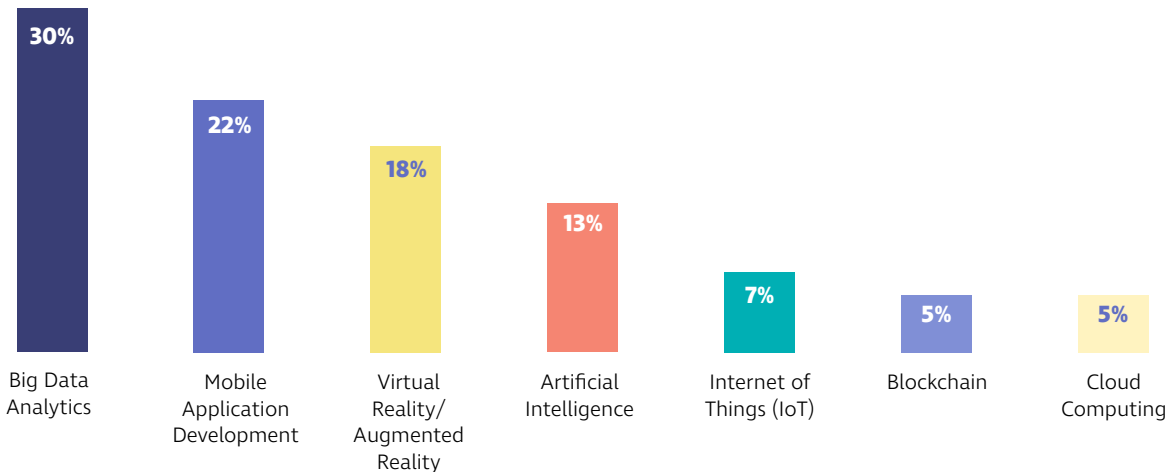
Change management during a digital transformation effort can be difficult, both for the company and its customers. From the following options, please select your top three best practices for managing internal changes during a digital transformation.

Best Practice	Percentage
Training and upskilling employees on new technologies	55%
Seeking feedback from customers throughout the process	50%
Partnering with external experts or consultants for guidance	50%
Regular communication and transparency with employees	43%
Pilot testing changes before implementing them company-wide	37%
Creating a dedicated team to manage the transformation process	33%
Offering incentives for embracing change (e.g., bonuses, recognition)	32%

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ANALYTICS, MOBILE APPS, AND AI WILL HAVE THE BIGGEST IMPACT ON TRAVEL BUSINESSES

Travel organizations now use a wide range of technologies to analyze data, automate internal processes, and personalize the customer experience. However, some technologies will be more critical than others as these organizations continue to transform.

Which of the following technologies do you believe will have the most significant impact on your business over the next 12 months?

Technology	%
Big Data Analytics	30%
Mobile Application Development	22%
Virtual Reality/ Augmented Reality	18%
Artificial Intelligence	13%
Internet of Things (IoT)	7%
Blockchain	5%
Cloud Computing	5%

The study shows that 30% of the respondents believe big data analytics will be one of the most crucial technologies for their businesses in the coming year. This technology is closely followed by mobile application development, as indicated by 22% of participants.

Big data analytics is recognized for its ability to process vast amounts of information to identify patterns, trends, and insights, which can significantly improve decision-making and strategic planning. For digital travel companies, this capability presents a unique opportunity to understand consumer behavior more deeply, personalize their offerings, and optimize operational efficiencies.

Mobile app development is deemed crucial because of the growing importance of engaging, user-friendly platforms in the customer experience. Given consumers' increasing reliance on smartphones for planning and booking travel, companies focusing on enhancing their mobile experiences are likely to see greater customer engagement and satisfaction. Most travel organizations can now create affordable proprietary apps by partnering with third-party developers.

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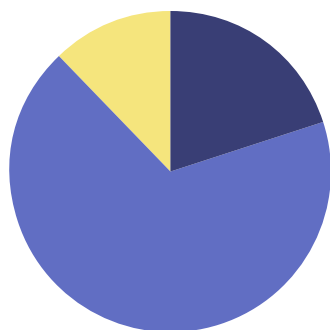
How will your organization's investments in artificial intelligence change over the next 12 months?

- **20%** Increase substantially
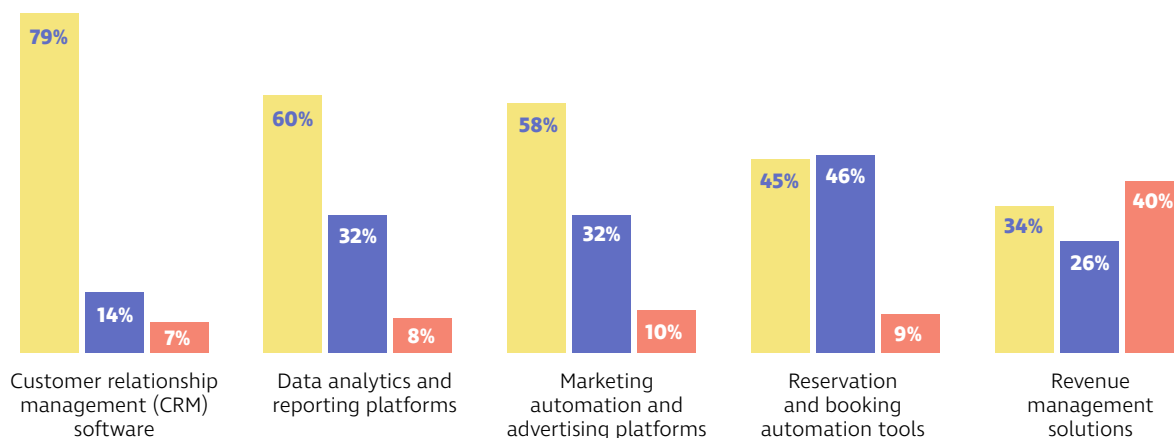- **68%** Increase somewhat
- **12%** Stay about the same

Artificial intelligence (AI) will also play an important role in how travel companies analyze data, market to customers, and generate insights.

A significant majority of organizations plan to increase their investment in artificial intelligence, with 68% expecting to somewhat increase their spend and 20% anticipating a substantial boost in AI investments over the coming year.

For travel companies, this trend signifies a crucial pivot towards more innovative, AI-driven strategies. The respondents' commitments to ramp up AI investments reflects the industry's acknowledgment of AI's potential to unlock unprecedented efficiencies, personalize customer interactions, and foster competitive advantage in a rapidly evolving digital landscape.

Is your organization planning to change or replace any of the following technology types over the next 12 months?

- We plan to augment this technology
- We plan to replace this technology
- We will leave this technology alone for now

Technology	Augment	Replace	Leave alone
Customer relationship management (CRM) software	79%	14%	7%
Data analytics and reporting platforms	60%	32%	8%
Marketing automation and advertising platforms	58%	32%	10%
Reservation and booking automation tools	45%	46%	9%
Revenue management solutions	34%	26%	40%

Incorporating new technologies like AI into the business can be challenging, especially when the organization must integrate new solutions with existing software or legacy systems. However, travel companies can achieve their technology goals by strategically augmenting or replacing specific solutions.

A significant percentage of the organizations surveyed intend to enhance their existing technology infrastructure rather than opting for a complete overhaul.

Specifically, 79% plan to improve their Customer Relationship Management (CRM) software, 60% plan to improve their data analytics and reporting capabilities, and 58% plan to improve their marketing automation and advertising platforms.

Notably, almost half of the respondents (46%) plan to replace their existing reservation and booking automation tools as well.

The trend toward augmentation rather than replacement is a strategic move by companies to leverage existing investments while integrating new functionalities to stay competitive. For digital travel companies, this approach can mean higher efficiency in managing customer relationships, improved insights from data analytics for tailored experiences, and more effective marketing strategies, without the need to invest in an entire new system.

Enhancing CRM systems can lead to better understanding and engagement with customers, fostering loyalty and repeat business. Many CRM solutions are designed to be integrated with other popular tools, so travel companies could achieve fast results by shopping for auxiliary solutions through their existing partner's marketplace.

Similarly, data analytics and reporting solutions are often sold as secondary solutions that can augment existing platforms, such as CRMs or ERPs. These tools can enable these companies to make data-driven decisions, optimizing their services and offerings based on consumer behavior and preferences.

The fact that almost half of the respondents plan to replace their reservation and booking automation tools is noteworthy. These companies are likely struggling with outdated or inadequate tools and are now seeking more robust solutions to improve their booking processes. As the travel industry increasingly shifts towards digital channels, having a reliable and efficient reservation and booking system is crucial for maintaining customer satisfaction and driving revenue.

A significant percentage of the organizations surveyed intend to enhance their existing technology infrastructure rather than opting for a complete overhaul.

TRAVEL ORGANIZATIONS NEED TARGETED ADS AND COMPLETE TRANSPARENCY IN THEIR CAMPAIGNS

Targeted ads and a comprehensive overview of advertising campaigns are vital for travel companies to remain competitive in a saturated market. They enable businesses to tailor messaging to specific customer profiles, leading to higher engagement rates and ultimately, increased bookings.

Travel organizations also need the ability to advertise to potential customers across touchpoints, as well as the ability to manage these ads from a single location.
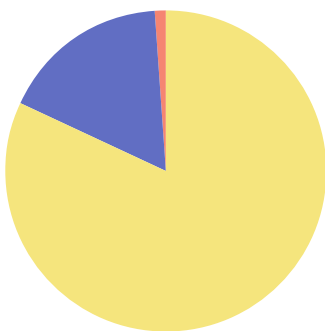
Can you currently run your digital ad campaigns across millions of websites and mobile apps, launching each campaign from a single location or platform?

- **82%** Yes
- **17%** No
- **1%** I'm not sure
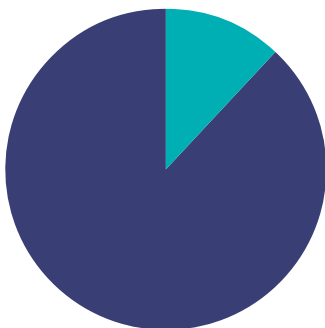
Since you said, "No," how interested are you in acquiring the ability to run your digital ad campaigns across millions of websites and mobile apps, launching each campaign from a single location or platform?

- **12%** Very interested
- **88%** Somewhat interested
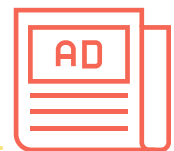
The study shows that a significant majority of participants (82%) can manage their digital ad campaigns across a wide network of websites and apps from a singular platform. In contrast, 17% do not have this capability and 1% are uncertain about their capabilities.

Among those who lack this ability, 88% are somewhat interested, while 12% are very interested in gaining the ability to launch ad campaigns across multiple platforms from one location.
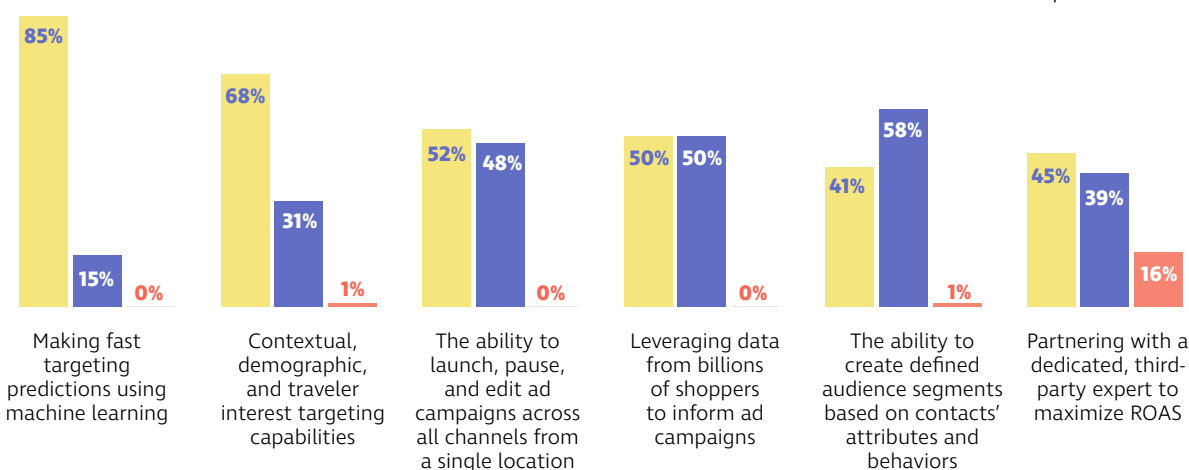
This high level of interest in streamlined digital ad campaign management signals the travel industry's shift toward mobile and omnichannel marketing. These companies are ready to leverage tools that provide transparency in their ad campaigns, as well as an intuitive interface that gives them a clear view of their strategy across platforms.

Travel companies need this capability now more than ever because travelers are bombarded with online ads from a wide range of sources, and it is essential to reach them with personalized messaging at every touchpoint. With the ability to launch campaigns across millions of websites, apps, and other channels, companies can effectively target their audience and increase their brand visibility.

Moving forward, this will become a standard by which travel companies compete.

How important will the following advertising capabilities be in the future for your company's growth and brand loyalty efforts?

- Very important
- Somewhat important
- Not important

| Capability	Very important	Somewhat important	Not important
Making fast targeting predictions using machine learning	85%	15%	0%
Contextual, demographic, and traveler interest targeting capabilities	68%	31%	1%
The ability to launch, pause, and edit ad campaigns across all channels from a single location	52%	48%	0%
Leveraging data from billions of shoppers to inform ad campaigns	50%	50%	0%
The ability to create defined audience segments based on contacts' attributes and behaviors	41%	58%	1%
Partnering with a dedicated, third-party expert to maximize ROAS	45%	39%	16%

Travel organizations are also prioritizing some advertising capabilities over others.

For example, 85% of the respondents believe that leveraging machine learning to make quick targeting predictions will be very important for future growth and customer loyalty. This is evident of a rapidly growing trend towards personalization and the need for technology that can analyze and anticipate customer behaviors swiftly.

Travel companies that invest in machine learning capabilities will be able to deliver personalized experiences at scale.

Furthermore, 68% of the respondents deem contextual, demographic, and traveler interest targeting very important. This highlights the significance of delivering highly targeted and consistently relevant content to consumers at just the right moment. Companies focusing on these targeting capabilities are better positioned to engage potential customers by tailoring their marketing efforts to specific interests and demographics, thus increasing the effectiveness of their advertising.

Lastly, 52% of respondents emphasize the importance of launching, pausing, and editing ad campaigns from a single interface. This capability allows for quicker response to market trends and consumer behavior, enhancing agility and responsiveness in a fast-paced digital environment. This finding suggests that travel companies should prioritize the adoption of integrated marketing platforms to improve their operational efficiency and campaign performance.
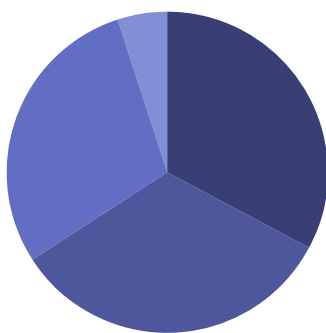
**In what way are web display and/or native ads most utilized in your marketing strategy?**

- **33%** Increasing brand awareness
- **33%** Encouraging new site visitors
- **29%** Driving returning visitors to your site
- **5%** Purchase/form-fill/account sign-up

Leveraging these capabilities will enable travel companies to launch a variety of campaign types, from email campaigns to social media marketing campaigns. However, the travel industry has always been a significant purchaser of web display ads and native ads, and these formats will continue to be important to their business in the coming years.

Specifically, 33% of the respondents say they use these ad types primarily to increase brand awareness. However, another 33% say they use them to encourage new site visitors, while 29% use display and native retargeting ads to drive returning visitors to their websites.

Enhancing display ads and native ads with tools like artificial intelligence for personalized content creation, as well as data analytics for targeting, will be key to making them more effective.

85% of the respondents believe that leveraging machine learning to make quick targeting predictions will be very important for future growth and customer loyalty.
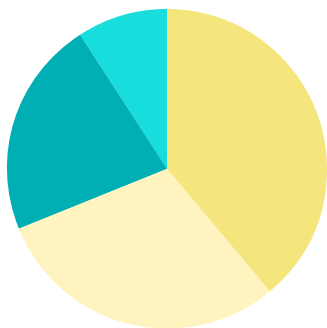
How do you currently attribute campaign performance across channels?

- **39%** I export the data from each channel and compare the metrics across channels manually (e.g. using spreadsheets).
- **30%** I use the metrics reported from each channel individually and do not compare them across channels.
- **22%** I use Google Analytics, AdRoll, or a similar tool to perform UTM based cross-channel attribution.
- **9%** I use other specialized cross-channel attribution software.

Finally, travel companies must be able to attribute their campaign performance across channels, campaigns, and ad types if they hope to continuously improve and identify areas of marketing opportunity.

Unfortunately, a significant portion of the travel companies surveyed are still relying on manual processes or individual channel metrics to assess their marketing campaigns' performance. Specifically, 39% of respondents compare metrics across channels manually using tools like spreadsheets, while 30% look at channel-specific metrics without making cross-channel comparisons.

Furthermore, only 22% utilize tools like Google Analytics or AdRoll for UTM-based cross-channel attribution.

This reliance on manual processes and the absence of holistic, cross-channel attribution points to a significant gap in how travel companies are leveraging digital marketing analytics. Manual comparison is not only time-intensive but also prone to errors, potentially leading to misinformed decisions.

Those using automated tools will more effectively understand their marketing performance across channels.

For digital travel companies to thrive, there's a clear need to move towards more sophisticated attribution models. This transition will allow for a better understanding of marketing performance and identification of optimization opportunities, ultimately leading to more efficient allocation of marketing resources and improved ROI.

> **Only 22% utilize tools like Google Analytics or AdRoll for UTM-based cross-channel attribution.**

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CONCLUSION:
DIGITAL TRANSFORMATION STRATEGIES OVER THE NEXT 12 MONTHS

Researchers asked the respondents to describe how their companies plan to transform over the next 12 months. They also asked the respondents to describe their strategies for achieving transformation.

A common theme among the responses is the integration of advanced technologies such as AI, AR, VR, and IoT-enabled tools. This strategic focus demonstrates an industry-wide recognition of digital technology's potential to revolutionize traveler engagement by creating more immersive and personalized experiences. It also highlights the sector's dedication to innovating its approach to traditional challenges.

By adopting technologies like generative AI for content generation, AR/VR for immersive user experiences, and AI for dynamic pricing strategies, companies are poised to significantly elevate how customers interact with travel services. This will make consumer experiences more engaging and tailored to individual preferences.

Operationally, the respondents say their focus will be on automating processes, from customer support to baggage handling. They will also focus on streamlining operations by automating tasks like customer support and the booking process. Through the integration of automation technologies and AI, travel companies aim to not only reduce costs but also enhance service delivery.

Finally, the respondents suggest that they will take a gradual, thoughtful approach to change management. They hope to minimize disruption while maximizing the effectiveness of each digital integration. This way, they can quickly demonstrate the value of their technology investments.

These transformations, guided by a clear strategy and investments in suitable technologies, indicates a promising direction for the travel industry. Moving forward, companies will use technology to improve customer engagement and achieve operational excellence.

> **Respondents hope to minimize disruption while maximizing the effectiveness of digital integration.**

KEY
SUGGESTIONS
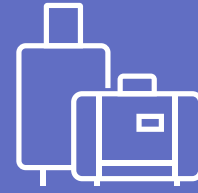
▷ **Invest in integrated marketing platforms** to manage digital ad campaigns from a single interface. This simplifies campaign management, making it easier to launch, pause, and edit ads in response to market demand.

▷ **Leverage machine learning for targeting predictions** to provide personalized experiences to travelers. Personalization is key to building customer loyalty and machine learning can help predict customer behaviors more accurately.

▷ **Prioritize contextual, demographic, and traveler interest targeting** in your advertising efforts. This ensures that your marketing messages reach the right audience at the right time, increasing the relevance and effectiveness of your campaigns.

▷ **Enhance your digital ads** with artificial intelligence and data analytics. AI can help create more personalized content, while data analytics improves targeting, making your ads more effective in reaching and engaging potential customers.

▷ **Move away from manual processes** in favor of automated tools and platforms for campaign management and performance assessment. Automation not only saves time but also reduces the risk of errors, leading to more accurate and effective marketing strategies.

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AUTHORS

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